

MINUTES FROM Special Meeting January 21, 2021

The City of Orrick held a special meeting on Thursday, January 21, 2021, at the Lions Club. The meeting began at 6:00 pm.

Roll call was taken-Present for the meeting: Mayor Tommy Schreier, Council member Amy McNary, council member Jamie Henrich, council member Kim McGinnis and council member Paul Sherrill.

City clerk calls meeting to order at 6 pm.

Pledge of Allegiance recited.

A motion by Amy was made to accept the 2021 budget and seconded by Jamie. All in favor; motion passed.

Missouri American Water was present to answer questions from the council about the potential sale of the City's Water and Sewer systems.

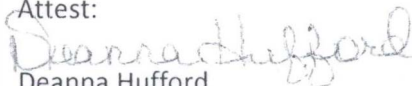
A motion was made by Amy to accept the sample Ballot for proposed sale of the City's Water and Sewer Systems to Missouri American Water in the election April 6, 2021. Seconded by Kim. All in favor; motion passed.

Amy directed the city attorney to draft an ordinance to raise the water rates to the proposed 2015 water rate study. 1000 gallons or less, base rate \$43.68 and sewer \$31.38. to be posted before the February meeting. The clerk will forward to the city attorney.

Motion to adjourn by Paul and seconded by Kim. All in favor; motion passed.

Adjourn

Attest:

  
Deanna Hufford

Voting Yes to Approve minutes



Voting No- Minutes not approved

Posted January 25, 2021 @ 9:30am by City Clerk D. Hufford

Appendix A

OFFICIAL BALLOT  
 GENERAL MUNICIPAL ELECTION  
 RAY COUNTY, MISSOURI  
 TUESDAY, APRIL 6, 2021

22

JUDGES' I NI SI AL

**INSTRUCTIONS TO VOTERS**

- Use only blue or black ink.
- Fill in the target next to your choice like this:
- Write-in:** To vote for a valid write-in candidate, write the person's name on the line provided and darken the target.
- If you are in favor of any question submitted on this ballot, darken the target to the left of the word "YES".
- If you are opposed to any question submitted on this ballot, darken the target to the left of the word "NO".
- If you make a mistake return your ballot to receive a new ballot.

RAY COUNTY  
 MEMORIAL HOSPITAL

**FOR BOARD MEMBER  
 FIVE YEAR TERM**

Vote For ONE

VALERIE MILLER

WRITE IN \_\_\_\_\_

**FOR BOARD MEMBER  
 FOUR YEAR UNEXPIRED TERM**

Vote For ONE

BRET SMOOT

LISA REED

WRITE IN \_\_\_\_\_

RAY COUNTY  
 HEALTH DEPARTMENT

**FOR BOARD MEMBER  
 FOUR YEAR TERM**

Vote For THREE

BOB HADEN

DONALD R. WOOD

RON WHITE

ROB KELLAM

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_

CITY OF ORRICK

**FOR MAYOR  
 TWO YEAR TERM**

Vote For ONE

ROBERT (TOMMY) SCHREIER

WRITE IN \_\_\_\_\_

**FOR ALDERMAN AT LARGE  
 TWO YEAR TERM**

Vote For TWO

PAMELA SCHREIER-LEWIS

RICKY WERLE

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_

**QUESTION**

Shall the City of Orrick, Missouri, be authorized to sell its water and wastewater (sewer) utility to Missouri American Water for the sum of \$1,510,000 (One million five hundred ten thousand dollars)?

YES

NO

OFFICIAL BALLOT  
GENERAL MUNICIPAL ELECTION  
RAY COUNTY, MISSOURI  
TUESDAY, APRIL 6, 2021

3

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JUDGES' INITIALS

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RAY COUNTY  
MEMORIAL HOSPITAL

**FOR BOARD MEMBER  
FIVE YEAR TERM**

Vote For ONE

VALERIE MILLER

WRITE IN \_\_\_\_\_

**FOR BOARD MEMBER  
FOUR YEAR UNEXPIRED TERM**

Vote For ONE

BRET SMOOT

LISA REED

WRITE IN \_\_\_\_\_

RAY COUNTY  
HEALTH DEPARTMENT

**FOR BOARD MEMBER  
FOUR YEAR TERM**

Vote For THREE

BOB HADEN

DONALD R. WOOD

RON WHITE

ROB KELLAM

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_

CITY OF FLEMING

**FOR MAYOR  
ONE YEAR TERM**

Vote For ONE

WRITE IN \_\_\_\_\_

**FOR ALDERMAN AT-LARGE  
TWO YEAR TERM**

Vote For TWO

JERRY SMITH

LOREN BROOKSHIER

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_



OFFICIAL BALLOT  
GENERAL MUNICIPAL ELECTION  
RAY COUNTY, MISSOURI  
TUESDAY, APRIL 6, 2021

2

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JUDGES' INITIALS

**INSTRUCTIONS TO VOTERS**

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RAY COUNTY  
MEMORIAL HOSPITAL

**FOR BOARD MEMBER  
FIVE YEAR TERM**

Vote For ONE

VALERIE MILLER

WRITE IN \_\_\_\_\_

**FOR BOARD MEMBER  
FOUR YEAR UNEXPIRED TERM**

Vote For ONE

BRET SMOOT

LISA REED

WRITE IN \_\_\_\_\_

RAY COUNTY  
HEALTH DEPARTMENT

**FOR BOARD MEMBER  
FOUR YEAR TERM**

Vote For THREE

BOB HADEN

DONALD R. WOOD

RON WHITE

ROB KELLAM

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_

WRITE IN \_\_\_\_\_



You're invited!

# Town Hall Meetings

**YES  
ON S**

**QUALITY WATER AND  
SEWER SERVICE FROM  
TRUSTED EXPERTS**



**Tuesday, March 16<sup>th</sup>**  
*at 7:00 PM*

**Tuesday, March 30<sup>th</sup>**  
*at 7:00 PM*

**Orrick Fire Department**  
502 Highway Z  
Orrick, MO 64077

Appendix C  
Page 1 of 2



## **Join us for a Town Hall Meeting.**

We hope you can join us to learn more about the proposed sale of Orrick's water and sewer systems to Missouri American Water. We look forward to speaking with you and answering any questions you may have.

**To learn more about  
Proposition S please visit us at:**



[www.yesonpropsorrick.com](http://www.yesonpropsorrick.com)



## Agreement for Purchase of Water and Wastewater System

This **Agreement for Purchase of Water and Wastewater System** (the "Agreement") is made and entered into on the 8 day of June, 2021 by and between **Missouri-American Water Company**, a Missouri corporation ("Buyer"), and the **City of Orrick**, formed under Missouri law and located in Ray County, Missouri ("Seller"). Hereinafter, Buyer and Seller may be referred to individually as a "Party" or together as the "Parties".

### RECITALS:

- A. Seller currently owns and operates a water treatment and distribution system and a wastewater treatment facility and collection system (collectively, the "System") in Ray County, Missouri with approximately 335 water connections and 335 wastewater connections.
- B. On April 6, 2021 there was a referendum on the sale of the System. Over 85% of the votes cast were "yes" to sell the System.
- C. Seller desires to sell substantially all of the assets that constitute or are used in furtherance of the System to Buyer pursuant to the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing recitals, and the representations, warranties, and covenants contained herein, and in exchange for other consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

### ARTICLE 1 Definitions and Related Matters

For purposes of this Agreement, the capitalized terms used herein shall have the meanings assigned to them herein or in the attached Exhibit 1 and, for purposes of this Agreement and all other documents executed in connection herewith, the rules of construction set forth in Exhibit 1 shall govern.

### ARTICLE 2 Purchase and Sale of Assets; Closing

**2.1 Transfer of Assets.** On and subject to the terms and conditions of this Agreement, at the Closing on the Closing Date and effective as of the Effective Time, Buyer shall purchase, acquire and accept from Seller, and Seller shall sell, convey, transfer, assign and deliver to Buyer, free and clear of all Encumbrances, the Acquired Assets. Notwithstanding anything to the contrary contained in this Section 2.1 or elsewhere in this Agreement, the Excluded Assets are not part of the sale and purchase contemplated hereunder, are excluded from the Acquired Assets, and shall remain the exclusive property of Seller subsequent to the Closing.

**2.2 Consideration.**

The consideration for the System and the Acquired Assets shall consist of the Purchase Price of **One Million Five Hundred and Ten Thousand Dollars (\$1,510,000.00)**.

(a) . At Closing, Buyer shall pay to the Seller and such other payees set forth on Schedule 2.2, in accordance with wire transfer instructions to be provided by the Seller to Buyer at least ten (10) Business Days prior to the Closing Date, in immediately available funds, an aggregate amount equal to the Purchase Price.

(b) Buyer shall deliver the Statement to Seller at least three (3) Business Days prior to the Closing Date. Seller shall provide Buyer and its representatives reasonable access, during normal business hours of Seller, to all personnel, books and records of or related to the System or the Business within Seller's direction or control as reasonably requested by Buyer to assist it in its preparation of the Statement. Buyer shall deliver to Seller a copy of the work papers prepared or used in connection with the Statement's preparation as reasonably requested by Seller to assist in its review of the Statement, and Seller shall have an opportunity, prior to the Closing Date, to review with representatives of Buyer and object to all or any part of the Statement, such review to be reasonable and in good faith. Buyer shall consider such objections, if any, in good faith but Buyer's reasonable, good faith determination with respect to the Adjustment Amount shall be final and binding for the purpose of calculating the Purchase Price.

(c) Buyer shall prepare the Allocation, which Allocation shall be binding upon Seller. The Parties shall report, act, and file Tax Returns in all respects and for all Tax purposes consistent with the Allocation. No Party shall take any Tax position (whether in audits, Tax Returns, or otherwise) that is inconsistent with or contrary to the Allocation. In the event that the Allocation is disputed by any Governmental Authority, the Party receiving notice of such dispute will promptly notify the other Party, and the Parties will consult in good faith as to how to resolve such dispute in a manner consistent with the Allocation.

**2.3 No Assumption of Liabilities.** Any and all Liabilities of Seller, whether or not incurred in connection with the operation of the System, shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by Seller. Notwithstanding anything to the contrary contained in this Agreement, Buyer will not assume or be deemed to assume, and shall have no liability or obligation with respect to, any Liability of Seller, none of which Liabilities are part of the Contemplated Transaction

**2.4 Closing.** Unless this Agreement is first terminated pursuant to Article 8 hereof, and subject to the satisfaction or, if permissible, waiver of each of the conditions set forth in Article 5 hereof, the Closing will take place at a mutually agreeable location in the City of Trimble or such other place or by such other means (e.g., e-mail/PDF or facsimile and overnight delivery of original execution documents) as is agreed to by the Parties at 10:00 A.M., Central time, on (a) such date as is three (3) Business Days after the date on which all of the conditions set forth in Article 5 hereof shall have been satisfied or (to the extent permissible) waived (other than those conditions which, by their nature are to be satisfied or waived at Closing but subject to their satisfaction or waiver at Closing) or, if Buyer shall so elect, the final day of Seller's billing period of which such date is a part or (b) such other date as the Parties hereto may agree upon in writing. In any event, the Closing shall be effective as of the Effective Time.

**2.5 Closing Obligations.**

In addition to any other documents to be delivered under other provisions of this Agreement, at Closing:



(a) Seller shall deliver or cause to be delivered to Buyer, together with funds sufficient to pay all Taxes necessary for the transfer, filing or recording thereof, the following documents:

(i) the Bill of Sale, duly executed by Seller;

(ii) the Intangible Assignment, duly executed by Seller;

(iii) all Consents and approvals from Governmental Authorities, and third parties under Contracts, necessary to ensure that Buyer will continue to have the same full rights with respect to the Acquired Assets as Seller had immediately prior to the consummation of the Contemplated Transactions, including the written Consents, in form and substance reasonably acceptable to Buyer, of the Governmental Authorities and third parties set forth in Schedule 2.5(a)(iii);

(iv) a payoff letter from each lender from which Seller has incurred indebtedness for borrowed money which is outstanding, if any, and from each person or entity listed on Schedule 2.2, and a release of all Encumbrances relating to the Acquired Assets executed, filed and/or recorded by the holder of or parties to each such Encumbrance (including without limitation any violations cited by the Missouri Department of Natural Resources or any other Governmental Authority with authority over the System or the Acquired Assets), if any, in each case in substance and form reasonably satisfactory to Buyer and its counsel;

(v) for each interest in Real Property and each easement and/or right-of-way affecting any Real Property or Acquired Asset, whether or not identified on Schedule 3.4, a recordable warranty deed or such other appropriate document or instrument of transfer or approval, as the case may require, each in form and substance reasonably satisfactory to Buyer;

(vi) such other deeds, bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may reasonably be requested by Buyer, each in form and substance reasonably satisfactory to Buyer;

(vii) a copy of each permit, license, easement, land-right and other necessary authority for the operation of the System and the Acquired Assets, in each case validly issued in the name of the Seller and in full force and effect;

(viii) the certificate contemplated by Section 5.1(d);

(ix) a legal opinion of Seller's legal counsel, affirmatively opining to such matters as Buyer or its legal counsel may reasonably request, including but not limited to the due authorization and execution of this Agreement by Seller and the enforceability thereof;

(x) a copy, certified by the Secretary of Seller to be true, complete and correct as of the Closing Date, of the governing documents and resolutions of the City and any required representatives of Seller authorizing and approving the Contemplated Transactions and as to the incumbency and signatures of the city council members of Seller executing this Agreement or any of the Transaction Documents on behalf of Seller;

(xi) to the extent such transfer is requested by Buyer, evidence satisfactory to Buyer of the transfer of all utilities with respect to the System from Seller to Buyer;

(xii) all other documents, instruments and writings required or reasonably requested by Buyer to be delivered at or prior to the Closing pursuant to this Agreement or otherwise required in connection herewith.

(b) At or prior to the Closing, Buyer shall deliver the following:

(i) to the Seller and such other payees set forth on Schedule 2.2, in accordance with wire transfer instructions to be provided by the Seller to Buyer at least ten (10) Business Days prior to the Closing Date, in immediately available funds, an aggregate amount equal to the Purchase Price;

(ii) to the Seller, the Intangible Assignments, duly executed by Buyer; and

(iii) to the Seller, all other documents, instruments and writings required or reasonably requested by Seller to be delivered at or prior to the Closing pursuant to this Agreement or otherwise required in connection herewith.

### **ARTICLE 3 Representations and Warranties of Seller**

Seller hereby makes the following representations and warranties to Buyer, each of which is true and correct on the date hereof, will be true and correct at Closing and shall survive the Closing and the Contemplated Transactions hereby to the extent set forth herein:

**3.1 Power and Authority.** Seller has full power and authority to conduct the Business and the System as they are now being conducted and to own, lease and operate the System and the Acquired Assets.

**3.2 Enforcement; Authority; No Conflict.**

(a) This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency or other similar Laws affecting the rights of creditors generally and by general principles of equity. Seller has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and the Transaction Documents and to consummate the Contemplated Transactions. The City of Trimble has duly authorized the execution, delivery, and performance of this Agreement by Seller and no other proceeding on the part of Seller is necessary to authorize the execution, delivery and performance of this Agreement.

(b) This Agreement has been, and the Transaction Documents will be, duly executed and delivered by Seller.

(c) Neither the execution, delivery or performance by Seller of this Agreement or the Transaction Documents nor the consummation by it of the Contemplated Transactions will (i) contravene, conflict with or result in a violation of any provisions of the governing documents of Seller, (ii) contravene, conflict with or result in a violation of or give any Governmental Authority or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under any Laws or any Order to which Seller or any of the Acquired Assets may be subject, (iii) contravene, conflict with or result in a violation of any of the terms



or requirements of or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify any Permit or other authorization by a Governmental Authority that is held by Seller or that otherwise relates to the System or any of the Acquired Assets, (iv) contravene, conflict with or result in a violation or breach of any provision of, require the Consent of any Person under, or give any Person the right to declare a default or exercise any remedy under or to accelerate the maturity or performance of or to cancel, terminate or modify any Contract, indenture, mortgage, note, lease or other instrument or document to which Seller is a party or by which any of the Acquired Assets are bound or (v) result in the imposition or creation of any Encumbrance upon or with respect to any of the Acquired Assets.

(d) No filings or registrations with, notifications to, or authorizations, Consents or approvals of, a Governmental Authority or third party are required to be obtained or made by Seller in connection with the execution, delivery or performance by Seller of this Agreement or the Transaction Documents or the consummation by Seller of the Contemplated Transactions except related to the MoPSC approval. Neither the Contemplated Transactions nor the Transaction Documents will result in the creation of any Encumbrance against any of the Acquired Assets.

**3.3 Assets.** Seller has clear, good, and marketable title to, or a valid leasehold interest in, all of the Acquired Assets, free and clear of all Encumbrances. None of the Acquired Assets are leased or on loan by Seller to any third party. The Acquired Assets constitute all of the assets and property that, together with the rights granted or conveyed under the Transaction Documents, are necessary for the operation of the System, the Business and the Acquired Assets as conducted as of the date hereof. Upon the Closing, Buyer shall continue to be vested with good title or a valid leasehold interest in the System and all of the Acquired Assets. The Business constitutes all of the business conducted by any Person in connection with the System.

**3.4 Real Property; Easements.**

(a) Seller owns and has good and marketable title to the Real Property, free and clear of all options, leases, covenants, conditions, easements, agreements, claims, and other Encumbrances of every kind and there exists no restriction on the use or transfer of such property, in each case except as set forth on Schedule 3.4(b)(i) or Schedule 3.4(b)(ii). Set forth on Schedule 3.4(a) is a complete and accurate listing of all Real Property. Seller is not the lessor or lessee of any real property, and there are no outstanding options, rights of first refusal or rights of first offer to purchase any of the Real Property or any portion thereof or interest therein. Seller has made available to Buyer copies of all title reports, surveys, title policies and appraisals relating to the Real Property. At and after the Closing, Buyer shall have the right to maintain or use the Real Property, including the space, facilities or appurtenances outside the building lines, whether on, over or under the ground, and to conduct such activities thereon as maintained, used or conducted by Seller on the date hereof and such right is not subject to revocation. At and after the Closing, Buyer shall have all rights, easements and agreements necessary for the use and maintenance of water, sewer or other utility pipelines, poles, wires, conduits or other like facilities, and appurtenances thereto, over, across and under the Real Property.

(b) The Real Property is properly classified under applicable zoning Laws, ordinances, and regulations for the current and continued operation of the System on the Real Property. No Proceeding is pending or threatened which could adversely affect the zoning classification of the Real Property. There are sufficient parking spaces, loading docks and other

facilities at such Real Property to comply with such zoning Laws, ordinances, and regulations and Seller's use or occupancy of the Real Property is not dependent on any permitted non-conforming use or similar variance, exemption, or approval from any Governmental Authority. Seller's current use and occupancy of the Real Property and its operation of the System thereon does not violate any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Real Property. The present use and operation of the Real Property does not constitute a non-conforming use and is not subject to a variance. Seller has not received any notice of violation of any easements, covenants, restrictions or similar instruments and there is no basis for the issuance of any such notice or the taking of any action for such violation. Set forth on Schedule 3.4(b)(i) hereto is a true, correct and complete list of all easements relating to the Real Property or the Acquired Assets. All of such easements are valid and will be transferred to Buyer and remain in full force as of the Closing. Set forth on Schedule 3.4(b)(ii) hereto is a true, correct and complete list of all rights of way relating to the Real Property or the Acquired Assets. All of such rights of way are valid and will be transferred to Buyer and remain in full force as of the Closing. All Improvements located on, and the use presently being made of, the Real Property comply with all applicable zoning and building codes, ordinances and regulations and all applicable fire, environmental, occupational safety and health standards and similar standards established by Law and the same use thereof by Buyer following Closing will not result in any violation of any such code, ordinance, regulation or standard. There is no proposed, pending or threatened change in any such code, ordinance, regulation or standard which would adversely affect the Business, the System or the Acquired Assets.

(c) No Improvements encroach on any land that is not included in the Real Property or on any easements affecting such Real Property, or violate any building lines or set-back lines, and there are no encroachments onto the Real Property, or any portion thereof, which would interfere with the use or occupancy of such real Property or the continued operation of the System as currently conducted.

