Exhibit No.:	
Issues:	Eureka Acquisition
Witness:	Joseph E. Batis
Exhibit Type:	Direct
Sponsoring Party:	Missouri-American Water Company
Case No.:	WA-2021-0376
Date:	November 05, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WA-2021-0376

DIRECT TESTIMONY

OF

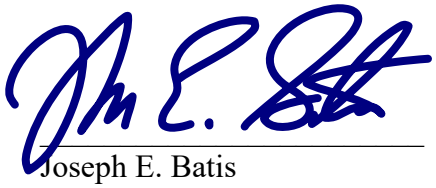
JOSEPH E. BATIS

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

AFFIDAVIT

I, Joseph E. Batis, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am President of Edward J. Batis & Associates, Inc., that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.



Joseph E. Batis

November 5, 2021
Dated

DIRECT TESTIMONY
JOSEPH E. BATIS
MISSOURI AMERICAN WATER COMPANY
CASE NO.: WA-2021-0376

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DIRECT TESTIMONY

JOSEPH E. BATIS

I. INTRODUCTION

Q. Please state your name and business address.

A. Joseph E. Batis. My business address is 313 N. Chicago Street, Joliet, Illinois 60432.

Q. Are you associated with a business?

A. Yes. I am the President of Edward J. Batis & Associates, Inc., which provides real estate valuation and consulting services, and the President of Utility Valuation Experts, Inc., which provides valuation and consulting services specific to public and private utility systems, including water and wastewater systems.

Q. Are you a professional Appraiser?

A. Yes. I am a member of the Appraisal Institute, maintaining an MAI designation. I currently hold general certification appraisal licenses from the states of Illinois, Missouri, Texas, Arizona, Iowa, Tennessee, Virginia, and North Carolina.

Q. Generally, what is your experience in this field?

A. I have provided real estate valuation services since 1983 for residential, agricultural commercial, industrial, and special purpose properties throughout the states of Illinois and Missouri. Please see **Schedule JEB-1** for a more detailed description of my experience and training.

Q. Have you any experience in teaching and/or developing educational material pertaining to the valuation of water and wastewater utility systems?

A. Yes. I developed a seminar that had multiple offerings in multiple states in 2021 that deals with the valuation of water and wastewater systems. The seminars were offered by local

(state) chapters of the Appraisal Institute.

Q. Other than the educational material that you developed and taught, does the Appraisal Institute have (or have they had) any seminars, courses, publications, or other instructional material pertaining to the valuation of water and wastewater utility systems?

A. No.

Q. Have you been invited as a guest speaker or panel member to discuss valuation issues pertaining to the valuation of water and wastewater systems?

A. Yes. In 2019, I was asked to participate as a panel member for a presentation at the annual meeting of the Illinois Municipal League Conference. And, in March 2021, I was asked to be a presenter at the annual conference of Illinois Assessment Officials. For both presentations, the topic was the valuation of water and wastewater utility systems.

II. VALUATION REPORT

Q. Did you participate in the preparation of a Valuation Report concerning the City of Eureka ("Eureka" or "City") water and wastewater systems?

A. Yes. In early August of 2019, I was asked to participate in providing a Valuation Report in regard to these systems. I was the appraiser selected by Missouri-American Water (MAWC).

Q. Were you the only appraiser that participated in this Valuation Report?

A. No. Edward W. Dinan, CRE, MAI; and Elizabeth Goodman-Schneider, ASA, also participated. Each of us is a disinterested person who is a certified general appraiser under chapter 339 of the Missouri Code.

Q. How did they become involved?

A. Mr. Dinan was selected by the City of Eureka to participate, and Ms. Goodman-Schneider was selected by me and Mr. Dinan.

Q. What was your understanding of the appraisers' task?

A. We were to develop an opinion of market value of the subject property - water and wastewater systems "as is" as of the date of our inspection of the subject property.

Q. When did you begin your work on this matter?

A. My work on the assignment began on August 20, 2019, when the three appraisers received documents related to the systems.

Q. What steps were taken by the appraisers?

A. The three appraisers reviewed the documents provided for the assignment and inspected the subject property facilities on August 23, 2019. Once we received the report prepared by Flinn Engineering, we consulted, completed our research and analysis, and communicated our opinions in an appraisal report dated January 20, 2020. On March 16, 2020, we received an updated report from Flinn Engineering ("the Flinn Report"). As a result of the revised findings and conclusions in the Flinn Report, the three appraisers consulted with each other and concluded that it was appropriate and necessary to revise our January 2020 appraisal report.