(d) There is no unpaid property Tax, levy or assessment against the Real Property (except for Encumbrances relating to Taxes not yet due and payable), nor is there pending or threatened any condemnation Proceeding against the Real Property or any portion thereof.

(e) Except as set forth in Schedule 3.4(e), there is no condition affecting the Real Property or the Improvements located thereon which requires repair or correction to restore the same to reasonable operating condition.

**3.5 Personal Property.** Set forth on Schedule 3.5(a) is a complete and accurate listing of all Acquired Assets which are personal property. Except as set forth in Schedule 3.5(b): (i) no Acquired Asset which is personal property is in the possession of others (other than immaterial items temporarily in the possession of others for maintenance or repair), (ii) neither Seller nor any of its Affiliates holds any such property on consignment, and (iii) each item of such Acquired Assets has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it is presently used.

**3.6 No Undisclosed Liabilities.** Seller does not have any subsidiaries and does not directly or indirectly own or have any capital stock or other equity interest in any Person. Except (a) to the extent and for the amount reflected as a Liability on the balance sheet included in the Unaudited Financial Statements, (b) Liabilities incurred in the Ordinary Course of Business since the date of the balance sheet included in the Unaudited Financial Statements (none of

which will or may reasonably be expected to have an adverse effect upon the Business), or (c) as set forth on Schedule 3.6, Seller does not have any Liabilities whatsoever, known or unknown, asserted or unasserted, liquidated or unliquidated, accrued, absolute, contingent, or otherwise, there is no basis for any claim against Seller, the System or any of the Acquired Assets for any such Liability and there is no basis for any such Liability to become the Liability of Buyer from and after the Closing.

### **3.7 Tax Matters.**

(a) Seller has timely and properly filed all Tax Returns that it was required to file. All such Tax Returns were complete and correct in all respects and were prepared in compliance with all applicable Laws. All Taxes owed by Seller have been paid. Seller is not the beneficiary of any extensions of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where Seller does not file Tax Returns that Seller is or may be subject to taxation by that jurisdiction. There are no Encumbrances on any of the Acquired Assets that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, member, stockholder, or other third party. Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

(c) There are no audits or examinations of any Tax Returns pending or threatened that relate to Seller's operation of the System or the Acquired Assets. Seller is not a party to any action or Proceeding by any Governmental Authority for the assessment or collection of Taxes relating to the operation of the System or Acquired Assets, nor has such event been asserted or threatened. There is no waiver or tolling of any statute of limitations in effect with respect to any Tax Returns relating to Seller's operation of the System or the Acquired Assets.

(d) None of the Acquired Assets (i) has been or could be treated as a partnership or corporation for United States federal income Tax purposes or (ii) is property that is required to be treated for Tax purposes as being owned by any other Person (other than those Acquired Assets that are leased).

(e) None of the Acquired Assets represent property or obligations of Seller, including but not limited to uncashed checks to vendors, customers or employees, non-refunded overpayments or unclaimed subscription balances, that is escheatable to any Governmental Authority under any applicable escheatment Laws as of the date hereof or that may at any time after the date hereof become escheatable to any Governmental Authority under any applicable escheatment Law.

**3.8 Contracts.** Set forth on Schedule 3.8 is a complete and correct list of all Contracts related to the System to which Seller is a party or is otherwise bound. Seller has delivered or caused to be delivered to Buyer correct and complete copies of each such Contract (including any and all amendments), a description of the terms of each such Contract which is not in writing, if any, and all documents affecting the rights or obligations of any party thereto.

### **3.9 Environmental Matters.**

(a) Seller is and at all times has been in full compliance with and has not been and is not in violation of or liable under any applicable Environmental Law. Seller has no basis to

expect nor has it received any actual or threatened Order, notice or other communication from any Governmental Authority or other Person of any actual or potential violation or failure to comply with any Environmental Law or of any actual or threatened obligation to undertake or bear the cost of any Environmental, Health and Safety Liabilities with respect to the Real Property or any other properties or assets (whether real, personal or mixed) in which Seller has or has had an interest or with respect to the Real Property or any other real property at or to which Hazardous Materials were generated, manufactured, refined, transferred, imported, used or processed by Seller or any other Person for whose conduct it is or may be held responsible, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disposed, recycled or received.

(b) There are no pending or threatened claims, Encumbrances or other restrictions of any nature, resulting from any Environmental, Health and Safety Liabilities or arising under or pursuant to any Environmental Law with respect to or affecting the Real Property or any other properties and assets (whether real, personal or mixed) in which Seller has or had an interest.

(c) Neither Seller nor any other Person for whose conduct it is or may be held to be responsible has any Environmental, Health and Safety Liabilities with respect to the Real Property or with respect to any other properties and assets (whether real, personal or mixed) in which Seller (or any predecessor) has or has had an interest or at any property geologically or hydrologically adjoining the Real Property or any such other property or assets that could reasonably be expected to have a material adverse effect thereon.

(d) There are no Hazardous Materials, except those used in connection with the operation of the System and set forth in the list on Schedule 3.9(d), present on or in the Environment at the Real Property or at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent and deposited or located in land, water, sumps or any other part of the Real Property or such adjoining property or incorporated into any structure therein or thereon. Neither Seller nor any other Person for whose conduct it is or may be held to be responsible has permitted or conducted, or is aware of, any Hazardous Activity conducted with respect to the Real Property or any other properties or assets (whether real, personal or mixed) in which Seller has or has had an interest except in material compliance with all applicable Environmental Laws. There has been no Release or threat of Release, of any Hazardous Materials at or from the Real Property or from or by any other properties and assets (whether real, personal or mixed) in which Seller has or has had an interest, or any geologically or hydrologically adjoining property, whether by Seller or any other Person.

(e) Except as set forth in Schedule 3.9(e), none of the following exists at the System or on the Real Property: (1) underground storage tanks; (2) asbestos-containing material in any form; (3) materials or equipment containing polychlorinated biphenyl; (4) groundwater monitoring wells; or (5) landfills, surface impoundments, or disposal areas.

(f) Except as set forth in Schedule 3.9(f) neither Seller nor any of its Affiliates is obligated to provide financial assurance in consideration of the System under Environmental Law.

(g) Seller has delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests or monitoring possessed or initiated by Seller or its



predecessors pertaining to Hazardous Materials or Hazardous Activities in, on or under the Real Property, or concerning compliance by Seller, its predecessors, or any other Person for whose conduct Seller is or may be held to be responsible, with Environmental Laws, said reports, studies, etc. to include without limitation, any and all Phase I environmental reports now or hereafter in the possession or control of Seller.

**3.10 Permits.** Set forth on Schedule 3.10 is a complete and correct list of all Permits used by Seller in the continuing operation of the System. Such Permits constitute all those necessary for the continuing operation of the System and are all valid and subsisting and in full force and effect. No fact or circumstance exists which is reasonably likely to cause any such Permit to be revoked or materially altered subsequent to the execution of this Agreement and the Closing Date. Neither the execution of this Agreement nor the Closing do or will constitute or result in a default under or violation of any such Permit.

**3.11 Insurance.** Seller maintains and has maintained appropriate insurance necessary for the full protection of all of its assets, properties, the System, operations, products and services. All such policies are in full force and effect and Seller will use commercially reasonable efforts to cause such policies to be outstanding and in full force and effect as of Closing and immediately following the execution of this Agreement and the consummation of the Contemplated Transactions. There are no pending Proceedings arising out of, based upon or with respect to any of such policies of insurance and, to Seller's Knowledge, no basis for any such Proceedings exists. Seller is not in default with respect to any provisions contained in any such insurance policies and no insurance provider is in default with respect to such insurance policies. Set forth in Schedule 3.11 is a true and accurate list of all such insurance policies Seller maintains, and the premiums therefor have been paid in full as they have become due and payable.

**3.12 Absence of Certain Changes.** There has not been any occurrence or event which, individually or in the aggregate, has had or is reasonably expected to have any Material Adverse Effect. Seller has continually operated the System and the Business only in the Ordinary Course of Business. Without limitation of the foregoing, Seller has not entered into, amended, terminated or received notice of termination of any Permit necessary for the continued operation of the System. In addition, Seller has not taken any action in connection with the System or the Business which, if taken on or after the date hereof, would have required the prior written Consent of Buyer pursuant to Section 6.6 hereof.

**3.13 Litigation and Proceedings.** There are no Proceedings, either pending or threatened, anticipated or contemplated, against Seller or involving the operation of the System, any of the Acquired Assets, or any of Seller's agents or other personnel in their capacity as such, which could directly affect any of the Acquired Assets or the System. Seller has not been charged with, nor is it under investigation with respect to, any charge which has not been resolved to its favor concerning any violation of any applicable Law with respect to any of the Acquired Assets or the System and there is no valid basis for any such charge or investigation. Neither Seller nor any of its Affiliates has been subject to or threatened to be subject to any Proceeding or Order relating to personal injury, death or property or economic damage arising from products sold, licensed or leased and services performed by Seller or any of its Affiliates with respect to the System or the Business. No judgment, Order, writ, injunction, decree, assessment or other command of any Governmental Authority affecting Seller or any of the Acquired Assets or the System has been entered which is presently in effect. There is no Proceeding pending or, to Seller's Knowledge, threatened which challenges the validity of this Agreement or the Contemplated Transactions or otherwise seeks to prevent, directly or

indirectly, the consummation of the Contemplated Transactions, nor is there any valid basis for any such Proceeding.

**3.14 Compliance with Laws.** Seller is in compliance with all Laws, Permits, Orders, ordinances, rules and regulations, whether civil or criminal, of any federal, state, local or foreign governmental authority applicable to the System or the Business and has not committed any violation of any Law or any provision of its Articles of Incorporation or Bylaws or equivalent governing documents applicable to the Acquired Assets and/or the operation of the System. Except as set forth in Schedule 3.14 neither Seller nor any of its Affiliates has received any notice alleging such default, breach or violation.

**3.15 Financial Statements.** Attached as Schedule 3.15 are the Financial Statements. The Financial Statements have been prepared in accordance with GAAP and the Accounting Methodologies, subject in the case of the Unaudited Financial Statements to normal year-end adjustments and the absence of footnotes. The Financial Statements were derived from the books and records of Seller, are true, correct and complete in all material respects and present fairly in all material respects the financial condition, operating results and cash flows of Seller as of the dates and during the periods indicated therein (subject, in the case of the Unaudited Financial Statements, to normal year-end adjustments and the absence of footnotes).

**3.16 Transactions with Related Parties.** Except as set forth on Schedule 3.16, no city employee has any financial interest, direct or indirect, in any supplier or customer of, or other business which has any transactions or other business relationship with, Seller. Without limiting the generality of the foregoing, neither Seller nor any of its Affiliates nor any executive officer of Seller, any of its Affiliates or the Business owns, directly or indirectly, any interest in or is an owner, sole proprietor, member, stockholder, partner, director, officer, employee, consultant or agent of any Person which is a lessor, lessee, customer, licensee, or supplier of the Business and none of the employees of or servicing the Business owns, directly or indirectly, in whole or in part, any tangible property, patent, trademark, service mark, trade name, copyright, franchise, invention, Permit or license which was developed by or is used and necessary for the operation of the Business

**3.17 Customer Advances.** Set forth on Schedule 3.16 is a complete and accurate list of all unexpired Extension Deposit Agreements (or similar agreements) to which Seller is a party (each an "Extension Deposit Agreement") and which contain unexpired obligations of Seller to provide for the payment of periodic refunds to parties making advances for the construction of facilities for water service. Seller will provide to Buyer within 15 days of the execution of this Agreement (to be updated at Closing), true and complete copies of each such Extension Deposit Agreement. All records of Seller relating to each Extension Deposit Agreement is complete and accurate in all material respects and, together with the relevant Extension Deposit Agreement, is all the information reasonably required to determine Seller's, and, consequently, Buyer's obligations to each party to the Extension Deposit Agreements; and there are no disputes or disagreements with any party to an Extension Deposit Agreement relating to the amount due under that agreement or the method of calculating that amount. Schedule 3.16 may be updated at Closing only with the mutual consent of the parties.

**3.18 Accounts Receivable.** Set forth on Schedule 3.18 is a list of all the accounts receivable of Seller with respect to the System and an aging schedule related thereto, as of October 31, 2017. Such accounts receivable, together with any such accounts receivable arising between such date and the Closing Date (collectively, the "Accounts Receivable"), are

(to the extent not yet paid in full) valid, genuine and existing and arose or will have arisen from bona fide sales of products or services actually made in the Ordinary Course of Business. The Accounts Receivable are not subject to, and Seller has received no notice of, any counterclaim, set-off, defense or Encumbrance with respect to the Accounts Receivable. Except to the extent paid prior to Closing, the Accounts Receivable are and will be current and fully collectible. No agreement for deduction, free goods, discount or deferred price or quantity adjustment has been made with respect to any Accounts Receivable.

**3.19 Brokers, Finders.** Except as set forth in Schedule 3.19, no finder, broker, agent or other intermediary, acting on behalf of Seller or any of Seller's Affiliates, is entitled to a commission, fee or other compensation in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

#### **ARTICLE 4 Representations and Warranties of Buyer**

Buyer hereby makes the following representations and warranties to Seller:

**4.1 Organization.** Buyer is a duly organized and validly existing corporation in good standing under the Laws of Missouri and has the power and authority to own, lease and operate its assets and properties.

**4.2 Enforcement; Authority; No Conflict.**

(a) This Agreement constitutes the legal, valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other similar Laws affecting the rights of creditors generally and by general principles of equity. Buyer has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and the Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder.

(b) Neither the execution or delivery of this Agreement nor the consummation of the Contemplated Transactions shall result in: (i) a violation of or a conflict with any provision of the articles of incorporation or the bylaws of Buyer; (ii) a material breach of or default under any term, condition or provision of any Contract to which Buyer is a party, or an event which, with the giving of notice, lapse of time, or both, would result in any such breach or default; or (iii) a material violation of any applicable Law, Order, judgment, writ, injunction, decree or award or any event which, with the giving of notice, lapse of time, or both, would result in any such violation.

**4.3 Brokers, Finders.** No finder, broker, agent or other intermediary, acting on behalf of Buyer or any of Buyer's Affiliates, is entitled to a commission, fee or other compensation in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

#### **ARTICLE 5 Conditions Precedent to Closing**

**5.1 Conditions Precedent to the Obligations of Buyer.** Buyer's obligations to consummate the Contemplated Transactions are subject to the satisfaction in full, unless expressly waived in writing by Buyer, of each of the following conditions:

(a) **Authorization of Contemplated Transactions.** Buyer shall have obtained all necessary corporate approvals to consummate the Contemplated Transactions, including but not limited to the approval of its Board of Directors;

(b) **Representations and Warranties.** Each of the representations and warranties of Seller contained in this Agreement or in any Transaction Document shall have been true, correct and accurate in all respects on and as of the date hereof and shall also be true, correct and accurate in all material respects (other than Section 3.5 and representations and warranties qualified as to materiality, which shall have been true, correct and accurate in all respects) on and as of the Closing Date with the same force and effect as though made by Seller on and as of the Closing Date (except to the extent that any such representation or warranty is made solely as of the date hereof or as of another date earlier than the Closing Date, which shall be accurate as of such date);

(c) **Covenants.** Seller shall have performed, observed and complied in all material respects with all of its obligations, covenants, undertakings and agreements contained in this Agreement or any Transaction Document and required to be performed, observed or complied with by Seller prior to or at the Closing;

(d) **Certificates.** Seller shall have delivered to Buyer a certificate, dated as of the Closing Date and executed by an officer or other duly authorized representative of Seller, to the effect that the conditions set forth in Sections 5.1(b), (c) and (i) have been satisfied;

(e) **Proceedings.** No provision of any Law or Order shall be in effect, and no Proceeding by any Person shall be threatened or pending before any Governmental Authority, or before any arbitrator, which would: (i) prevent consummation of the Contemplated Transactions; (ii) have a likelihood of causing the Contemplated Transactions to be rescinded following consummation; (iii) adversely affect the right of Buyer to own any of the Acquired Assets; or (iv) adversely affect the System prospects or the value or condition of any of the Acquired Assets or the System;

(f) **Closing Deliverables.** Seller shall have delivered or caused to be delivered to Buyer each of the items set forth in Section 2.5(a);

(g) **Governmental and Third Party Approvals.** (i) Buyer shall have obtained a certificate of convenience and necessity and all necessary regulatory approvals by the MoPSC, or any other applicable regulatory body, and all other applicable Consents and approvals from Governmental Authorities and other third parties which are required in connection with the Contemplated Transactions, each in form and substance (including without limitation with respect to the terms and conditions contained in any such approval) acceptable to Buyer in its sole and absolute discretion, and (ii) any waiting periods under existing Laws, and all extensions thereof, the passing of which is necessary to consummate the Contemplated Transactions, shall have expired;

(h) **Due Diligence.** Buyer shall have completed and be satisfied, in its sole and absolute discretion, with the results of its due diligence review of the Acquired Assets and Seller, including without limitation with the results of any Phase I Environmental Site Assessment or other environmental assessment performed with respect to the Real Property or the Acquired Assets or chain of title search, all material contracts and operating permits and licenses of the System, and the Seller's operations, contracts, employment practices,

compliance, accounting and other items as Buyer deems necessary, as each of the foregoing items relate to the System or the Acquired Assets; and

(i) **No Material Adverse Effect.** Buyer shall have determined that there shall not have occurred any event or circumstance which, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

**5.2 Conditions Precedent to Obligations of Seller.** Seller's obligation to consummate the Contemplated Transactions is subject to the satisfaction in full, unless expressly waived in writing by Seller, of each of the following conditions:

(a) **Representations and Warranties.** Each of the representations and warranties of Buyer contained in this Agreement or in any Transaction Document shall have been true, correct and accurate in all respects on and as of the date hereof and shall also be true, correct and accurate in all material respects (other than representations and warranties qualified as to materiality, which shall have been true, correct and accurate in all respects) on and as of the Closing Date with the same force and effect as though made by Buyer on and as of the Closing Date (except to the extent that any such representation or warranty is made solely as of the date hereof or as of another date earlier than the Closing Date, which shall be accurate as of such date);

(b) **Covenants.** Buyer shall have performed, observed and complied in all material respects with all of its obligations, covenants, undertakings and agreements contained in this Agreement or any Transaction Document and required to be performed, observed or complied with by Buyer prior to or at the Closing;

(c) **Proceedings.** No provision of any Law or Order shall be in effect which would prevent consummation of the Contemplated Transactions; and

(d) **Closing Deliverables.** Buyer shall have delivered or caused to be delivered to Seller each of the items set forth in Section 2.5(b).

## **ARTICLE 6 Covenants and Special Agreements**

### **6.1 Access to Information; Confidentiality**

(a) **Access.** Between the date of this Agreement and the Closing Date, Buyer may, directly and through its representatives, make such confirmatory investigation of the System and the Acquired Assets as each deems necessary or advisable. In furtherance of the foregoing, Buyer and its representatives shall have reasonable access, upon reasonable notice during normal business hours, to all employees, properties, books, Contracts, customer lists, commitments and records of the Business, and Seller shall furnish and cause to be furnished to Buyer and its representatives such financial and operating data and other information as may from time to time be reasonably requested relating to the System, shall permit Buyer or its representatives to conduct such physical inspections and environmental audits of the Real Property as requested by Buyer and shall permit Buyer or its representatives to conduct interviews of employees of or servicing the Business. Seller and the management, employees, accountants and attorneys of or servicing the Business shall cooperate fully with Buyer and its representatives in connection with such investigation.



(b) **Confidentiality.**

(i) Prior to Closing, each Party shall ensure that all Confidential Information which such Party or any of its respective officers, directors, employees, counsel, agents, or accountants may have obtained, or may hereafter obtain, from the other Party (or create using any such information) relating to the financial condition, results of operations, System, properties, assets, Liabilities or future prospects of the other Party, any Related Person of the other Party or any customer or supplier of such other Party or any such Related Person shall not be published, disclosed or made accessible by any of them to any other Person at any time or used by any of them, in each case without the prior written Consent of the other Party; provided, however, that the restrictions of this sentence shall not apply (i) as may otherwise be required by Law, (ii) to the extent such Confidential Information shall have otherwise become publicly available, and (iii) as to Buyer, to disclosure by or on its behalf to regulatory authorities or other third parties whose Consent or approval may be required to consummate the Contemplated Transactions and to its lenders and professionals for the purpose of obtaining financing of such transactions. Following Closing, Seller shall ensure that all Confidential Information relating to the financial condition, results of operations, System, properties, assets, Liabilities or future prospects of the Buyer, any Related Person of the Buyer or any customer or supplier of the Buyer or any such Related Person shall not be published, disclosed or made accessible by any of them to any other Person at any time or used by any of them, in each case without the prior written Consent of the Buyer; provided, however, that the restrictions of this sentence shall not apply (i) as may otherwise be required by Law, (ii) to the extent such Confidential Information shall have otherwise become publicly available, and (iii) as to Buyer, to disclosure by or on its behalf to regulatory authorities or other third parties whose Consent or approval may be required to consummate the Contemplated Transactions and to its lenders and professionals for the purpose of obtaining financing of such transactions.