Q. What changed in the report provided by Flinn Engineering?

A. The revised Flinn report included changes to reflect current/updated information that was not available at the time the original Flinn report was completed.

Q. What impact did that change have on the appraisal?

A. In accordance with our professional obligations mandated by USPAP, we revised our appraisal to reflect the most current, relevant, and accurate information.

Q. When was this work completed?

A. Our work was completed with the completion of the Valuation Report on March 23, 2020, and its delivery to the City Administrator of the City of Eureka. A copy of that Valuation Report is attached hereto as **Schedule JEB-2**.

Q. What standard was used in the preparation of the Valuation Report?

A. The Valuation Report was 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, the Valuation Report was prepared in accordance with the Code of Ethics and Standards of Professional Practice of the Appraisal Institute.

Q. What market value was determined for the subject property water and wastewater systems?

A. The report opines that the market value of the water delivery system is $18,000,000, and the market value of the wastewater collection system is $10,000,000.

III. APPRAISAL STANDARDS

Q. What is the significance of the USPAP standards?

A. All appraisal assignments completed by state-certified real estate appraisers must comply with the applicable Uniform Standards of Professional Appraisal Practice (USPAP), which would be the 2020-2021 Edition of USPAP in this situation. By design, USPAP provides the general framework for an appraiser's conduct but leaves the ultimate decisions and discretion to the appraiser regarding the application of the approaches to value, the scope

of work decisions that impact the extent and type of research and analysis, and ultimately the development of the report communicating the opinion(s) of the appraiser.

Q. What is the goal of the USPAP's scope of work rule?

A. The objective of USPAP's scope of work rule is to assure that the valuation research and analysis result in credible assignment results. According to USPAP, a scope of work is acceptable when it meets or exceeds: (1) the expectations of parties who are regularly intended users for similar assignments; and, (2) what an appraiser's peers' actions would be in performing the same or similar assignment.

Q. How do you assess the expectations of intended users?

A. As a start, the appraisers rely on their own experience. The three appraisers that participated in the Eureka valuation assignment collectively have extensive experience in the valuation of water and wastewater utility systems. Their individual and collective experiences include providing appraisal and/or valuation consulting services for buyers and sellers in multiple states and for valuation assignments that required similar state regulatory compliance that mandates appraisal services comporting with USPAP.

In addition to our own experiences, we review valuation reports prepared by other experienced valuation experts as part of our customary research and analysis, which provides us further understanding of industry standards and typical client expectations.

If the client and/or intended users of the subject assignment require additional analysis, explanation, clarification, etc., the appraisers will comply with the request and provide supplemental data/analysis.

Q. Was there any request in this situation for additional analysis, explanation, or

clarification?

A. No. Accordingly, based upon the extensive experience of the three appraisers and considering the intended users and the intended use of the subject assignment, the final Valuation Report sufficiently meets or exceeds "the expectations of parties who are regularly intended users for similar assignments," as mandated by USPAP and the appraisal licensing board of the State of Missouri.

Q. How do you assess what an appraiser's peers' actions would be in performing the same or similar assignment?

A. In this situation, the mere fact that the three appraisers provided a single narrative report communicating their collective analysis and opinions provides significant support that the report "meets or exceeds what an appraiser's peers' actions would be in performing the same or similar assignment." Additionally, my ongoing review of valuation reports for valuation assignments similar to the Eureka project provides support for the position that our work is not only objective and credible but completed in a manner that exceeds the level of work typically completed by our peers.

Q. Could there be multiple valuation opinions (reports) for a particular property /assignment that result in differing opinions that are all reliable and credible as measured by USPAP standards?

A. Yes. Real estate appraising is an art, not a science. Factors that impact the analysis, development of opinions, and communication of the opinions include the property type, location, market conditions, availability of market data, quality of the market data, ability to verify and confirm market data, and, most importantly, the understanding by the appraiser of the assignment's intended use of the intended users.

Q. Are there other standards to which appraisers must seek to comply?

A. Yes. In addition to requiring competency, USPAP demands ethical, independent, and objective behavior by appraisers in developing valuation opinions. The ultimate test of credibility and acceptable conduct is, as clearly stated by USPAP as noted above, how other professional appraisers would perform the same or similar assignment.

Q. Are there examples of this compliance in the Valuation report?

A. Yes. As an example of the how the appraisers in the subject case have met or exceeded the standards of the profession is found in the Sales Comparison Approach section ("SCA") of the Eureka Valuation Report. The SCA is found on pages 46-73 of the report and includes extensive descriptions and analysis of the relevant market data relied on collectively by the three appraisers in developing their opinion of the market value of the Eureka property.

Q. How does that analysis compare to appraisals performed for similar purposes in other states?

A. Attached as **Schedules JEB-3** are examples taken from appraisal reports prepared by licensed professionals and submitted to state commissions regarding similar fair market value legislation.

Q. What do these schedules represent?

A. These schedules represent the *entire* sales comparison approach for the respective assignments as submitted to the respective state commissions. In most cases, the cited examples include nothing more than a few elements of the purported transaction; but certainly no thorough description and analysis of the elements of comparison and factors that impact value.

Q. How would you summarize the appraisal work that was performed in arriving at the Valuation Report?

A. The analysis performed by myself, Mr. Dinan, and Ms. Goodman-Schneider contains 28 pages of relevant information concerning market data along with a thorough analysis and explanation of the data.

The tests of reliability and credibility are not whether the client and intended users can replicate the methods used by the appraiser. Credible valuation opinions require 1) professional education and formal training, 2) competency in the areas of market, property type, and technical issues, 3) relevant professional experience, and 4) judgement.

The appraisers' work in the subject case, as compared to "what an appraiser's peers' actions would be in performing the same or similar assignment", clearly exceeds the professional standards established by USPAP.

IV. USE OF WELLS

Q. In performing this appraisal, did you take into account any future uses of individual portions of the plant assets?

A. No. The Valuation Report provides an opinion of value for the subject property system/assets "as is" as of March 18, 2020 (the effective date of value for the appraisal assignment). The appraisal opinion presented in the Eureka report is not based upon future or speculative changes, additions, modifications, etc.

Q. Is there a term for such future conditions?

A. Yes. A valuation assignment that is completed based upon some condition that does not exist as of the effective date of value for the assignment is referred to as a "hypothetical condition." 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.

Q. Were you asked to take into account any hypothetical condition, such as future use of the Eureka wells?

A. No. For the subject assignment, the appraisers were not instructed to provide an opinion of value based upon any hypothetical condition, such as future use, or non-use of the Eureka wells.

Q. Were those wells being used at the time of the completion of the Valuation Report?

A. Yes.

Q. Do you have an opinion as to the propriety of considering such a hypothetical condition in an appraisal?

A. Yes. It is improper and misleading for an appraiser to assume, for valuation purposes, the occurrence of some act, event, or change in the future when developing a market value opinion for a property "as is" (as it actually is known to exist) as of the effective date of value.

V. FLINN REPORT

Q. The Valuation report references the Flinn Report in regard to the Eureka assets. What significance did that report have regarding the Valuation Report?

A. As is customary in the valuation profession for assignments pertaining to water and wastewater system assets, an engineering report provides the valuation experts two primary

components: (1) an inventory of the system assets; and, (2) an assessment of the condition and functionality of the system assets. In the subject case, the Flinn Report provided the three appraisers the necessary foundation to credibly assess the value-influencing factors of the subject property systems, and provided the basis for competently applying the sales comparison approach.

Q. When valuation experts rely on engineering reports prepared by licensed professional engineers, what is the relevance of the engineer's assessment of the condition and functionality of the system(s) assets to the valuation expert's analysis?

A. Depending on the level of the assessment developed by the engineer and based upon the availability of information for the engineer to rely on in the development of the assessment, the engineer's report provides the valuation experts the basis for comparing the subject property system to other comparable systems that have sold. The comparison process by the valuation experts may take into account factors such as the amount of accrued depreciation experienced by a system, the original cost of the system, the ratio of the original cost to current cost, the ratio of the current cost to current depreciated cost, etc. All of this information might not be available for every assignment and for every system; however, the final analysis and the development of the market value opinion ultimately weighs the information that is available.