(ii) In the event of termination of negotiations or failure of the Contemplated Transactions to close for any reason whatsoever, each Party promptly will destroy or deliver to the other Party and will not retain any documents, work papers and other material (and any reproductions thereof) obtained by each Party or on its behalf from such other Party or its subsidiaries as a result of this proposal or in connection therewith, whether so obtained before or after the execution hereof, and will not use any information so obtained and will cause any information so obtained to be kept confidential and not used in any way detrimental to such other Party.

**6.2 Publicity; Announcements.** Until after the Closing, no press release concerning this Agreement or the transactions contemplated hereby shall be issued or made without the prior approval of the parties hereto, except as required by applicable law.

**6.3 Cooperation.** Subject to the terms and conditions of this Agreement, the Parties shall cooperate fully with each other and their respective counsel and accountants in connection with, and take or cause to be taken and do or cause to be done, any actions required to be taken under applicable Law to make effective the Contemplated Transactions as promptly as practicable. Prior to the Closing, the parties shall proceed expeditiously and in good faith to make such filings and take such other actions as may be reasonably necessary to satisfy the conditions to Closing set forth in Section 5.1(g). Any and all filing fees in respect of such filings shall be paid by Seller. From and after the Closing, the parties shall do such acts and execute such documents and instruments as may be reasonably required to make effective the transactions contemplated hereby. On or after the Closing Date, the parties shall, on request, cooperate with one another by furnishing any additional information, executing and delivering

any additional documents and instruments, including contract assignments, and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement. Should Seller, in its reasonable discretion, determine after the Closing that books, records or other materials constituting Acquired Assets are still in the possession of Seller, Seller shall promptly deliver them to Buyer at no cost to Buyer. Seller hereby agrees to cooperate with Buyer to ensure a proper transition of all customers with respect to billing and customer service activities. Buyer shall take the lead in obtaining MoPSC approval with respect to the Contemplated Transactions.

**6.4 Exclusivity.** Seller will not and will not permit its affiliates, officers, directors, employees or other agents or representatives to, at any time prior to the termination of this Agreement, directly or indirectly, (i) take any action to solicit, initiate or encourage the making of any Acquisition Proposal, or (ii) discuss or engage in negotiations concerning any Acquisition Proposal with, or further disclose any non-public information relating to Seller to, any person or entity in connection with an Acquisition Proposal, in each case, other than Buyer and its representatives.

**6.5 No Inconsistent Action.** Prior to the Closing Date, no Party shall take any action, and each Party will use its commercially reasonable efforts to prevent the occurrence of any event (but excluding events which occur in the Ordinary Course of Business and events over which such Party has no control), which would result in any of its representations, warranties or covenants contained in this Agreement or in any Transaction Document not to be true and correct, or not to be performed as contemplated, at and as of the time immediately after the occurrence of such action or event. If at any time prior to the Closing Date, a Party obtains knowledge of any facts, circumstances or situation which constitutes a breach, or will with the passage of time or the giving of notice constitute a breach, of any representation, warranty or covenant of such Party under this Agreement or any Transaction Document or will result in the failure of any of the conditions contained in Article 5 to be satisfied, such Party shall give the other Party prompt written notice thereof; provided, however, that no such notice shall cure any breach of any representation, warranty or covenant contained herein or therein or will relieve any such Party of any obligations hereunder or thereunder unless specifically agreed to in writing by the other Party.

**6.6 Conduct of Business.** Between the date of this Agreement and the Closing Date, Seller shall carry on the operation of the System, the Business and the Acquired Assets in the Ordinary Course of Business and in compliance with Law, not introduce any materially new method of management or operation, use reasonable best efforts to preserve the System, the Business and the Acquired Assets, conserve the goodwill and relationships of its customers, suppliers, Governmental Authorities and others having business relations with it, maintain in full force and effect all policies of insurance now in effect for the benefit of Seller, maintain supplies at a level which is sufficient to operate the System in accordance with past practice and maintain the Acquired Assets in substantially the condition currently existing, normal wear and tear excepted. By way of illustration and not limitation, Seller will not, between the date hereof and the Closing Date, directly or indirectly do, or prepare to do, any of the following without the prior written Consent of Buyer, (a) sell, lease, transfer or otherwise dispose of, or license, mortgage or otherwise encumber, or give a security interest in or subject to any Encumbrances, any of the Acquired Assets, (b) merge or consolidate with or acquire, or agree to merge or consolidate with or acquire (by merging or consolidating with, or by purchasing a substantial portion of the stock or assets of, or by any other manner), any business or corporation, partnership, joint venture, association or other business organization or division thereof or

otherwise change the overall character of the Business in any material way, (c) enter into any Contract other than in the Ordinary Course of Business, (d) abandon, sell, license, transfer, convey, assign, fail to maintain or otherwise dispose of any item of the transferred intellectual property, (e) make any change in any of its present accounting methods and practices, (f) make any new Tax election, or change or revoke any existing Tax election, or settle or compromise any Tax liability or file any income Tax Return prior to the last day (including extensions) prescribed by Law, in the case of any of the foregoing, material to the business, financial condition or results of operations of Seller, (g) engage in any transactions with any Related Person which would survive Closing, (h) pay, discharge, settle or satisfy any material claims or Liabilities (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the Ordinary Course of Business or in accordance with their terms, of Liabilities reflected or reserved against in the Financial Statements (or the notes thereto), or not required by GAAP to be so reflected or reserved, or incurred since December 31, 2016 in the Ordinary Course of Business, or waive any material benefits of, or agree to modify any material confidentiality, standstill, non-solicitation or similar agreement with respect to the Business to which Seller or any of its Affiliates is a party, (i) engage in any activity with the purpose or intent of (A) accelerating the collection of accounts receivable or (B) delaying the payment of the accounts payable, (j) enter into commitments for new capital expenditures in excess of \$25,000 in the aggregate, (k) create or issue or grant an option or other right to subscribe, purchase or redeem any of its securities or other equity interests (other than with Buyer), (l) adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or dissolution, merger, consolidation, restructuring, recapitalization or reorganization or (m) enter into any agreement (conditional or otherwise) to do any of the foregoing.

**6.7 No Transfer at Odds with Law.** Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall be deemed to require the conveyance, assignment or transfer of any Acquired Asset that by operation of applicable Law cannot be conveyed, assigned, transferred or assumed. Each Party shall continue to use reasonable best efforts to obtain at the earliest practicable date all unobtained Consents or approvals required to be obtained by it in connection with the transfer of the Acquired Assets or performance of any Transaction Document. If and when any such Consents or approvals shall be obtained, then Seller shall promptly, and hereby does, assign its rights and obligations thereunder to Buyer without payment of consideration and Buyer shall, and hereby does, without the payment of any consideration therefor, (i) assume such rights and obligations or (ii) perform (or agree to perform) under such Transaction Document, as applicable. Each Party shall execute such good and sufficient instruments as may be necessary to evidence such assignment and assumption. The entire beneficial interest in and to, and the risk of loss with respect to, the Acquired Assets shall, regardless of when legal title thereto shall be transferred to Buyer, pass to Buyer at Closing as of the Effective Time, and Seller shall, without consideration therefor, pay, assign and remit to Buyer all monies, rights and other consideration received in respect of such performance. To the extent permitted by Law, Seller shall exercise or exploit its rights in respect of such Acquired Assets only as directed by Buyer.

**6.8 Release of Encumbrances.** Seller promptly shall take such actions as shall be requested by Buyer to secure the release of all Encumbrances relating to the Acquired Assets, in each case in substance and form reasonably satisfactory to Buyer and its counsel.

**6.9 Retention of Records.** Subject to applicable Law and, subject to any applicable restrictions as to confidentiality (as to which Buyer does not provide indemnification, or the waiver of which Seller shall not have obtained after using reasonable best efforts), Seller shall

preserve any books and records relating to the System or the Business that are not delivered to Buyer hereunder for a period no less than seven (7) years after the Closing Date (or such longer period as shall be required by applicable Law), and Seller shall make available such books and records for review and copying to Buyer and its authorized representatives following the Closing at Buyer's expense upon reasonable notice during normal business hours. During such period, Seller shall permit, to the extent permitted by applicable Law and upon request of Buyer, Buyer and any of its agents, representatives, advisors or consultants reasonable access to employees of or servicing the Business for information related to periods up to and including the Closing.

#### **6.10 Tax Covenants.**

(a) Seller shall pay all Taxes of Seller, the System and the Acquired Assets for any Tax year or period (or portion thereof) ending at or before the Closing. For the purposes of this Section 6.10(a), the portion of such personal property or similar ad valorem Tax that relates to the Tax period ending as of the Closing shall be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction, the numerator of which is the number of days in the Tax period ending as of the Closing and the denominator of which is the number of days in the entire Tax period. For purpose of this Section 6.10(a), the portion of all other Taxes that relates to the Tax period ending as of the Closing shall be determined on the basis of an interim closing of the books.

(b) Each Party agrees to furnish or cause to be furnished to the other Party, upon request, as promptly as practical, such information (including reasonable access to books and records, Tax Returns and Tax filings) and assistance as is reasonably necessary for the filing of any Tax Return, the conduct of any Tax audit, and for the prosecution or defense of any claim, suit or Proceeding relating to any Tax matter. The Parties shall cooperate with each other in the conduct of any Tax audit or other Tax Proceedings and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 6.10(b).

### **ARTICLE 7 Indemnification**

#### **7.1 Survival of Representations and Warranties and Covenants.**

(a) All of the representations and warranties made by Seller in this Agreement, its Schedules, or any certificates or documents delivered hereunder shall survive the Closing Date and consummation of the Contemplated Transactions for a period of three (3) years; provided, however, that the representations and warranties contained in Sections 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.9 and 3.19 shall survive indefinitely.

**7.2 Indemnification and Payment of Damages by Seller.** Subject to the terms of this Article 7, and to the extent allowed under Missouri law, Seller hereby agrees to fully pay, protect, defend, indemnify and hold harmless the Indemnified Persons from any and all Damages arising out of, resulting from, relating to or caused by: (i) any inaccuracy in or breach of (or any claim by any third party alleging or constituting an inaccuracy or breach of) any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other Transaction Document by, Seller; (ii) all Liabilities and/or duties of Seller, whether accruing prior to or after the Closing Date, and any Encumbrance affecting the Acquired Assets; (iii) assessments, charges and other similar claims due or owing, directly or indirectly, by Seller or otherwise as a result of or on account of

the Acquired Assets or the System at any time prior to the Closing Date; (iv) the ownership and/or operation of any of the Acquired Assets or the System prior to Closing; (v) any Proceeding now existing or hereafter arising and relating to the Acquired Assets or the System and arising from events or matters occurring prior to the Closing Date; (vi) any Excluded Assets; (vii) any and all Taxes imposed on or arising from the transfer of the Acquired Assets; (viii) intercompany accounts payable and accounts receivable by and among Seller and/or its Affiliates; (ix) transaction costs and expenses incurred by or on behalf of Seller in connection with this Agreement or the Contemplated Transactions; or (x) any matters described on Schedule 7.2.

**7.3 Indemnification By Buyer.** Buyer hereby agrees to fully pay, protect, defend, indemnify and hold harmless Seller and its respective successors and assigns, from any and all Damages incurred by any of them arising out of, resulting from, relating to or caused by (i) any inaccuracy in or breach of any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other Transaction Document by, Buyer or (ii) transaction costs and expenses incurred by or on behalf of Buyer in connection with this Agreement or the Contemplated Transactions.

**7.4 Notice of Claim.** In the event that either party seeks indemnification on behalf of an Indemnified Person, such party seeking indemnification (the "Indemnified Party") shall give reasonably prompt written notice to the indemnifying party (the "Indemnifying Party") specifying the facts constituting the basis for such claim and the amount, to the extent known, of the claim asserted; provided, however, that the right of a person or entity to be indemnified hereunder shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually irrevocably and materially prejudiced thereby. Subject to the terms hereof, the Indemnifying Party shall pay the amount of any valid claim not more than 10 days after the Indemnified Party provides notice to the Indemnifying Party of such amount.

**7.5 Right to Contest Claims of Third Persons.** If an Indemnified Party is entitled to indemnification hereunder because of a claim asserted by any Third Person, the Indemnified Party shall give the Indemnifying Party reasonably prompt notice thereof after such assertion is actually known to the Indemnified Party; provided, however, that the right of a Person to be indemnified hereunder in respect of claims made by a Third Person shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually irrevocably and materially prejudiced thereby. Buyer shall have the right, upon written notice to Seller, to investigate, contest or settle the Third Person Claim. Seller may thereafter participate in (but not control) the defense of any such Third Person Claim with its own counsel at its own expense. If Seller thereafter seeks to question the manner in which Buyer defended such Third Person Claim or the amount or nature of any such settlement, Seller shall have the burden to prove by clear and convincing evidence that conduct of Buyer in the defense and/or settlement of such Third Person Claim constituted gross negligence or willful misconduct. The Parties shall make available to each other all relevant information in their possession relating to any such Third Person Claim and shall cooperate in the defense thereof, provided that Buyer shall control the defense thereof. Promptly (and in any event within 10 days) following the resolution of any Third Person Claim, Seller shall pay to Buyer any amount to which Buyer is entitled pursuant to this Article 7 with respect to such Third Person Claim.



## **7.6 Certain Indemnification Matters.**

(a) Notwithstanding anything contained herein or elsewhere to the contrary, all “material” and “Material Adverse Effect” or similar materiality type qualifications contained in the representations and warranties set forth in this Agreement shall be ignored and not given any effect for purposes of the indemnification provisions hereof, including, without limitation, for purposes of determining whether or not a breach of a representation or warranty has occurred and/or determining the amount of any Damages.

(b) No information or knowledge acquired, or investigations conducted, by Buyer or its representatives, of Seller or the System or otherwise shall in any way limit, or constitute a waiver of, or a defense to, any claim for indemnification by any Indemnified Persons under this Agreement.

## **ARTICLE 8 Termination**

**8.1 Termination.** This Agreement may be terminated at any time prior to the Closing only (a) by mutual written Consent of Seller and Buyer, (b) by Buyer, if the Seller is unable to obtain the assignment contemplated in section 2.5(xii) within a reasonable amount of time, (c) by Buyer, if Buyer is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Seller and Seller has not cured such breach within five (5) Business Days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured), (d) by Buyer, if, at any time before Closing, Buyer is not satisfied with the results of its due diligence review of the System and the Acquired Assets, (e) by Seller if Seller is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Buyer and Buyer has not cured such breach within five (5) Business Days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured), (f) by Seller or Buyer upon written notice to the other, if any court of competent jurisdiction or other competent Governmental Entity shall have issued a statute, rule, regulation, Order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the Contemplated Transactions, and such statute, rule, regulation, Order, decree or injunction or other action shall have become final and non-appealable, (g) by Buyer, if all necessary regulatory approvals (including rate treatment, refunds and setting of rate base and all approvals described in Section 5.1(g)) contemplated hereby or otherwise necessary to close the Contemplated Transactions have not been obtained within 270 days of the date hereof, or (h) by Buyer if any Material Adverse Effect shall have occurred or, in the reasonable judgment of Buyer, shall be reasonably likely to occur.

**8.2 Effect of Termination.** The right of each Party to terminate this Agreement under Section 8.1 is in addition to any other rights such Party may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties under this Agreement will terminate, except that the obligations set forth in the Confidentiality Agreement, Section 6.1(b) (“Confidentiality”), Section 6.2 (“Publicity; Announcements”), this Section 8.2 (“Effect of Termination”) or Article 9 (“General Provisions”) will survive; provided, however, that if this Agreement is terminated by a Party because of the breach of the Agreement by another

Party or because one or more of the conditions to the terminating Party's obligations under this Agreement is not satisfied as a result of the other Party's failure to comply with its obligations under this Agreement, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

## **ARTICLE 9 General Provisions**

**9.1 Amendment and Modification.** No amendment, modification or supplement of any provision of this Agreement will be effective unless the same is in writing and is signed by the Parties.

**9.2 Assignments.** Seller may not assign or transfer any of its rights or obligations under this Agreement to any other Person without the prior written Consent of Buyer. Buyer may not assign its rights and obligations under this Agreement to any third party, without the prior written Consent of Seller, but may assign its rights and obligations under this Agreement to any Related Person or successor in interest without the Consent of Seller. Subject to this Section 9.2, all provisions of this Agreement are binding upon, inure to the benefit of and are enforceable by or against the Parties hereto and their respective heirs, executors, administrators or other legal representatives and permitted successors and assigns.

**9.3 Captions; Construction.** Captions contained in this Agreement and any table of contents preceding this Agreement have been inserted herein only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

**9.4 Counterparts; Facsimile.** This Agreement may be executed by the Parties hereto on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties hereto notwithstanding that all the Parties hereto are not signatories to the same counterpart. For purposes of this Agreement, a document (or signature page thereto) signed and transmitted by e-mail, facsimile machine or telecopier is to be treated as an original document.

**9.5 Entire Agreement.** This Agreement and the other Transaction Documents constitute the entire agreement among the Parties hereto pertaining to the subject matter hereof and supersede all prior agreements, letters of intent, understandings, negotiations and discussions of the Parties hereto, whether oral or written, executed by the Parties pertaining to the subject matter hereof. All of the Exhibits and Schedules attached to this Agreement are deemed incorporated herein by reference.

**9.6 Governing Law.** This Agreement and the rights and obligations of the Parties hereunder are to be governed by and construed and interpreted in accordance with the Laws of the State of Missouri applicable to Contracts made and to be performed wholly within Missouri, without regard to choice or conflict of laws rules.

**9.7 Legal Fees, Costs.** Except as provided herein, all legal, consulting and advisory fees and other costs and expenses incurred in connection with this Agreement and the Contemplated Transactions are to be paid by the Party incurring such costs and expenses.

**9.8 Notices.** All notices, Consents, requests, demands and other communications hereunder are to be in writing and are deemed to have been duly given, made or delivered: (i) when delivered in person or by e-mail, (ii) three (3) Business Days after deposited in the United States mail, first class postage prepaid, or (iii) in the case of telegraph or overnight courier services, one (1) Business Day after delivery to the telegraph company or overnight courier service with payment provided, in each case addressed as follows:

(a) if to Seller, (i) to City of Orrick, Attention Mayor Robert Schreier, City Hall, 207 West South Front Street, Orrick, MO 64077 with a copy to \_\_\_\_\_.

(b) if to Buyer, (i) to Missouri-American Water Company, 727 Craig Road, St. Louis, Missouri 63141, Attn: Deborah Dewey, President ([deborah.dewey@amwater.com](mailto:deborah.dewey@amwater.com)), (ii) with a copy to Missouri-American Water Company, 727 Craig Road, St. Louis, Missouri 63141, Attn: Legal Department ([tim.luft@amwater.com](mailto:tim.luft@amwater.com)) or to such other address as any Party hereto may designate by notice to the other Parties in accordance with the terms of this Section.

**9.9 Severability.** This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of this Agreement or of any other term hereof, which shall remain in full force and effect, for so long as the economic or legal substance of the Contemplated Transactions is not affected in any manner materially adverse to any Party.

**9.10 Specific Performance and Injunctive Relief; Remedies.** The Parties hereto recognize that if any or all of them fail to perform, observe or discharge any of their respective obligations under this Agreement, a remedy at law may not provide adequate relief to the other Parties hereto. Therefore, in addition to any other remedy provided for in this Agreement or under applicable Law, any Party hereto may demand specific performance of this Agreement, and such Party shall be entitled to temporary and permanent injunctive relief, in a court of competent jurisdiction at any time when any of the other Parties hereto fail to comply with any of the provisions of this Agreement applicable to such Party. To the extent permitted by applicable Law, all Parties hereto hereby irrevocably waive any defense based on the adequacy of a remedy at law which might be asserted as a bar to such Party's remedy of specific performance or injunctive relief. Except as otherwise provided herein, all rights and remedies of the parties under this Agreement are cumulative and without prejudice to any other rights or remedies under Law. Nothing contained herein shall be construed as limiting the Parties' rights to redress for fraud.

**9.11 No Third-Party Beneficiary.** This Agreement is solely for the benefit of the Parties hereto and their respective successors and permitted assigns (and those Persons entitled to recover under the indemnity provisions hereof), and no other Person (other than those Persons entitled to recover under the indemnity provisions hereof) has any right, title, priority or interest under this Agreement or the existence of this Agreement.

**9.12 Waiver of Compliance; Consents.** Any failure of a Party to comply with any obligation, covenant, agreement or condition herein may be waived by the other Party only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits Consent by or on behalf of any Party hereto, such Consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 9.12.

IN WITNESS WHEREOF, the Parties have executed this Asset Purchase Agreement as of the date first set forth above:

**Missouri-American Water Company, a  
Missouri corporation**

By   
Deborah Dewey, President

Attest:



**The City of Orrick**

By:   
Mayor Robert Schreier

Attest:

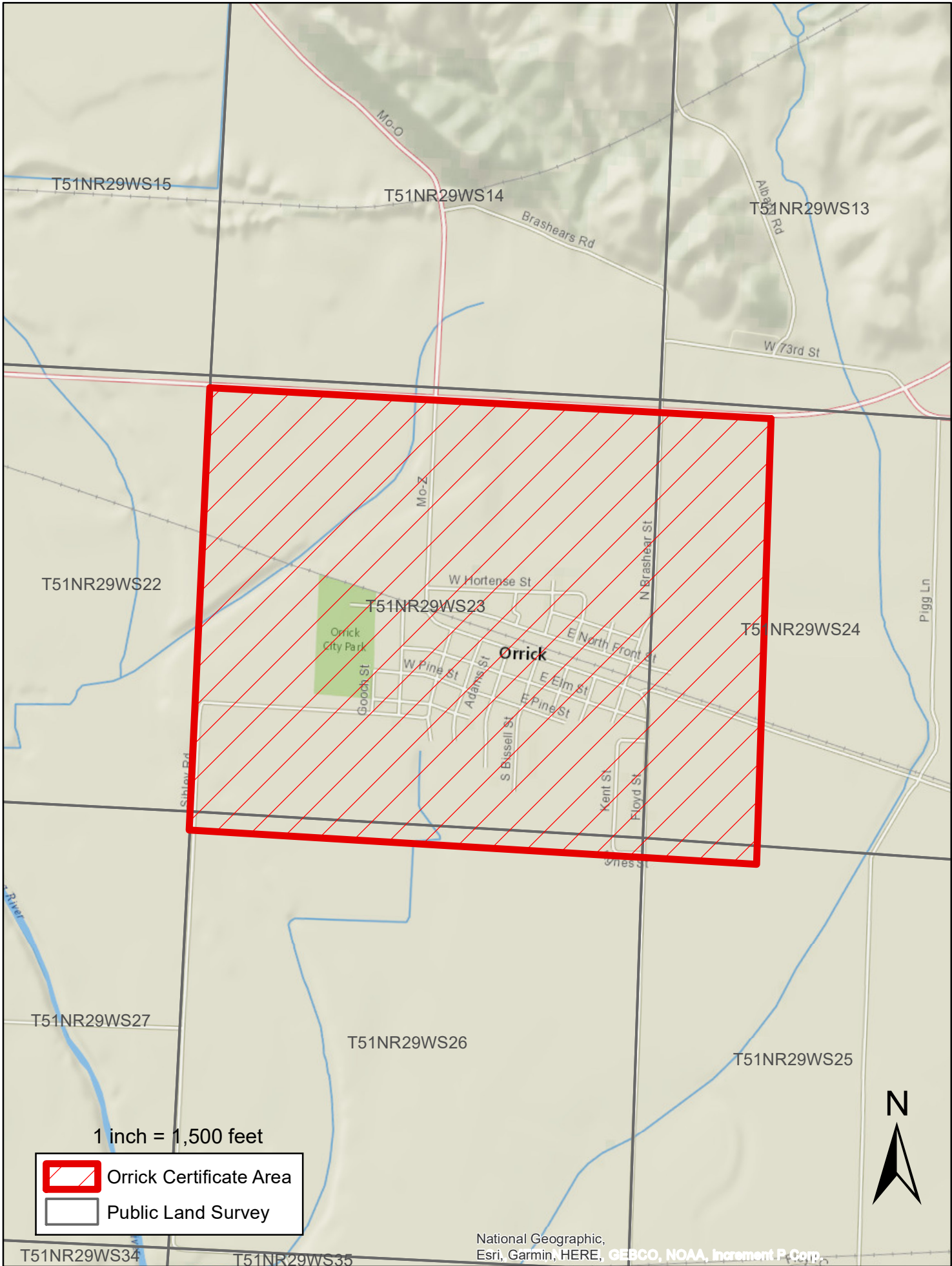


## Legal Description

A tract of land in part of Section 23, 24, 25 and 26 Township 51 North, Range 29 West, Ray County, Missouri and being more particularly described as follows:

Beginning at a point on the West line of Section 23 and the South right of way line of old Missouri 210; thence Easterly along said South R.O.W. line to a point that is 1530 feet East of the West line of said Section 24; thence Southerly along a line 1530 feet parallel with the West line of said Sections 24 and 25 to a point that is 237 feet South of the North line of said section 25; thence Westerly along a line 237 feet parallel with the North line of said Sections 25 and 26 to the West line of said sections 26 and 23 to the point of beginning. Said portion contains 860 acres, more or less.





# **VALUATION REPORT**

## **City of Orrick, Missouri Water Delivery and Wastewater Collection Systems**

### Prepared for:

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

### Prepared by:

Chris Stallings, MAI, CCIM, MRICS  
Colliers International  
1828 Walnut Street  
Kansas City, Missouri 64108

Joseph E. Batis, MAI, AI-GRS, R/W-AC  
Edward J. Batis & Associates, Inc.  
313 N. Chicago Street  
Joliet, Illinois 60432

Edward W. Dinan, CRE, MAI  
Dinan Real Estate Advisors, Inc.  
2023 South Big Bend Boulevard  
St. Louis, Missouri 63117

|  |  |  |
|--|--|--|
| <b>COLLIERS INTERNATIONAL</b><br>1828 Walnut Street<br>Kansas City, Missouri 64108 | <b>EDWARD J. BATIS &amp; ASSOCIATES, INC.</b><br>313 N. Chicago Street<br>Joliet, Illinois 60432 | <b>DINAN REAL ESTATE ADVISORS, INC.</b><br>2023 S. Big Bend Boulevard<br>St. Louis, Missouri 63117 |
|--|--|--|

January 21, 2021

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

Re: **Valuation Report  
City of Orrick (Ray County), Missouri  
Water Delivery and Wastewater Collection Systems Appraisal**

Dear Ms. Pacific:

In accordance with your request, we have made a physical inspection on January 11, 2021, of the facilities and real estate that comprise the City of Orrick water and wastewater systems' assets.<sup>1</sup>

The water delivery and wastewater collection systems (referred to herein as "the subject properties") are owned by the City of Orrick and are located in Ray County, Missouri. The customer count includes 335 water customers and 335 wastewater customers.

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

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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<sup>1</sup> *Throughout the attached appraisal report, any reference to the appraisers' "inspection", "subject property inspection", "inspection of the subject property", "inspection of the subject water and wastewater systems", etc., refers to the appraisers' customary task of viewing the subject property for purposes of observing the condition, layout, design, and utility of the real property (land and building), as is typical in the appraisal profession and in the framework of completing the appraisal process. The reference to the term "inspection" in the context of the appraisers' work should not be interpreted to suggest the appraisers have any expertise and/or qualifications in the assessment of the condition and functionality of any mechanical and non-mechanical components of the subject property water and wastewater systems. The appraisers refer the client and intended users of the attached appraisal report to the engineer's report for an assessment of the water and wastewater systems' infrastructure components. The three professional real estate appraisers co-signing the attached appraisal report are not qualified to independently detect and assess the condition and functionality of the water and wastewater systems' infrastructure components. However, the three professional real estate appraisers co-signing the attached appraisal report assume that the water and wastewater systems' components (including the plant, pumps, and all related facilities) are in proper working order and have been maintained adequately to meet all pertinent codes and regulatory requirements.*

Ms. Pacific  
Missouri American Water Company  
January 21, 2021  
Page 2

In completing our analysis of the subject property water and wastewater systems, we relied on a report prepared by Flinn Engineering, dated January 19, 2021. 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, our opinions of the market values of the City of Orrick systems are as follows:

|  |   |
|--|---|
| <b>Market Value of<br/>Water Delivery System</b> | <b>Market Value of<br/>Wastewater Collection System</b> |
| <b>\$840,000</b>                                 | <b>\$670,000</b>  |

**This appraisal report is prepared subject to the Extraordinary Assumptions found on Pages 12-15.** The assumptions address several significant issues that impact the analysis and conclusions presented in the attached report, including:

- Information provided by the client and the City of Orrick
- Water and sewer mains presumed to be located in public rights-of-way
- Identification of the parcels owned in fee
- The Flinn Engineering Report
- The term "Inspection"
- Customer counts
- Presumed permanent easement for Lift Station #1
- Presumed permanent easement for Lift Station #5
- Presumed permanent easement for Water Tower

Each of the three appraisers co-signing this appraisal report (Mr. Dinan, Mr. Batis, and Mr. Stallings) participated in the assignment by collecting and analyzing relevant data, and forming the opinions and final conclusions. In addition, Mr. Jordan Leiner of Dinan Real Estate assisted in the collection of data for this assignment. While each of the appraisers performed different tasks and were responsible for different parts of this valuation assignment, the appraisers consulted throughout the assignment with each other, the client, and representatives from the City of Orrick.

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

Ms. Pacific  
Missouri American Water Company  
January 21, 2021  
Page 3

On behalf of Edward J. Batis & Associates, Inc., Colliers International, and Dinan Real Estate Advisors, Inc., we appreciate the opportunity to prepare this appraisal report for the Missouri American Water Company. Please feel free to contact the undersigned should you have any questions regarding the assignment.

Sincerely,



Joseph E. Batis, MAI, AI-GRS, R/W-AC  
Edward J. Batis & Associates, Inc.

General Certification Lic. #553.000493 (IL; Expires 09/21)  
General Certification Lic. #2016044083 (MO; Expires 06/22)  
General Certification Lic. #CG03684 (IA; Expires 06/22)  
General Certification Lic. #5660 (TN; Expires 06/21)  
General Certification Lic. #4001017857 (VA; Expires 06/21)  
General Certification Lic. #TX 131049 G (TX; Expires 11/22)



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

State Certified General Real Estate Appraiser RA001300 (MO; Expires 06/22)



Chris Stallings, MAI, CCIM, MRICS  
Colliers International

General Certification 202003408 (MO; Expires 06/22)

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## ADDENDA



## **Summary of Salient Facts**

Property Type: Water and wastewater systems

Location: City of Orrick, Ray County, Missouri

Facilities: The subject property includes the facilities that comprise the delivery of public water and the collection and treatment of wastewater.

The water delivery system serves 335 customers and the wastewater collection and treatment system serves 335 customers.

Please refer to the attached report prepared by Flinn Engineering for a list of the infrastructure, system assets, and facilities.

Date of Inspection: January 11, 2021

Date of Value: January 11, 2021

Date of Report: January 21, 2021

Type of Value: Market Value

Property Rights: Fee Simple Estate

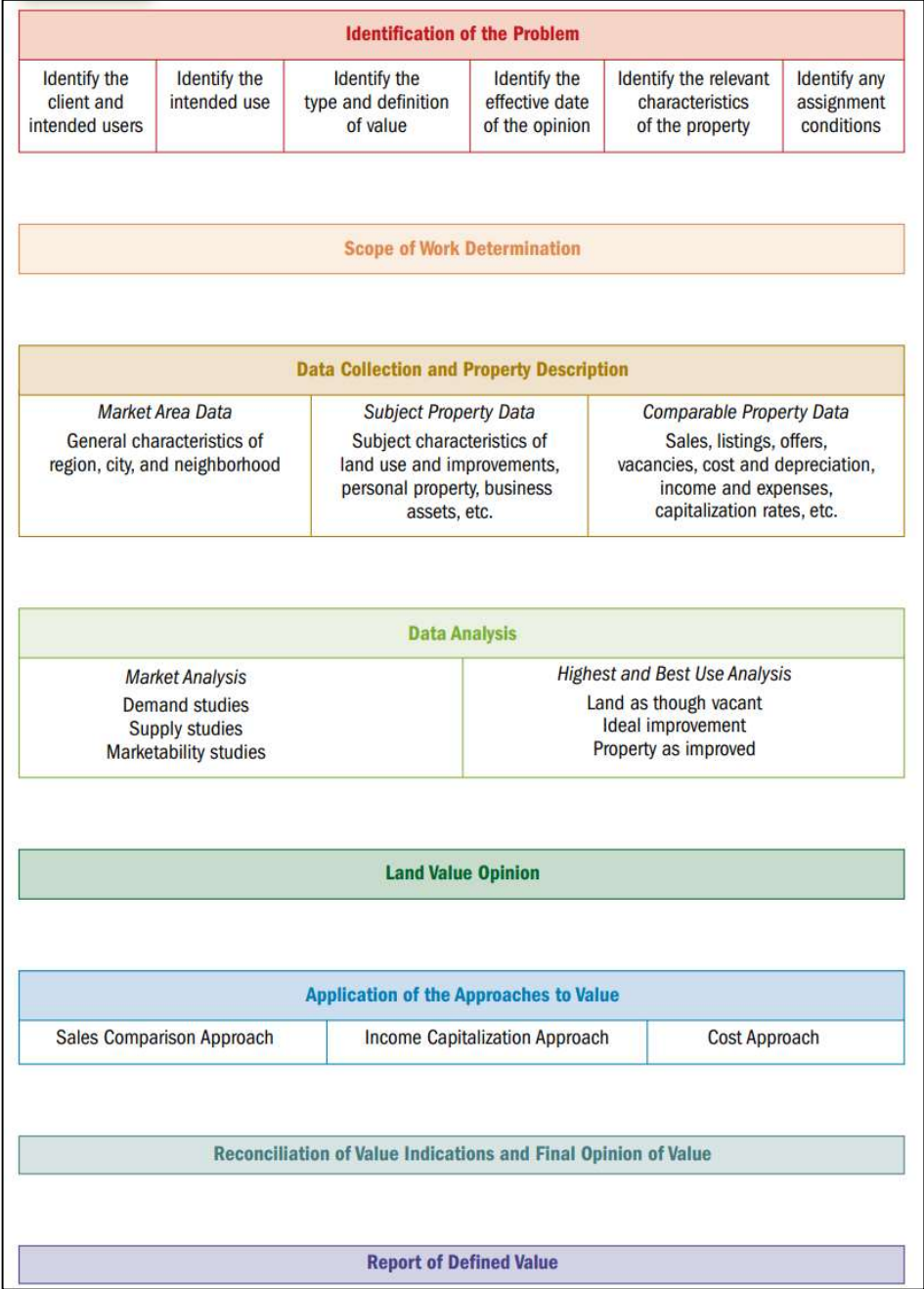
Value Conclusions:

Market Value of  
Water Delivery System: \$840,000  
Eight Hundred Forty Thousand Dollars

Market Value of  
Wastewater Collection System: \$670,000  
Six Hundred Seventy Thousand Dollars

**The Appraisal Process**

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



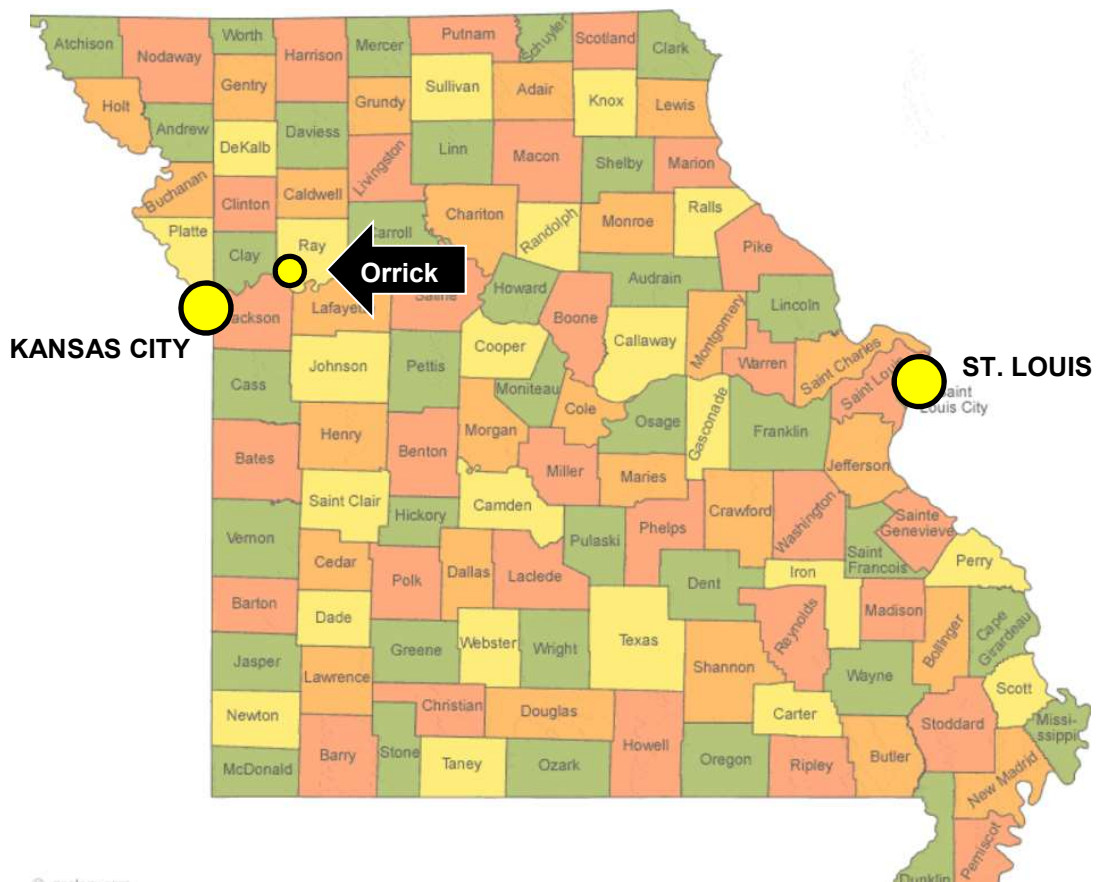
Source: The Appraisal of Real Estate, 15<sup>th</sup> Ed.,  
 Published by the *Appraisal Institute*, 2020; P. 31.

## Identification of the Subject Properties

The subject properties are a combination of water and wastewater infrastructure and related components that are owned and operated by the City of Orrick. The systems provide services to residents of the Orrick (Ray County), Missouri.

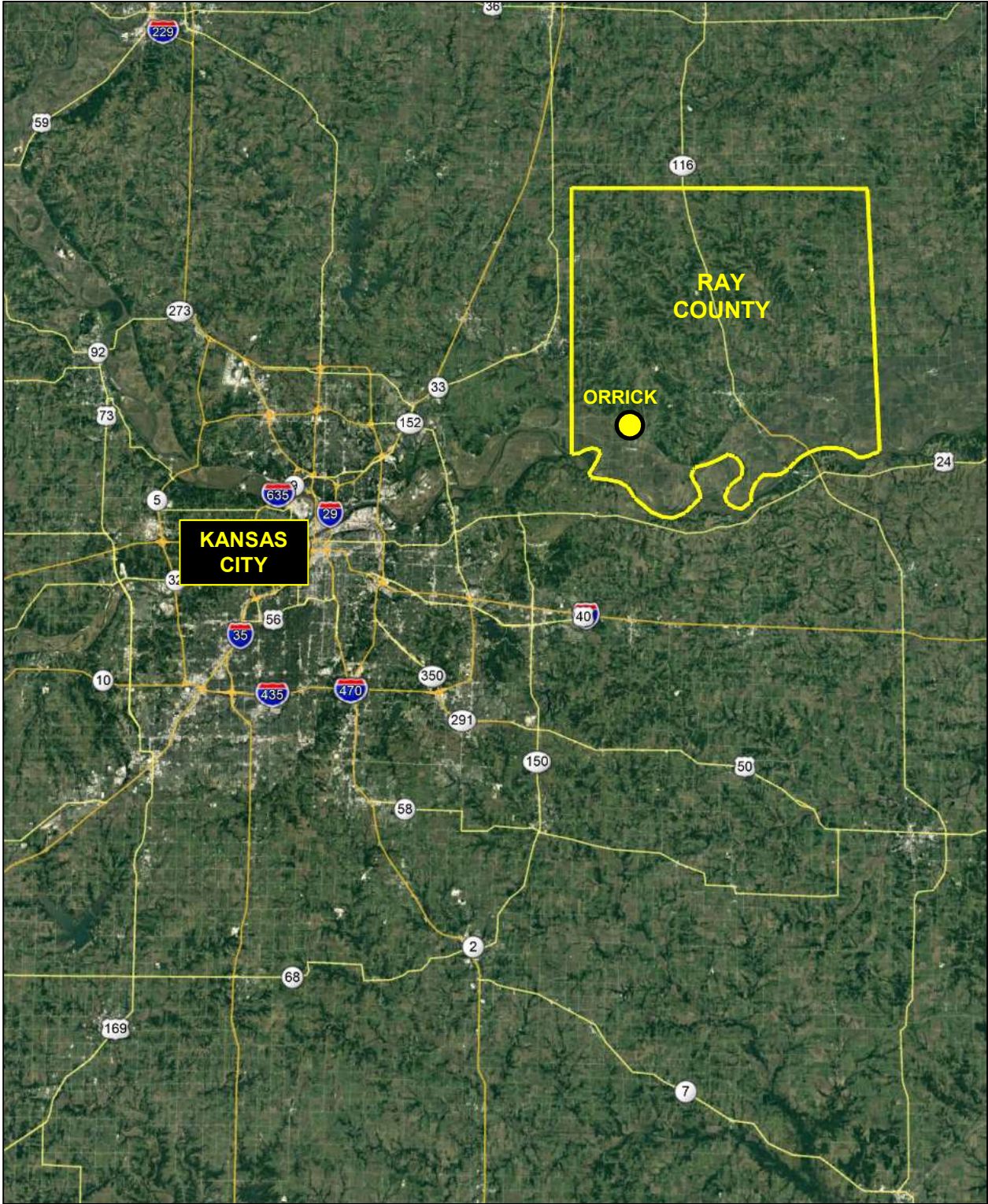
There are 335 customers for the water delivery system and 335 customers for the sewer collection system. The subject property assets include infrastructure and facilities associated with the two systems and includes three parcels of land to be conveyed in fee plus permanent easements (see Extraordinary Assumptions, Pages 12-15 of this report).

The City of Orrick is located in the southwest part of Ray County approximately 25 miles northeast of Kansas City.





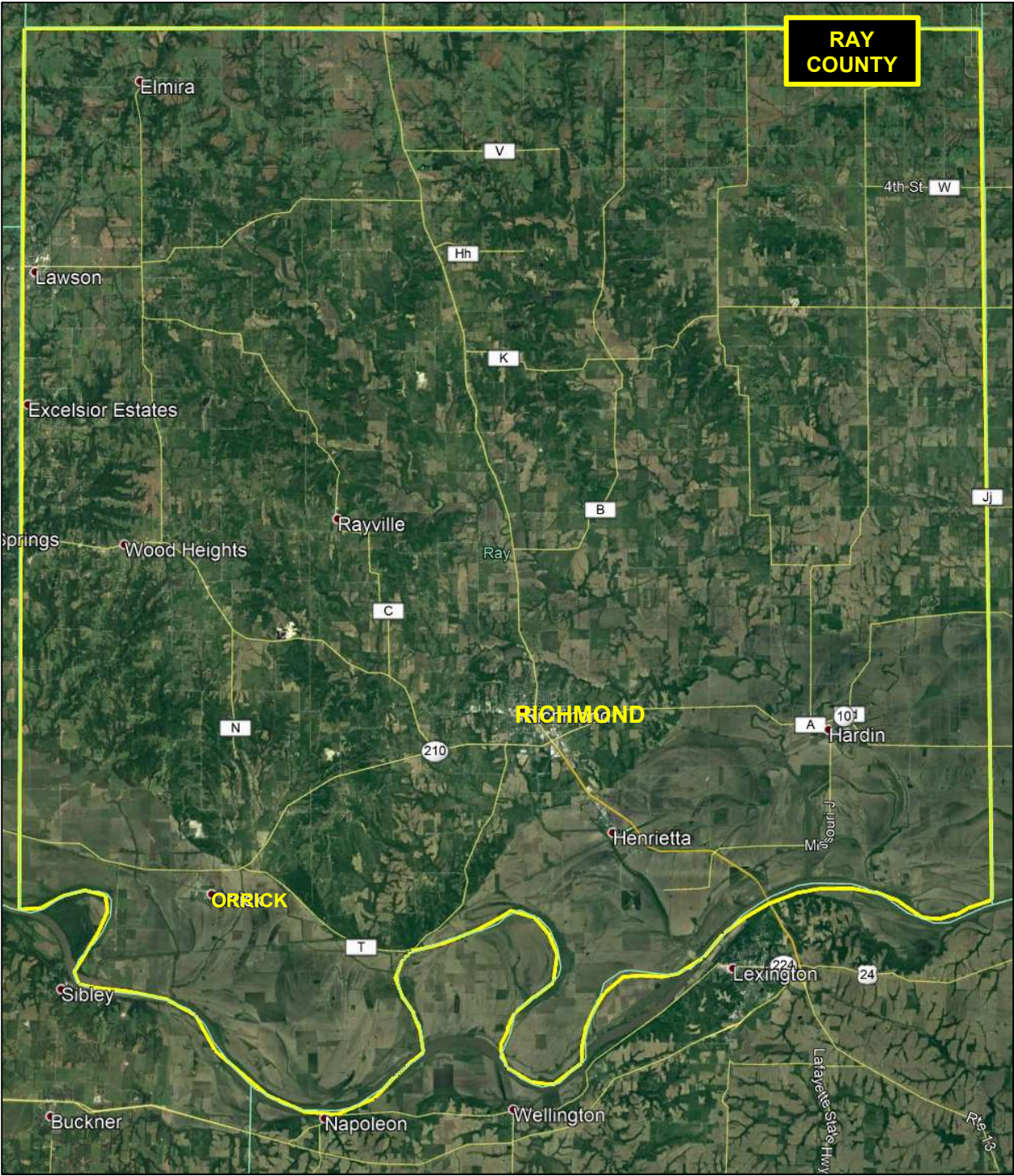
**Identification of the Subject Properties**  
(Continued)





**Identification of the Subject Properties**  
(Continued)

The City of Orrick is located approximately 10 miles southwest of the City of Richmond, the county seat of Ray County.



## **Purpose of the Assignment and Definition of Market Value**

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

Market value is defined as:

*The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.<sup>2</sup>*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## **Relevant Assignment Dates**

|  |                  |
|--|------------------|
| Date of physical inspection of the property: | January 11, 2021 |
| Effective date of value:                     | January 11, 2021 |
| Date of report:                              | January 21, 2021 |

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<sup>2</sup> *The Appraisal of Real Estate*, 15th Edition, (Chicago, Illinois: Appraisal Institute, 2020), p. 48.

## **Property Rights Appraised**

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

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>3</sup>*

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 parcels of land owned in fee, presumed permanent easements for three additional facility locations, plus presumed permanent easement rights conveyed to Missouri American Water for all mains for the water and wastewater systems and related assets that are located throughout the City of Orrick. Please refer to the Extraordinary Assumptions section of this report for an explanation regarding the appraisal assignment assumptions relative to the presumed permanent easements. With respect to the three parcels owned in fee, the parcels have been identified based upon information provided by the representative of the City of Orrick at the inspection and county GIS data

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<sup>3</sup> *The Appraisal of Real Estate*, 15<sup>th</sup> Edition, (Chicago, Illinois: Appraisal Institute, 2020), p. 60.



### **Exposure Time and Marketing Time**

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

Based upon the conditions which prevailed in the local market effective January 11, 2021, we have concluded a reasonable market time for the subject property systems, each as a whole, is 12 to 24 months and the exposure time for the subject properties is also estimated to be from 12 to 24 months.

### **Intended Use and Intended User of the Appraisal**

The intended use of this appraisal report is to assist the client (Missouri American Water Company) and the City of Orrick with the acquisition of the City of Orrick water and wastewater systems by the client. The intended users of this appraisal report include the client (for acquisition purposes), the City of Orrick (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 Orrick to Missouri American Water Company.

### **History of the Subject Property**

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

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

## **Scope of Work**

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

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

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.<sup>6</sup>

In accordance with USPAP, consideration was given to the market standards in the appraisal profession established in other market areas by qualified appraisers performing similar assignments. In our opinion, the applicable professional standards of valuation of utility systems generally in Missouri -- and specifically in the case of the valuation of the City of Orrick 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.<sup>7</sup>

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<sup>4</sup> The Missouri legislation mandates the inclusion and participation of three independent professional real estate appraisers, all of which shall be licensed in the State of Missouri. Missouri Revised Statutes, Chapter 393, Section 393.320 (August 28, 2016).

<sup>5</sup> USPAP is developed, interpreted, and amended by The Appraisal Standards Board (ASB) of The Appraisal Foundation. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP. All state licensed/certified professional real estate appraisers must perform services in compliance with USPAP.

<sup>6</sup> USPAP, 2020-2021 Edition, Page 14.

<sup>7</sup> On August 9, 2013, P.A. 98-0213, codified as 220 ILCS 5/9-210.5, went into effect in Illinois. That Section of the Public Utilities Act ("Act") provides an alternate procedure that a large public utility may choose in establishing the ratemaking rate base of a water or sewer utility that the large public utility is acquiring. Among other things, Section 9-210.5 requires that if the utility company elects the procedures of that Section of the Act, three appraisals shall be performed, the appraisers must be selected by the Illinois Commerce Commission, and each appraiser must be State certified general real estate appraiser under the Illinois Real Estate Licensing Act of 2002.

**Scope of Work**  
(Continued)

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

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

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

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

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

**Scope of Work**  
(Continued)

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

Also required by Missouri statute pertaining to the valuation is the inclusion of a professional engineer's report addressing the depreciated cost estimates for the components and infrastructure relating to the water delivery and wastewater system. For purposes of this appraisal report, we are relying, in part, on a report prepared by Flinn Engineering, dated January 19, 2021, in which Flinn Engineering arrives at an opinion of the depreciation cost new of the infrastructure components of the City of Orrick 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 is consistent with the Appraisal Institute's Guide Note 4 which addresses the conditions for an appropriate reliance by appraisers of reports prepared by others.<sup>8</sup>

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 Orrick 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.

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<sup>8</sup> 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 AND THE CITY OF ORRICK**

We have been provided information for this assignment by the client (Missouri American Water Company) and from the City of Orrick. 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 Orrick. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

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

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

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

## **Extraordinary Assumptions**

(Continued)

### **IDENTIFICATION OF THE PARCELS OWNED IN FEE**

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

We reserve the right to revise all opinions and conclusions presented herein upon receiving or becoming aware of any information that is inconsistent with and/or contradicts the land sizes/characteristics as reported herein for the parcels owned by the City of Orrick. 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 January 19, 2021, referenced in the Scope of Work section of this report is assumed to be accurate, complete, and prepared in compliance with applicable industry standards.

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

### **THE TERM “INSPECTION”**

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

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

## **Extraordinary Assumptions**

(Continued)

The appraisers refer the client and intended/authorized users of this appraisal report to the Flinn Engineering report for an assessment of the water and wastewater systems' infrastructure components. The three professional real estate appraisers co-signing this appraisal report are not qualified to independently detect and assess the condition and functionality of the water and wastewater systems' infrastructure components. However, the three professional real estate appraisers co-signing this appraisal report assume that the water 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 the City of Orrick, the subject property water delivery system serves 335 customers and the wastewater collection system serves 335 customers. This appraisal is based upon the assumption that the customer counts provided by City of Orrick are accurate. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

### **PRESUMED PERMANENT EASEMENT FOR LIFT STATION #1**

Lift Station #1 appears to be on property owned by a railroad company. This appraisal assumes there is a permanent easement that provides reasonable access to Lift Station #1 for the continued use, operation, maintenance, repair, inspection, etc., of Lift Station #1. We have not been provided plats and/or easement documents to review. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

### **PRESUMED PERMANENT EASEMENT FOR LIFT STATION #5**

Lift Station #5 appears to be located on private property (an improved residential lot). This appraisal assumes there is a permanent easement that provides reasonable access to Lift Station #5 for the continued use, operation, maintenance, repair, inspection, etc., of Lift Station #5. We have not been provided plats and/or easement documents to review. 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 EASEMENT FOR WATER TOWER**

The water tower is on a larger parcel owned by the City of Orrick. This appraisal assumes there is a permanent easement of approximately 4,800 square feet for the water tower area and a permanent easement that provides reasonable access to the approximate 4,800 square foot area (the presumed permanent easement area) for the continued use, operation, maintenance, repair, inspection, etc., of the water tower. We have not been provided plats and/or easement documents to review. 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 did not include any hypothetical conditions.



## **Regional Analysis**

### *KANSAS CITY AREA OVERVIEW*

The subject is located in Orrick, Missouri, and is in the northeast 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.

The Kansas City Metropolitan Statistical Area is a mostly stable market. The following statistics are available through the U.S. Census Bureau. Projections are based upon the 2010 census, and are applied to an urban growth simulation model.

### *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.

## **Regional Analysis**

(Continued)

Interstate 49 is a north/south running thoroughfare in the Kansas City metro area. Its furthest 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.

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.

## **Regional Analysis**

(Continued)

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.

## ***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 CHARACTERISTICS***

Outlined in the following table, are details of the labor force and unemployment rate that have occurred in the Kansas City area between 2010 (annual totals) and 2017.

**Regional Analysis**  
(Continued)

| <b>Employment by Place of Work by Industry - Kansas City MSA (NAICS)</b> |  |         |         |            |         |
|--|--|---------|---------|------------|---------|
| Code   | Description                                      | 2015    | 2016    | 2017       | 2018    |
| <b>Employment by place of work</b>                                       |  |         |         |            |         |
| 10   | Total employment                                 | 1342743 | 1368339 | 1389620    | 1408379 |
| <b>By type</b>   |  |         |         |            |         |
| 20   | Wage and salary employment                       | 1085313 | 1106037 | 1119401    | 1130623 |
| 40   | Proprietors employment                           | 257430  | 262302  | 270219     | 277756  |
| 50   | Farm proprietors employment                      | 11154   | 11044   | 10960      | 10952   |
| 60   | Nonfarm proprietors employment 2/                | 246276  | 251258  | 259259     | 266804  |
| <b>By industry</b>   |  |         |         |            |         |
| 70   | Farm employment                                  | 12456   | 12387   | 11986      | 12030   |
| 80   | Nonfarm employment                               | 1330287 | 1355952 | 1377634    | 1396349 |
| 90   | Private nonfarm employment                       | 1168470 | 1193413 | 1216860    | 1234770 |
| 100  | Forestry, fishing, and related activities        | 1698    | 1751    | 1876       | 1992    |
| 200  | Mining   | 4760    | 5319    | 4131       | 4105    |
| 300  | Utilities  | 4758    | 4786    | 4049 (D)   |         |
| 400  | Construction                                     | 66136   | 69817   | 71478      | 72388   |
| 500  | Manufacturing                                    | 77836   | 80950   | 80425      | 81370   |
| 600  | Wholesale trade                                  | 58012   | 55825   | 57256      | 56704   |
| 700  | Retail trade                                     | 132592  | 134949  | 136609 (D) |         |
| 800  | Transportation and warehousing                   | 55180   | 57240   | 65694      | 71529   |
| 900  | Information                                      | (D)     | (D)     | 21654      | 21221   |
| 1000   | Finance and insurance                            | 89956   | 92866   | 91786      | 90196   |
| 1100   | Real estate and rental and leasing               | 58007   | 60195   | 62589      | 64536   |
| 1200   | Professional, scientific, and technical services | (D)     | 121542  | 126749     | 130299  |
| 1300   | Management of companies and enterprises          | (D)     | 29441   | 29659      | 30529   |
| 1400   | Administrative and waste management services     | 88740   | 89102   | 88496      | 88526   |
| 1500   | Educational services                             | (D)     | (D)     | (D)        | (D)     |
| 1600   | Health care and social assistance                | 144271  | 146814  | 149593     | 152739  |
| 1700   | Arts, entertainment, and recreation              | (D)     | (D)     | (D)        | (D)     |
| 1800   | Accommodation and food services                  | (D)     | (D)     | (D)        | (D)     |
| 1900   | Other services, except public administration     | 71002   | 71094   | (D)        | (D)     |
| 2000   | Government and government enterprises            | 161817  | 162539  | 160774     | 161579  |
| 2001   | Federal, civilian                                | 27177   | 27709   | 27754      | 27887   |
| 2002   | Military   | 11408   | 11110   | 11107      | 11012   |
| 2010   | State and local                                  | 123232  | 123720  | 121913     | 122680  |
| 2011   | State government                                 | 18818   | 19674   | 17311      | 17212   |
| 2012   | Local government                                 | 104414  | 104046  | 104602     | 105468  |

Legend / Footnotes:

1/ The estimates of employment for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2007-2010 are based on the 2007 NAICS. The estimates for 2011-2016 are based on the 2012 NAICS. The estimates for 2017 forward are based on the 2017 NAICS.

2/ Excludes limited partners.

Metropolitan Areas are defined (geographically delineated) by the Office of Management and Budget bulletin no. 18-03 issued April 10, 2018.

E The estimate shown here constitutes the major portion of the true estimate.

(D) Not shown to avoid disclosure of confidential information; estimates are included in higher-level totals.

Last updated: November 14, 2019-- new statistics for 2018; revised statistics for 2001-2017.

**Regional Analysis**

(Continued)

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, and American Century. 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. The following is a list of the area top ten employers.

| Employers                            | Sector  | Employees |
|--------------------------------------|---|-----------|
| Federal Government                   | Government                                      | 18,744    |
| Cerner Corporation                   | Health-care information systems-Realization Cam | 13,964    |
| Children's Mercy Hospitals & Clinics | Health services                                 | 8,123     |
| Internal Revenue Service             | Government                                      | 4,600     |
| City of Kansas City, MO              | Government                                      | 4,521     |
| University of Missouri Kansas City   | Higher education                                | 3,850     |
| Honeywell FM&T                       | Electronic & mech, weapons components mfg.      | 3,600     |
| Hallmark Cards, Inc.                 | Greeting card mfg. (Hdq.)                       | 3,222     |
| Saint Luke's Hospital of Kansas City | Health services                                 | 3,195     |
| Burns & McDonnell                    | Architects/Engineering (Hdq.)                   | 2,793     |

## **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.



**Ray County Overview**

Ray County was organized in 1820 and on January 1, 1821, when Missouri became a state, it was one of the original 14 counties and at that time included the entire northwest corner of the state. It was named after the Honorable John Ray, a state legislator. Richmond became the permanent county seat on September 24, 1827. The population was estimated to be 22,883 in 2018 and its size is calculated to be 574 square miles, comprised of 569 square miles of land and 5.1 square miles of water. Ray County is a Classification Three county and is governed by a three member commission. Ray County includes the communities of Richmond, Knoxville, Henrietta, and Orrick.

Below is an exhibit showing the comparison of demographic data for the communities in Ray County. Demographic data pertaining to Ray County is on the following page followed by a map showing location of Ray County relative to the Kansas City metropolitan area.

| <b>Ray County - Community Demographic Data<br/>2020 Census Bureau Data</b> |                         |                                 |                           |
|--|-------------------------|---------------------------------|---------------------------|
| <i>Location</i>  | <i>Total Population</i> | <i>Average Household Income</i> | <i>Average Home Value</i> |
| Richmond (county seat)   | 6,006                   | \$66,771                        | \$125,051                 |
| Orrick   | 800                     | \$63,100                        | \$223,575                 |
| Camden   | 182                     | \$62,702                        | \$208,491                 |
| Crystal Lakes  | 358                     | \$72,037                        | \$162,917                 |
| Elmira   | 51                      | \$71,989                        | \$220,588                 |
| Excelsior Estates  | 156                     | \$75,706                        | \$237,500                 |
| Excelsior Springs  | 11,501                  | \$65,055                        | \$172,177                 |
| Fleming  | 122                     | \$64,270                        | \$206,250                 |
| Hardin   | 596                     | \$61,976                        | \$94,018                  |
| Henrieta   | 353                     | \$50,700                        | \$453,797                 |
| Homestead  | 185                     | \$71,608                        | \$163,077                 |
| Lawson   | 2,541                   | \$79,542                        | \$189,317                 |
| Wood Heights   | 724                     | \$68,925                        | \$247,785                 |
| Ray County   | 24,003                  | \$54,463                        | \$208,881                 |



**Ray County Overview**  
 (Continued)

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

| POPULATION                                |                | HOUSING                                  |               |
|---|----------------|--|---------------|
| Total Population                          | 24,003 (100%)  | Total HU (Housing Units)                 | 10,334 (100%) |
| Population in Households                  | 23,692 (98.7%) | Owner Occupied HU                        | 7,066 (68.4%) |
| Population in Families                    | 20,075 (83.6%) | Renter Occupied HU                       | 2,076 (20.1%) |
| Population in Group Quarters <sup>1</sup> | 311 ( 1.3%)    | Vacant Housing Units                     | 1,192 (11.5%) |
| Population Density                        | 42             | Median Home Value                        | \$153,710     |
| Diversity Index <sup>2</sup>              | 14             | Average Home Value                       | \$208,881     |
|   |                | Housing Affordability Index <sup>3</sup> | 192           |

| INCOME                                |          | HOUSEHOLDS             |       |
|---------------------------------------|----------|------------------------|-------|
| Median Household Income               | \$54,463 | Total Households       | 9,142 |
| Average Household Income              | \$66,771 | Average Household Size | 2.59  |
| % of Income for Mortgage <sup>4</sup> | 12%      | Family Households      | 6,619 |
| Per Capita Income                     | \$25,450 | Average Family Size    | 3     |
| Wealth Index <sup>5</sup>             | 62       |                        |       |

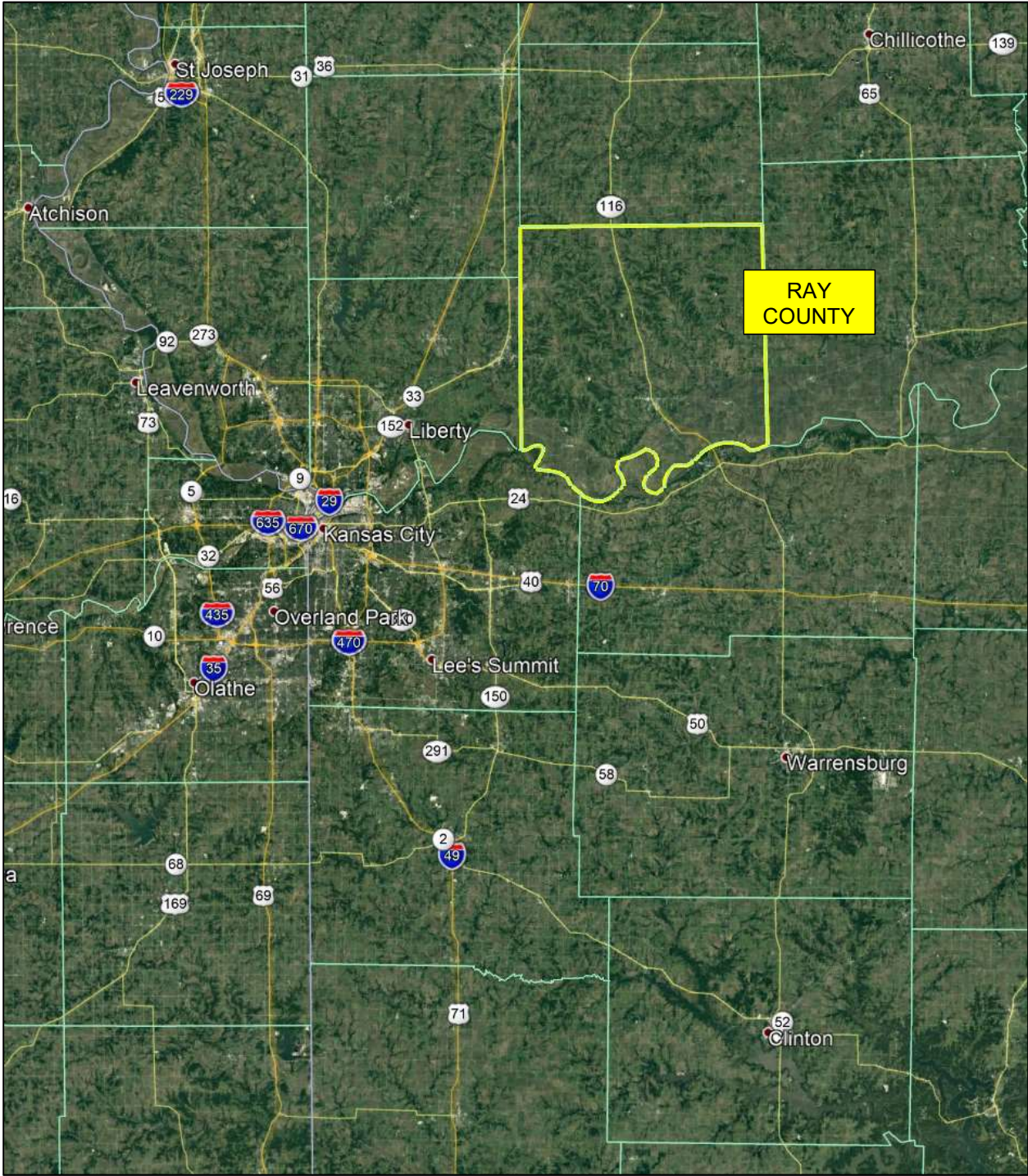
| GROWTH RATE / YEAR      | 2010-2020 | 2020-2025 |
|-------------------------|-----------|-----------|
| Population              | 0.21%     | 0.17%     |
| Households              | 0.2%      | 0.17%     |
| Families                | 0.08%     | 0.08%     |
| Median Household Income |           | 0.94%     |
| Per Capita Income       |           | 1.74%     |
| Owner Occupied HU       |           | 0.18%     |

**Ray County MO - Peer Comparisons by Rank and Percentile**

The table below compares Ray County to the other 115 counties and county equivalents in Missouri by rank and percentile using July 1, 2020 data. The location Ranked # 1 has the highest value. A location that ranks higher than 75% of its peers would be in the 75th percentile of the peer group.

| Variable Description        | Rank | Percentile |
|-----------------------------|------|------------|
| Total Population            | # 49 | 58th       |
| Population Density          | # 46 | 62nd       |
| Median Household Income     | # 18 | 85th       |
| Housing Affordability Index | # 45 | 39th       |
| Per Capita Income           | # 35 | 70th       |
| Diversity Index             | # 64 | 45th       |

**Ray County Overview**  
(Continued)





## **Orrick Overview**

Incorporated in 1872, Orrick is a fourth class city in southwestern Ray County. The city encompasses a total area of approximately 1.33 square miles, all of which consists of land. According to the United States Census Bureau, the estimated population of Orrick was 746 persons per the 2019 census.

In addition, there were 284 households and 204 families residing in Orrick as of 2019. The population density was 560.90 inhabitants per one square mile. There were 346 housing units bringing the average density of 260 units per square mile. The average household size was 2.63 and the average family size was 3.1.

The median age in the city was 39.9 years. 24.9 percent of residents were under the age of 20; 9.2 percent were between the ages of 20 and 24; 24.8 percent were from 25 to 44; 24.6 percent were from 45 to 64; and 16.5 percent were 65 years of age or older. Additional demographic data is on the following page.

The Orrick R-XI School District serves the City of Orrick. Local employers include Bank of Orrick, Norfolk Southern Railway, American Wilcon Plastic Inc., and Orrick R-XI School District.

### *Conclusion*

In summary, the subject neighborhood is served by major thoroughfares and has adequate access to the interstate system. The outlook for the area is that of stability to modest growth in the foreseeable future.

**Orrick Overview**  
 (Continued)

***Orrick, MO Data & Demographics (As of July 1, 2020)***

| POPULATION                                |              | HOUSING                                  |             |
|---|--------------|--|-------------|
| Total Population                          | 800 (100%)   | Total HU (Housing Units)                 | 367 (100%)  |
| Population in Households                  | 800 (100.0%) | Owner Occupied HU                        | 228 (62.1%) |
| Population in Families                    | 670 (83.7%)  | Renter Occupied HU                       | 76 (20.7%)  |
| Population in Group Quarters <sup>1</sup> | 0            | Vacant Housing Units                     | 63 (17.2%)  |
| Population Density                        | 599          | Median Home Value                        | \$103,030   |
| Diversity Index <sup>2</sup>              | 10           | Average Home Value                       | \$223,575   |
|   |              | Housing Affordability Index <sup>3</sup> | 303         |

| INCOME                                |          | HOUSEHOLDS             |      |
|---------------------------------------|----------|------------------------|------|
| Median Household Income               | \$53,435 | Total Households       | 304  |
| Average Household Income              | \$63,100 | Average Household Size | 2.63 |
| % of Income for Mortgage <sup>4</sup> | 8%       | Family Households      | 212  |
| Per Capita Income                     | \$24,196 | Average Family Size    | 3    |
| Wealth Index <sup>5</sup>             | 53       |                        |      |

| GROWTH RATE / YEAR      | 2010-2020 | 2020-2025 |
|-------------------------|-----------|-----------|
| Population              | -0.44%    | -0.25%    |
| Households              | -0.47%    | -0.26%    |
| Families                | -0.4%     | -0.38%    |
| Median Household Income |           | 1.19%     |
| Per Capita Income       |           | 1.66%     |
| Owner Occupied HU       |           | -0.18%    |

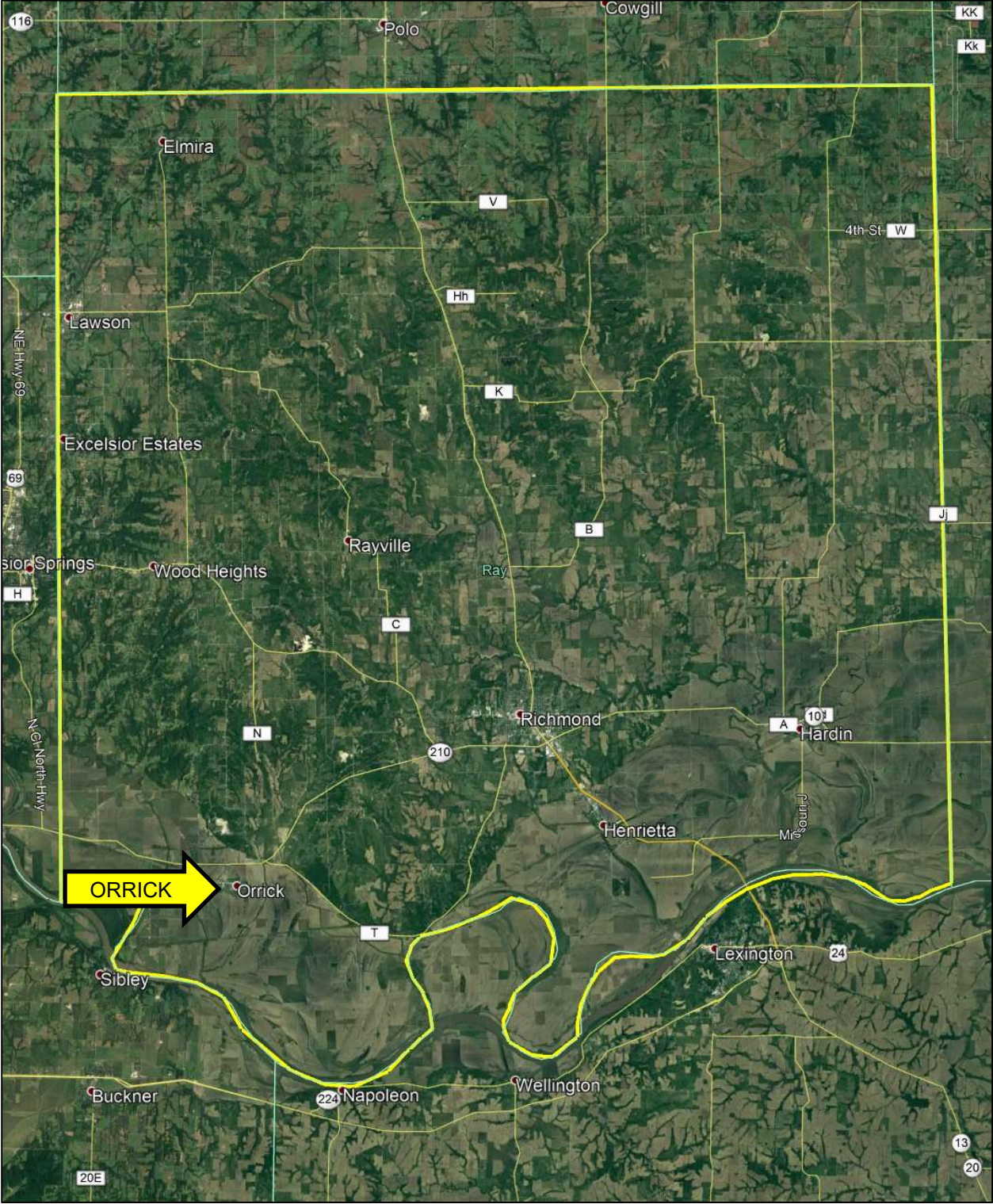
***Orrick, MO - Peer Comparisons by Rank and Percentile***

The table below compares Orrick to the other 1,032 incorporated cities, towns and CDPs in Missouri by rank and percentile using July 1, 2020 data. The location Ranked # 1 has the highest value. A location that ranks higher than 75% of its peers would be in the 75th percentile of the peer group.

| Variable Description        | Rank  | Percentile |
|-----------------------------|-------|------------|
| Total Population            | # 409 | 60th       |
| Population Density          | # 639 | 38th       |
| Median Household Income     | # 341 | 67th       |
| Housing Affordability Index | # 898 | 87th       |
| Per Capita Income           | # 518 | 50th       |
| Diversity Index             | # 720 | 30th       |



**Orrick Overview**  
(Continued)





## Description of the Subject Properties

The subject property systems include the assets and facilities that comprise the delivery of purchased water and the collection and treatment of wastewater. Please refer to the attached report prepared by Flinn Engineering for more details pertaining of the infrastructure, system assets, and facilities.

The water system includes a meter vault, an elevated storage tank, and the water distribution system. The wastewater system includes a treatment plant, five (5) lift stations, and the sewer collection system. The Town began purchasing water from Ray County PWS #2 in 2000. The wells that previously provided water for the Town have been reportedly abandoned. The well sites were not visited as part of this report

Below is an overview map of the locations of the subject property water and wastewater system facilities. On the following pages are descriptions for each location.



## **Description of the Subject Properties**

(Continued)

The following is a description of the subject property parcels and improvements. Unless otherwise noted, all of the following properties are owned by the City of Orrick.

### ***West South Front Street – Elevated Tank***

This site is located at the terminus of West South Front Street, approximately 0.20 miles west of its intersection with Kirkham Street, in Orrick, Missouri. The Ray County Assessor identifies this site by Parcel Number 13-06-23-03-000-044.000 and calculates it to be 1.832 acres, or 79,802 square feet, in size. However, the elevated tank site is estimated to consist of a 60' x 80' or 4,800 square foot, area. The site is improved with a 150,000 gallon multi-leg elevated tank that was reportedly erected in 2000 and is considered to be in very good condition. The improvements are secured by a three strand barbed wire chain fence with a height of six feet and approximately 236 lineal feet in length.

### ***600 Block Highway Z – Meter Vault***

This site is located at the southwest quadrant of the intersection of State Highways Z and 210, in Orrick, Missouri. This site appears to be situated within the public right-of-way and is not identified by a Parcel Number by the Ray County Assessor. However, the meter vault site is estimated to consist of a 10 foot by 10 foot, or 100 square foot, area. The site is improved with subterranean meter vault that was reportedly constructed in 2000 and is considered to be in very good condition.

### ***100 Block of North Front Street - Lift Station #1***

This site is located on the south side of North Front Street, at its intersection with North Bissell Street in Orrick, Missouri. This site appears to be situated on real property under the ownership of Norfolk Southern Railway and is not identified by a Parcel Number by the Ray County Assessor. However, the lift station site is estimated to consist of a 10 foot by 10 foot, or 100 square foot, area. The site is improved with a lift station that was reportedly built in 1960. The improvements are secured by a chain fence with a height of six feet and approximately 40 lineal feet in length.

### ***300 Block of Wells Street - Lift Station #2***

This site is located on the east side of Wells Street, on the north side of the West Pine and Olive Streets alleyway in Orrick, Missouri. The Ray County Assessor identifies this site by Parcel Number 13-06-23-04-026-004.000 and calculates it to be 0.014 acres, or 625 square feet, in size. The site is improved with a lift station that is estimated to have been built in 1969.

## **Description of the Subject Properties**

(Continued)

### ***300 Block of Wells Street - Lift Station #3***

This site is located at the southern terminus of South Brashear Street, just south of its intersection with East Elm Street, in Orrick, Missouri. This site is located at the northwest corner of Parcel Number 13-06-23-04-023-008.001 which is in the name of Guy and Kelly Walker. It is uncertain whether the lift station is located on this property or on the public right-of-way. For purposes of this assignment, the lift station is assumed to be in the right-of-way. The Ray County Assessor calculates Parcel Number 13-06-23-04-023-008.001 as having an area of 0.628 acres, or 27,356 square feet. However, the lift station site is estimated to consist of approximately 12 feet by 30 feet, or 360 square feet, of land area. The site is improved with a lift station that was reportedly installed in 2015. The improvements are secured by a PVC fence with a height of six feet and approximately 84 lineal feet in length.

### ***100 Block of Agnes Street - Lift Station #4***

This site is located on the south side of Agnes Street, just west of its intersection with State Highway Z in Orrick, Missouri. The Ray County Assessor identifies this site by Parcel Number 13-07-26-00-000-001.000 and calculates it to be 0.0574 acres, or 2,500 square feet, in size. The site is improved with a lift station that is estimated to have been built in 1969.

### ***310 Sibley Road – Lift Station #5***

This site is located on the north side of Sibley Road, approximately 0.15 miles west of its intersection with Gooch Street, in Orrick, Missouri. This site is located at the northeast corner of Parcel Number 13-06-23-03-000-048.000 which is in the name of Shirley Ross. It is uncertain whether the lift station is located on this property or on the public right-of-way. The Ray County Assessor calculates Parcel Number 13-06-23-03-000-048.000 as having an area of 0.689 acres, or 30,013 square feet. However, the lift station site is estimated to consist of approximately 10 feet by 10 feet, or 100 square feet, of land area. The site is improved with a lift station that was reportedly installed in 2005.

### ***State Highway Z - Wastewater Treatment Plant***

This site is located on the west side of State Highway Z at its intersection with Keeney Creek in unincorporated Ray County, Missouri. The Ray County Assessor identifies this site as Parcel Number 13-07-26-00-000-011.000 and calculates it to be 9.4785 acres, or 412,885 square feet, in size. This site consists of a three-cell lagoon water treatment system. The lagoons are reportedly 0.75, 1.5, and 3.4 acres in size.



**Description of the Subject Properties**  
(Continued)

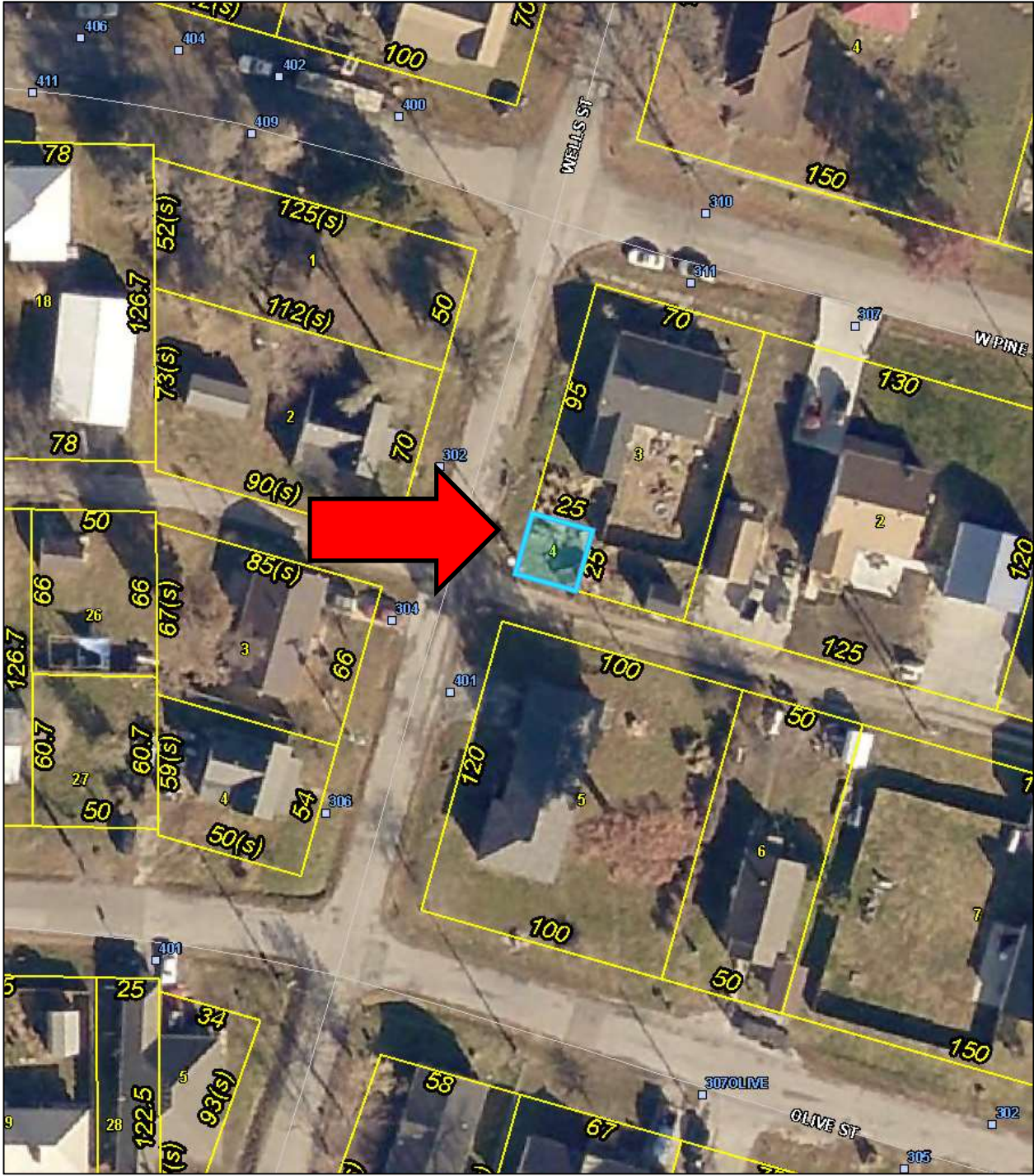
**LIFT STATION #1**





**Description of the Subject Properties**  
(Continued)

**LIFT STATION #2**





**Description of the Subject Properties**

(Continued)

**LIFT STATION #3**

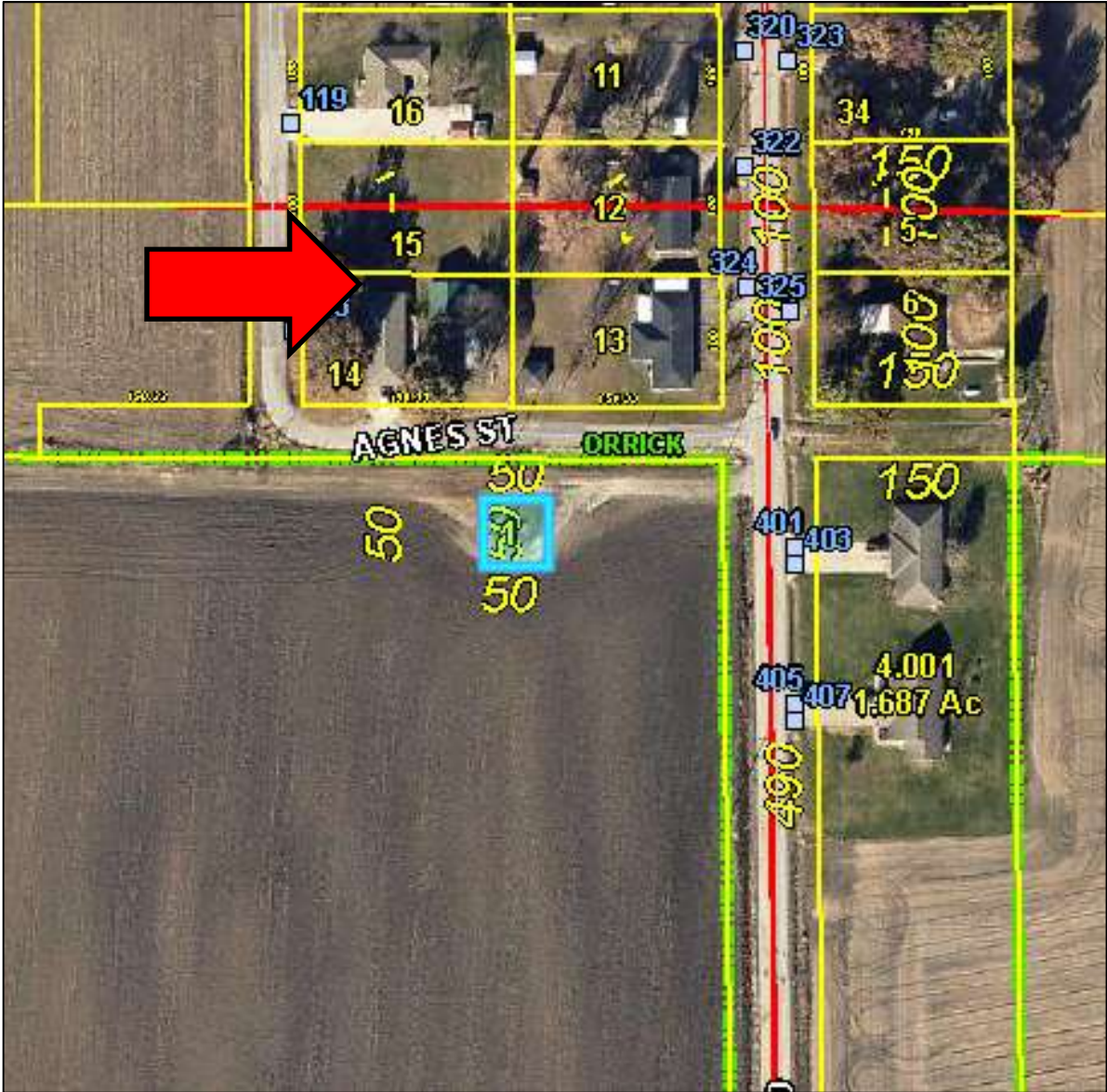
**(ASSUMED TO BE LOCATED IN PUBLIC RIGHT OF WAY)**



**Description of the Subject Properties**

(Continued)

**LIFT STATION #4**





**Description of the Subject Properties**  
(Continued)

**LIFT STATION #5**



**Description of the Subject Properties**

(Continued)

LAGOON (WASTEWATER SITE)

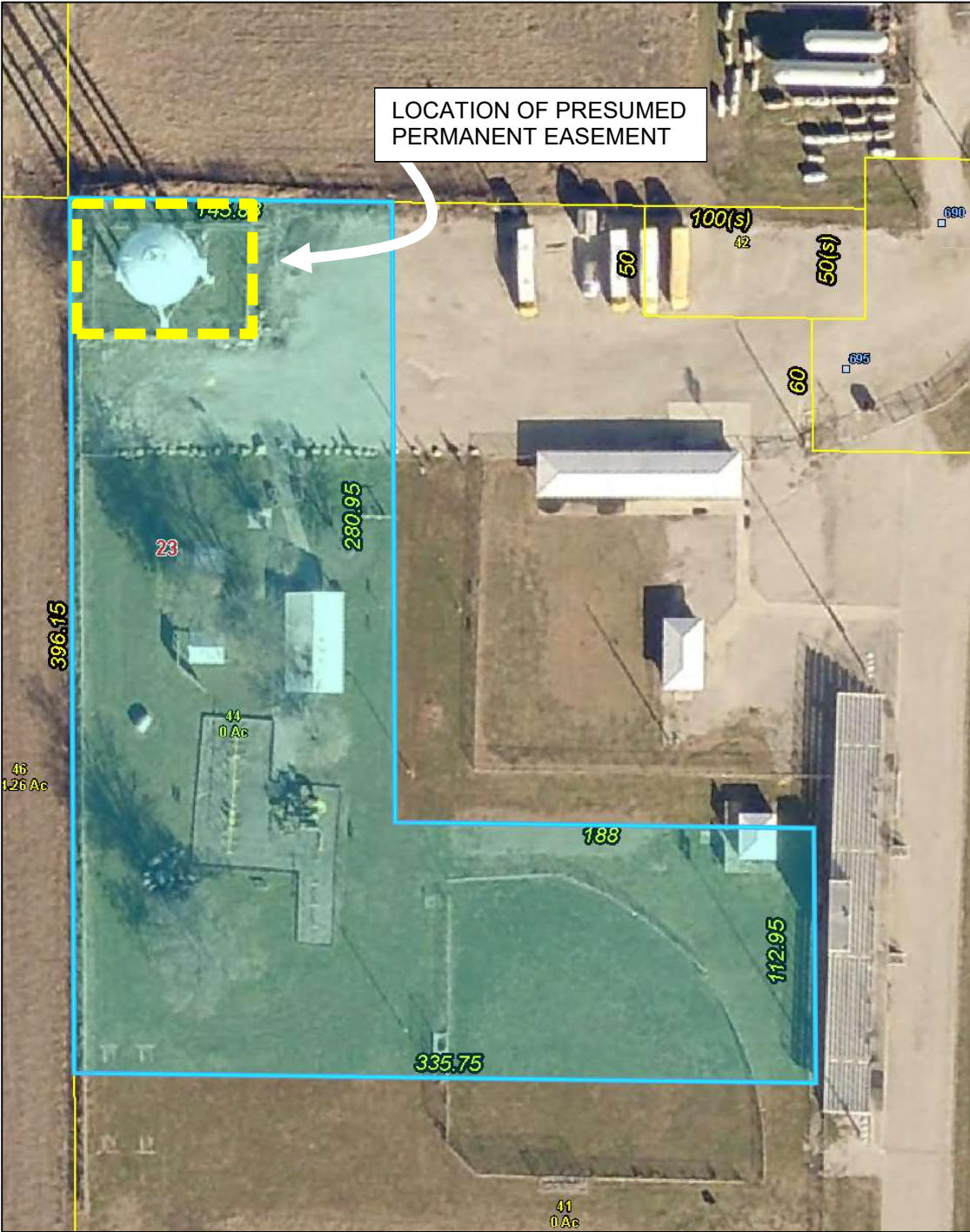




**Description of the Subject Properties**

(Continued)

WATER TOWER SITE

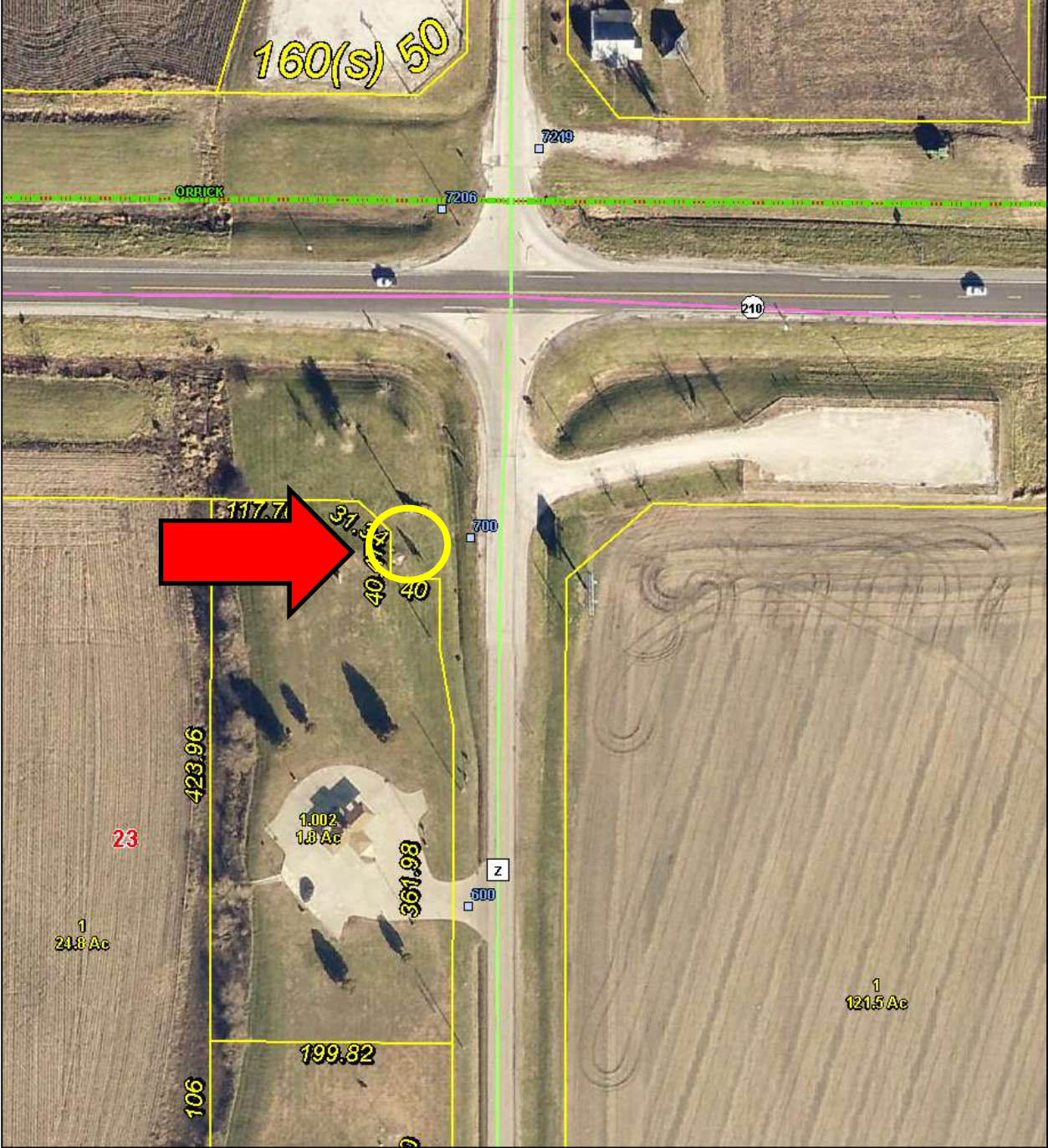


**Description of the Subject Properties**

(Continued)

WATER METER

(ASSUMED TO BE LOCATED IN PUBLIC RIGHT OF WAY)





## **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 14<sup>th</sup> 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 14<sup>th</sup> 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 Orrick 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 January 11, 2021, is its present use as a water delivery and wastewater system. Furthermore, it is our opinion the market value of the land, as vacant, is also for its present use as part of a utility infrastructure system.

## **Application of the Approaches to Value**

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

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

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

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

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

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

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

## **Application of the Approaches to Value**

(Continued)

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

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

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

## **Cost Approach**

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

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

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

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

Reproduction Cost is defined as:

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

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.* <sup>10</sup>

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

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

**Cost Approach**

(Continued)

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

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

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

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

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

| <b>SMALL TRACT LAND SALE COMPARABLES</b> |   |              |  |             |                    |
|--|---|--------------|--|-------------|--------------------|
| TRANSACTION                              | LOCATION                                      | DATE OF SALE | LAND SIZE (ACRES)                      | ZONING/ USE | ADJUSTED PRICE PSF |
| 1  | South Street - Richmond, MO                   | 1/1/2017     | 3.50                                   | Commercial  | \$2.62             |
| 2  | 7600 N. Oak Trafficway - Gladstone, MO        | 1/5/2016     | 6.06                                   | Commercial  | \$3.50             |
| 3  | Lariat Heights Commercial Lots - Lathrop, MO  | 9/9/2015     | 3.28                                   | Commercial  | \$0.74             |
| 4  | SWC Highway 13 - Richmond, MO                 | 5/4/2016     | 8.68                                   | Commercial  | \$1.24             |
| 5  | Airfield Lane - Richmond, MO                  | Listing      | 4.27                                   | Residential | \$0.22             |
| 6  | Hidden Valley Road - Lawson, MO               | Listing      | 2.80                                   | Residential | \$0.36             |
| 7  | Venice Street & College Street - Richmond, MO | Listing      | 2.77                                   | Residential | \$0.15             |
| 8  | Beach Front Drive - Excelsior Springs, MO     | Listing      | 1.00                                   | Residential | \$0.30             |
|  |   |              | <b>STATISTICS FOR ALL TRANSACTIONS</b> |             |                    |
|  |   |              | LOW                                    | 1.00        | \$0.15             |
|  |   |              | HIGH                                   | 8.68        | \$3.50             |
|  |   |              | AVERAGE                                | 4.05        | \$1.14             |
|  |   |              | MEDIAN                                 | 3.39        | \$0.55             |

The Small Tract comparables indicate adjusted prices ranging from \$0.15/SF to \$3.50/SF with an average of \$1.14/SF and a median of \$0.55/SF depending upon location, size, and use. These comparables are utilized to value the parcels owned in fee identified herein as Parcels B and C and permanent easement parcels identified herein as Parcels A, D, and F.

**Cost Approach**  
(Continued)

| <b>LARGE TRACT LAND SALE COMPARABLES</b> |                                      |              |  |                   |                     |
|--|--------------------------------------|--------------|--|-------------------|---------------------|
| TRANSACTION                              | LOCATION                             | DATE OF SALE | LAND SIZE (ACRES)                      | ZONING/ USE       | ADJUSTED PRICE ACRE |
| 1  | 16600 NE 144th Street - Kearney, MO  | 4/28/2017    | 149.05                                 | Agricultural      | \$8,101             |
| 2  | Oak Street - Excelsior Springs, MO   | 4/13/2017    | 21.00                                  | Rural Residential | \$3,571             |
| 3  | 17900 Baxter Road - Lawson, MO       | 12/23/2016   | 37.50                                  | Rural Residential | \$6,342             |
| 4  | 21209 NE 188th Street - Holt, MO     | 7/29/2016    | 131.00                                 | Agricultural      | \$3,282             |
| 5  | 3166 Clay Road - Greenway, MO        | 7/27/2016    | 20.00                                  | Rural Residential | \$6,950             |
| 6  | Highway 24 - Buckner, MO             | 2/26/2019    | 24.00                                  | Agricultural      | \$6,042             |
| 6  | Hwy 210/Fairway Drive - Richmond, MO | Listing      | 20.02                                  | Agricultural      | \$4,451             |
| 7  | Wilderness Camp Road - Lawson, MO    | Listing      | 7.52                                   | Commercial        | \$4,189             |
|  |                                      |              | <b>STATISTICS FOR ALL TRANSACTIONS</b> |                   |                     |
|  |                                      |              | LOW                                    | 7.52              | \$3,282             |
|  |                                      |              | HIGH                                   | 149.05            | \$8,101             |
|  |                                      |              | AVERAGE                                | 51.26             | \$5,366             |
|  |                                      |              | MEDIAN                                 | 22.50             | \$5,246             |

The Large Tract comparables indicate adjusted prices ranging from \$3,282/acre to \$8,101/acre with an average of \$5,366/acre and a median of \$5,246/acre depending upon location, size, floodplain and use. These comparables are utilized to value the parcel owned in fee identified herein as Parcel E.

**Cost Approach**  
 (Continued)

**VALUATION OF THE THREE FEE PARCELS**

With respect to Parcel B (Lift Station # 2), we relied on the small tract data. The subject property tract contains 625 SF and has below average access and utility. The unit value applicable to Parcel B based upon available market data and subject property information is \$0.25/SF, resulting in a value indication rounded to \$200.

With respect to Parcel C (Lift Station #4), we relied on the small tract market data. The subject property tract contains 2,500 SF and has below average access and utility. The unit value applicable to Parcel C based upon available market data and subject property information is \$0.25/SF, resulting in a value indication rounded to \$600.

With respect to Parcel E (Lagoon - Wastewater Site), we relied on the large tract market data. The subject property tract contains 9.479 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 \$4,000/Acre, resulting in a value indication rounded to \$37,900.

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

| VALUE OF PARCELS OWNED IN FEE |  |                          |               |            |                          |                     |                 |
|-------------------------------|--|--------------------------|---------------|------------|--------------------------|---------------------|-----------------|
| PARCEL                        | ADDRESS<br>CITY  | DESCRIPTION              | SIZE<br>ACRES | SIZE<br>SF | ESTIMATED<br>PER ACRE/SF | VALUE<br>INDICATION | ROUNDED         |
| B                             | NEC of Wells St & Public Alley,<br>North of Olive St, South of Pine St | Lift Station # 2         | 0.014         | 625        | \$0.25<br>/SF            | \$156               | \$200           |
| C                             | S/S of Agnes St, East of Kent St,<br>West of Floyd Rd                  | Lift Station # 4         | 0.057         | 2,500      | \$0.25<br>/SF            | \$625               | \$600           |
| E                             | W/S of Floyd Rd, north of<br>Centennial Rd, south of Agnes St          | Lagoon - Wastewater Site | 9.479         | 412,883    | \$4,000<br>/AC           | \$37,914            | \$37,900        |
|                               |  |                          |               |            |                          | <b>Total</b>        | <b>\$38,700</b> |

Based upon a review of the three locations, a review of the land values researched for Orrick and surrounding market area that are presented herein, it is our opinion the total fee simple value of the three parcels owned in fee by the City of Orrick is \$38,700.



**Cost Approach**  
(Continued)

**VALUATION OF THE PRESUMED PERMANENT EASEMENT RIGHTS FOR THREE PROPERTIES**

The next step is to determine the contributory value of the permanent easements that are presumed to be in place for the parcels identified herein as Parcels A, D, and F.

With respect to Parcel A (Lift Station # 1), we relied on the small tract land market data. The presumed permanent easement area contains 100 SF. The lift station is located at the front of the railroad right of way property (non-residential property). The area affected by the easement is 100% of the total site with the permanent easement representing 100% of fee value. The fee unit value applicable to Parcel A, based upon available market data and subject property information, is \$1.00/SF, resulting in a rounded contribution value indication of \$100.

With respect to Parcel D (Lift Station # 5), we relied on the small tract land market data. The presumed permanent easement area contains 100 SF. The lift station is located at the back property line of an improved residential lot. The area affected by the easement is 100% of the total site with the permanent easement representing 100% of fee value. The fee unit value applicable to Parcel D, based upon available market data and subject property information, is \$0.25/SF, resulting in a rounded contribution value indication of \$50.

With respect to Parcel F (Water Tower Site), we relied on the small tract market data. The presumed permanent easement area contains 4,800 SF and has below average access and utility. The area affected by the easement is 100% of the total site with the permanent easement representing 100% of fee value. The fee unit value applicable to Parcel F, based upon available market data and subject property information, is \$1.00/SF, resulting in a rounded contribution value indication of \$4,800.

The following table summarizes the contribution value of the presumed permanent easement rights for the three properties:

| CONTRIBUTION VALUE OF PRESUMED PERMANENT EASEMENTS |  |                  |       |               |        |       |           |           |                      |              |                |
|--|--|------------------|-------|---------------|--------|-------|-----------|-----------|----------------------|--------------|----------------|
| PARCEL   | ADDRESS/<br>LOCATION                   | DESCRIPTION      | ACRES | AREA AFFECTED |        |       | ESTIMATED |           | EASEMENT<br>% OF FEE | VALUE        |                |
|  |  |                  |       | SF            | %      | SF    | FEE PSF   | FEE VALUE |                      | INDICATION   | ROUNDED        |
| A  | S/S of North Front St<br>at Bissell St | Lift Station # 1 | 0.002 | 100           | 100.0% | 100   | \$1.00    | \$100     | 100%                 | \$100        | \$100          |
| D  | Back yard of<br>310 Sibley Road        | Lift Station #5  | 0.002 | 100           | 100.0% | 100   | \$0.25    | \$25      | 100%                 | \$25         | \$50           |
| F  | West end of<br>W. South Front St.      | Water Tower      | 0.110 | 4,800         | 100.0% | 4,800 | \$1.00    | \$4,800   | 100%                 | \$4,800      | \$4,800        |
|  |  |                  |       |               |        |       |           |           |                      | <b>Total</b> | <b>\$4,950</b> |

**Cost Approach**

(Continued)

**IMPROVEMENTS TO THE LAND**

Three of the parcels have nominal improvements consisting of perimeter fencing. The contributory value of the improvements is arrived at utilizing an age/life method of depreciation. (Lift Station #3 is assumed to be located in a public right-of-way and there are no underlying land rights to be valued; however, the fence is recognized to have contributory value to the subject property wastewater system.)

The exhibit below summarizes the conclusions of contributory value of the improvements.

| <b>SUMMARY OF CONTRIBUTORY VALUE OF LAND IMPROVEMENTS</b> |                |                         |                      |                            |                         |
|---|----------------|-------------------------|----------------------|----------------------------|-------------------------|
| Location<br>Improvement                                   | Size           | Unit Cost<br>(per foot) | Cost New<br>Estimate | Remaining<br>Economic Life | Current<br>Contribution |
| Water Tower Site<br>Chain link fence                      | 236 Lineal Ft. | \$19.07                 | \$4,501              | 70%                        | \$3,150                 |
| Lift Station #1<br>Chain link fence                       | 40 Lineal Ft.  | \$19.07                 | \$763                | 70%                        | \$534                   |
| Lift Station #3<br>PVC fence                              | 84 Lineal Ft.  | \$42.26                 | \$3,550              | 95%                        | \$3,372                 |

**Cost Approach**

(Continued)

**CONSIDERATION OF THE ASSETS IDENTIFIED  
 IN THE FLINN ENGINEERING REPORT**

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.

***Contributory Value of Water System Assets***

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 \$376,162.

The land value for the water system includes the presumed easement for Parcel F (water tower site), which has a total value of \$4,800. In addition, Parcel F has land improvements (fencing) that have a contributory value of \$3,150.

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.

| <b>COST APPROACH - WATER SYSTEM</b>             |                                  |                  |
|---|----------------------------------|------------------|
| <b>CONTRIBUTORY VALUE OF PERMANENT EASEMENT</b> |                                  |                  |
| <b>PARCEL</b>                                   | <b>DESCRIPTION</b>               | <b>VALUE</b>     |
| F   | Water Tower - Permanent Easement | \$4,800          |
| <b>CONTRIBUTORY VALUE OF LAND IMPROVEMENT</b>   |                                  |                  |
| <b>PARCEL</b>                                   | <b>DESCRIPTION</b>               | <b>VALUE</b>     |
| F   | Water Tower - Fence              | \$3,150          |
| <b>WATER SYSTEM DEPRECIATED ASSEST VALUE</b>    |                                  |                  |
|   | <b>DESCRIPTION</b>               | <b>VALUE</b>     |
|   | Water System (see Flinn Report)  | \$376,162        |
| <b>TOTAL WATER SYSTEM</b>                       |                                  | <b>\$384,112</b> |
| <b>ROUNDED VALUE INDICATION</b>                 |                                  | <b>\$385,000</b> |

**Cost Approach**

(Continued)

***Contributory Value of Wastewater System Assets***

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 wastewater system of \$90,300. The land value for the wastewater system includes the fee simple value of Parcels B (Lift Station #2) and C (Lift Station #4) and the contributory value of the presumed permanent easements for Parcels A (Lift Station #1) and D (Lift Station #5). In addition, Parcel A has land improvements (fencing) that have a contributory value of \$534 and the property identified as Lift Station #3 has fencing that has a contributory value of \$3,372. 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.

| <b>COST APPROACH - WASTEWATER SYSTEM</b>          |                                      |                  |
|---|--------------------------------------|------------------|
| <b>MARKET VALUE OF PARCEL OWNED IN FEE</b>        |                                      |                  |
| <b>PARCEL</b>                                     | <b>DESCRIPTION</b>                   | <b>VALUE</b>     |
| B   | Lift Station # 2                     | \$200            |
| C   | Lift Station # 4                     | \$600            |
| E   | Lagoon - Wastewater Site             | \$37,900         |
| <b>Total</b>                                      |                                      | <b>\$38,700</b>  |
| <b>CONTRIBUTORY VALUE OF PERMANENT EASEMENT</b>   |                                      |                  |
| <b>PARCEL</b>                                     | <b>DESCRIPTION</b>                   | <b>VALUE</b>     |
| A   | Lift Station # 1                     | \$100            |
| D   | Lift Station #5                      | \$50             |
| <b>Total</b>                                      |                                      | <b>\$150</b>     |
| <b>CONTRIBUTORY VALUE OF LAND IMPROVEMENT</b>     |                                      |                  |
| <b>PARCEL</b>                                     | <b>DESCRIPTION</b>                   | <b>VALUE</b>     |
| F   | Lift Station #1 - Fence              | \$534            |
| N/A   | Lift Station #3 - Fence              | \$3,372          |
| <b>Total</b>                                      |                                      | <b>\$3,906</b>   |
| <b>WASTEWATER SYSTEM DEPRECIATED ASSEST VALUE</b> |                                      |                  |
|   | <b>DESCRIPTION</b>                   | <b>VALUE</b>     |
|   | Wastewater System (see Flinn Report) | \$90,300         |
| <b>TOTAL WASTEWATER SYSTEM</b>                    |                                      | <b>\$133,056</b> |
| <b>ROUNDED VALUE INDICATION</b>                   |                                      | <b>\$135,000</b> |

## **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**

**Closed May 29, 2020**

**Asset Purchase Agreement signed June 4, 2019**

**Price: \$480,000 Water**

**\$120,000 Sewer**

**Water system with 525 customers (\$914 per customer)**

**Wastewater system with 400 customers (\$300 per customer)**

**Seller: City of Rosiclare, IL**

**Buyer: Illinois American**

**ICC Docket #19-0733**

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

## **Sales Comparison Approach**

(Continued)

### **Sale 2**

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

**Closed July 20, 2020**

**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**

**Closed September 19, 2019**

**Asset Purchase Agreement signed August 28, 2018**

**Water System Price: \$800,000**

**Water System with 492 Customers (\$1,626 per customer)**

**Wastewater System Price: \$1,100,000**

**Wastewater System with 482 Customers (\$2,282 per customer)**

**Seller: Village of Glasford, IL**

**Buyer: Illinois American**

**ICC Docket #18-1498**

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

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

**Closed in December 2019**

**Asset Purchase Agreement signed May 17, 2018**

**Price: \$2,300,000**

**Wastewater System with 535 Customers (\$4,299 per customer)**

**Seller: Village of Grant Park, IL**

**Buyer: Aqua Illinois**

**ICC Docket #18-1093**

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

## **Sales Comparison Approach**

(Continued)

### **Sale #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 1<sup>st</sup> and 2<sup>nd</sup> cells. Cost at this time are not known.

## **Sales Comparison Approach**

(Continued)

### **Sale #6**

**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 #7**

**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 \$2,500 per water customer for the subject property water system and \$2,000 per wastewater customer for the subject property wastewater system.

Based on the 335 reported water customers and 335 wastewater customers served by the City of Orrick systems, the indicated value of the subject property systems is as follows:

| <b>SUMMARY OF WATER DELIVERY SYSTEM VALUATION</b>           |                  |
|---|------------------|
| <b>SALES COMPARISON APPROACH</b>                            |                  |
| Number of Water Customers for Orrick System:                | 335              |
| Unit Value (value per customer) concluded from Market Data: | \$2,500          |
| <b>Value of Orrick Water Delivery System (rounded):</b>     | <b>\$840,000</b> |

| <b>SUMMARY OF WASTEWATER COLLECTION SYSTEM VALUATION</b>       |                  |
|--|------------------|
| <b>SALES COMPARISON APPROACH</b>                               |                  |
| Number of Wastewater Customers for Orrick System:              | 335              |
| Unit Value (value per customer) concluded from Market Data:    | \$2,000          |
| <b>Value of Orrick Wastewater Collection System (rounded):</b> | <b>\$670,000</b> |



## **Final Reconciliation**

The purpose of this appraisal report was to arrive at an estimate of market value for the City of Orrick water delivery and wastewater systems based upon conditions evident in the market as of January 11, 2021. We inspected the subject property, reviewed numerous reports and documents provided by the client and the City of Orrick, conducted research with regard to land values and easement valuation, and reviewed a report prepared by Flinn Engineering.

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

The Sales Comparison Approach included an analysis of transactions from Missouri and transactions from Illinois. As explained in this report, the Illinois market is more representative of a competitive market with balance the supply and demand forces. The market approach resulted in opinions of \$840,000 for the subject property water delivery system and \$670,000 for the subject property wastewater collection system.

The Cost Approach included the analysis and valuation of the system by its components: land (fee owned parcels and permanent easements), and facilities/infrastructure associated with the water delivery and wastewater collection systems. The Cost Approach resulted in a conclusion of value for the water delivery system of \$385,000 and a conclusion of value for the wastewater collection system of \$135,000.

Based upon a review of the market data available for both applications, we have concluded that primary emphasis should be placed on the value opinions indicated by the Sales Comparison Approach. The Cost Approach was not considered to be reliable due to the fully depreciated assets that still have significant remaining economic life.

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

|  |   |
|--|---|
| <b>Market Value of<br/>Water Delivery System<br/>\$840,000</b> | <b>Market Value of<br/>Wastewater Collection System<br/>\$670,000</b> |
|--|---|

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

## **Statement of Certification – Joseph E. Batis**

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not completed a real estate appraisal of the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and in conformity with the requirements of the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- no one other than Chris Stallings, Jordan Leiner, 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.

  
\_\_\_\_\_  
Joseph E. Batis, MAI, AI-GRS, R/W-AC  
Edward J. Batis & Associates, Inc.

January 21, 2021

General Certification Lic. #553.000493 (IL; Expires 09/21)  
General Certification Lic. #2016044083 (MO; Expires 06/22)  
General Certification Lic. #CG03684 (IA; Expires 06/22)  
General Certification Lic. #5660 (TN; Expires 06/21)  
General Certification Lic. #4001017857 (VA; Expires 06/21)  
General Certification Lic. #TX 131049 G (TX; Expires 11/22)

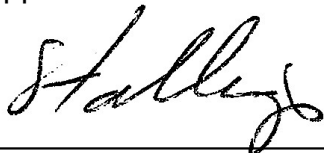
## **Statement of Certification – Chris Stallings**

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 Edward Dinan, Jordan Leiner, 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.



---

Chris Stallings, MAI, CCIM, MRICS  
Colliers International

January 21, 2021

## **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.
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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 Chris Stallings, Jordan Leiner, and Joseph Batis provided significant real property professional assistance to the person signing this certification.

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

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



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

January 21, 2021

## **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](mailto: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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DIR +1 713 835 0088  
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Colliers International  
1233 West Loop South  
Suite 1201  
Houston, TX 77027

[www.colliers.com](http://www.colliers.com)

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, AI-GRS, R/W-AC**  
DECEMBER 2020



## **EMPLOYMENT**

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

## **PROFESSIONAL AFFILIATIONS**

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

Listed on the Appraisal Institute's **Litigation** and **Valuation of Conservation Easements** Professional Development Registries (Only Member in Illinois on both registries).

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

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

Approved Instructor – Appraisal Institute

## **STATE – GENERAL CERTIFICATION APPRAISAL LICENSES**

Illinois – Missouri – Tennessee – Virginia – Iowa - Texas

## **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 various Midwest states.

## **SPECIALIZED SERVICES AND EXPERIENCE**

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

## **LITIGATION, ARBITRATION, AND CONSULTING SERVICES**

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

## **DEVELOPMENT OF STATE-ACCREDITED CONTINUING EDUCATION SEMINARS**

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



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



**EXAMPLES OF SPECIALIZED VALUATION PROJECTS AND  
SPECIALIZED MARKET RESEARCH ASSIGNMENTS**

○ **PRIVATE AND PUBLIC UTILITY ASSET VALUATION (2013-PRESENT)**

Valuation and/or consulting services of assets of public water delivery and/or wastewater collection systems and natural gas delivery systems for acquisition and allocation purposes for the following communities (or private systems within the communities):

|                             |                          |                          |                         |
|-----------------------------|--------------------------|--------------------------|-------------------------|
| <i>MANTENO, IL</i>          | <i>PEOTONE, IL</i>       | <i>GRANT PARK, IL</i>    | <i>LAKEMOOR, IL</i>     |
| <i>FARMINGTON, IL</i>       | <i>MONEE, IL</i>         | <i>COTTAGE HILLS, IL</i> | <i>WASHINGTON, IL</i>   |
| <i>SADORUS, IL</i>          | <i>GLENVIEW, IL</i>      | <i>MCHENRY, IL</i>       | <i>FISHER, IL</i>       |
| <i>NILES, IL</i>            | <i>PALOS HEIGHTS, IL</i> | <i>ALTON, IL</i>         | <i>GRANITE CITY, IL</i> |
| <i>GODFREY, IL</i>          | <i>GLASFORD, IL</i>      | <i>PEVELY, MO</i>        | <i>DESOTO, MO</i>       |
| <i>LAWSON, MO</i>           | <i>ODESSA, MO</i>        | <i>GOWER, MO</i>         | <i>GRANT PARK, IL</i>   |
| <i>SKYLINE/KANE Co., IL</i> | <i>TRIMBLE, MO</i>       | <i>BOLIVAR, MO</i>       | <i>EUREKA, MO</i>       |
| <i>DIXON, IA</i>            | <i>ANDALUSIA, IL</i>     | <i>LEONORE, IL</i>       | <i>ROSICLARE, IL</i>    |
| <i>SIDNEY, IL</i>           | <i>JERSEYVILLE, IL</i>   | <i>GARDEN CITY, MO</i>   | <i>MOSCOW MILLS, MO</i> |
| <i>WOODRIDGE, IL</i>        | <i>BOURBONNAIS, IL</i>   | <i>FRANKFORT, IL</i>     | <i>LIVINGSTON, IL</i>   |

○ **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, AI-GRS, R/W-AC**



**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 AND SUPERVISION 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**

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



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



## ***MOST RECENT APPRAISAL INSTITUTE EDUCATIONAL AND INSTRUCTOR EXPERIENCE***

***APPRAISAL REVIEW THEORY-GENERAL (AUDIT)***  
OCTOBER 2020, PITTSBURGH, PA

***THE APPRAISER AS AN EXPERT WITNESS (AUDIT)***  
SEPTEMBER 2020, PITTSBURGH, PA

***MIDWEST PIPELINE AND CORRIDOR EASEMENTS  
(DEVELOPER & PRESENTER)***  
SEPTEMBER 2020, CHICAGO, IL

***VALUATION OF CONSERVATION EASEMENTS***  
March 2020, Ft. Lauderdale, FL

***GENERAL APPRAISAL INCOME PART II  
(INSTRUCTOR AUDIT)***  
October 2019, Chicago, IL

***BASIC APPRAISAL PRINCIPLES (INSTRUCTOR)***  
March 2019, Chicago, IL

***GENERAL INCOME APPROACH (CO-INSTRUCTOR)***  
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

***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

# DINAN REAL ESTATE ADVISORS, INC.

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**EDWARD W. DINAN, MAI, CRE®**  
**PRESIDENT**

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## **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



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

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

### **GEOGRAPHICAL AREAS OF EXPERIENCE**

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

### **PROFESSIONAL AFFILIATION**

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

Counselor of Real Estate® - 1996

2010 National Chairman - Dispute Resolution

2011 National Liaison Vice Chair

2011 National Co-Chair - Litigation Support

2012-2017 Board of Directors

2013 Recipient of the Chairs Award presented by The Counselors of Real Estate

2013 -2014 National Liaison Membership Chair

Appraisal Institute MAI Designation, Certificate Number 6103 -1980

St. Louis Association of Realtors

Royal Institution of Chartered Surveyors - 2006



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