Q. Is there professional guidance for how appraisers should treat reports prepared by others?

A. Yes. The Appraisal Institute has supplemental professional standards, rules, and guidelines for its members that exceed the requirements established by state licensing bodies for state-certified appraisers. I note that two of the participating appraisers, myself and Mr. Dinan,

hold the MAI designation from the Appraisal Institute.

Q. Does Appraisal Institute provide guidance in regard to such reports?

A. Yes. The Appraisal Institute's Guide Note 4 (Reliance on Reports Prepared by Others), which is a publication dealing specifically with the criteria for proper reliance by an appraiser on the work of another, identifies four major classifications of reports. One of the report classifications, Reports Prepared by Licensed or Certified Non-Real Estate Appraisal Professionals, lists reports for engineering services as one of its examples.

Q. In what situations may appraisers rely on reports of others?

A. Guide Note 4 includes a list of 6 items the appraiser(s) must satisfy before relying on the third-party report. The items are:

(1) Have a reasonable basis for believing the individuals preparing the report are competent;

(2) Have no reason to doubt the credibility of the work of the work preparer;

(3) Consider the criteria under which the report was prepared;

(4) Consider the source and extent of the instructions given to the preparer of the report;

(5) Determine how the appraiser might rely on this information in making decisions and preparing his or her report; and,

(6) Determine the process and procedures used to evaluate the reports prepared by others.

Q. Do any of those items require that a report for engineering services be sealed, signed and dated?

A. No.

Q. How did the appraisers take into account the Flinn Report?

A. In the process of completing the Eureka Valuation Report, the three appraisers relied on a report prepared by Flinn Engineering and considered the conditions of the Flinn assignment, including the lack of a property inspection. It is my opinion, and I believe the collective opinion of all three appraisers, that reliance on the Flinn Report is appropriate and was done in accordance with applicable professional appraisal standards based upon our review of other reports prepared by other engineering professionals, including assignments that did not include property inspections.

Q. Does this conclude your direct testimony?

A. Yes, it does.

November 2021
Phone: 1-888-416-3797
Email: joe@utilityvaluationexperts.com

Professional Profile

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

EMPLOYMENT HISTORY

Owner and President of Utility Valuation Experts, Inc.

Real Estate Appraiser and Consultant since 1983

PROFESSIONAL AFFILIATIONS, MEMBERSHIPS, AND CERTIFICATIONS

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

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

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

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

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

DEVELOPMENT OF STATE-ACCREDITED CONTINUING EDUCATION SEMINARS

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

STATE – GENERAL CERTIFICATION APPRAISAL LICENSES

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

PRIVATE AND PUBLIC UTILITY ASSET VALUATION (2013-PRESENT)

Valuation and consulting services of public water treatment and distribution assets, public wastewater collection and treatment assets, shared assets (treatment plants), natural gas delivery systems, and other public infrastructure and assets for acquisition, disposition, allocation, or resolution of value disputes for more than 125 assignments during the last 7 years. Services include development of market value opinions, review and rebuttal services, original cost and book value determinations, and exert testimony for litigation, hearings, dispute resolution.

UTILITY VALUATION EXPERTS

SPECIALIZED VALUATION SERVICES AND EXPERIENCE

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

LITIGATION, ARBITRATION, AND CONSULTING SERVICES

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

IMPACT STUDIES – SOLAR FIELD PROJECTS (2018)

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

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

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

MARKET STUDY AND APPRAISAL REVIEW - CONTAMINATION (2018)

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

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

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

UTILITY VALUATION EXPERTS

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

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

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

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

Interstate Natural Gas Pipeline Project (2000-2003)

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

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

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

UTILITY VALUATION EXPERTS

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

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

Appraisal Institute - Tennessee Chapter
The Valuation of Water and Wastewater Utility Systems
Virtual; 2021

Appraisal Institute - Chicago Chapter
Midwest Easements - Aren't They All the Same?
Springfield, IL; 2021

Appraisal Institute - Tennessee Chapter
Pipeline Easements - Aren't They All the Same?
Virtual; 2021

Appraisal Institute - Louisiana Chapter
Pipeline Easements - Aren't They All the Same?
Virtual; 2021

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

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

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

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

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

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

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

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

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

UTILITY VALUATION EXPERTS

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

VALUATION REPORT

City of Eureka, Missouri
Water Delivery and Wastewater Systems

Prepared for:

Mr. Craig E. Sabo
City Administrator
CITY OF EUREKA
100 City Hall Drive, P.O. Box 125
Eureka, MO 63025-0125

Prepared by:

Edward W. Dinan, CRE, MAI
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DINAN REAL ESTATE ADVISORS, INC.	EDWARD J. BATIS & ASSOCIATES, INC.	GOODMAN APPRAISAL CONSULTANTS, LLC
2023 South Big Bend Boulevard	313 N. Chicago Street	6260 S. Lake Drive, #718
St. Louis, Missouri 63117	Joliet, Illinois 60432	Cudahy, Wisconsin 53110

March 23, 2020

Mr. Craig E. Sabo
City Administrator
CITY OF EUREKA
100 City Hall Drive, P.O. Box 125
Eureka, MO 63025-0125

Re: ***Valuation Report - City of Eureka, Missouri***
Water Delivery and Wastewater Systems Appraisal

Dear Mr. Sabo:

In accordance with your request, we have made physical inspections on December 10, 2019, and March 18, 2020, of the facilities and real estate that comprise the City of Eureka water delivery and wastewater systems, located in Eureka, Missouri.[1]

The water delivery and wastewater collection systems (referred to herein as "the subject property") are owned by the City of Eureka, Missouri, and are located in St. Louis County, Missouri. The customer count includes 4,009 water customers and 3,957 wastewater customers.

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

This Appraisal Report is prepared in conformance with Standards Rule 2-2(a) of the 2020-2021 Edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP). In addition to being prepared in compliance with USPAP, this appraisal has been prepared in accordance with the *Code of Ethics* and *Standards of Professional Practice* of the Appraisal Institute.

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

In completing our analysis of the subject property water system, we relied on a report prepared by Flinn Engineering, dated March 16, 2020. The Flinn Engineering report is attached to this appraisal report.

Based upon our analysis of the subject property system and taking into consideration the independent report prepared by Flinn Engineering, dated March 16, 2020, it is our opinion the market value of the City of Eureka water and wastewater systems was as follows:

Market Value of Water Delivery System	Market Value of Wastewater Collection System
$18,000,000	$10,000,000

This appraisal report is prepared subject to the Special Assumptions and Limiting Conditions found on Pages 11-13. The Special Assumptions and Limiting Conditions address several significant issues that impact the analysis and conclusions presented in the attached report, including:

- Information provided by the client
- 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 easements
- Environmental issues
- Soils and subsoils

Each of the three appraisers co-signing this appraisal report (Mr. Dinan, Mr. Batis, and Ms. Goodman Schneider) participated in the assignment by collecting and analyzing relevant data, and forming the opinions and final conclusions. While each of the appraisers performed different tasks and were responsible for different parts of this assignment, the three appraisers consulted throughout the assignment with each other, the client, and representatives from the City of Eureka.

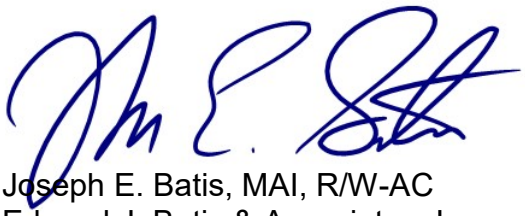
We certify that we personally have no undisclosed interest, either present or contemplated, in the real estate described herein as the subject property; furthermore, neither the procurement of this appraisal assignment nor the negotiated compensation was contingent upon a predetermined conclusion of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

Mr. Sabo
CITY OF EUREKA
March 23, 2020
Page 3

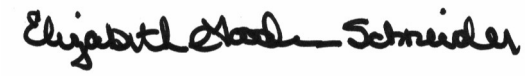
On behalf of Dinan Real Estate Advisors, Inc., Edward J. Batis & Associates, Inc., and Goodman Appraisal Consultants, LLC, we appreciate the opportunity to prepare this appraisal report for the City of Eureka. Please feel free to contact the undersigned should you have any questions regarding the assignment.

Sincerely,

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



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



Elizabeth Goodman Schneider, ASA
Goodman Appraisal Consultants, LLC
Colorado Certified General Appraiser No. CG.200001080
Illinois Certified General Real Estate Appraiser No. 553-001973
Indiana Certified General Appraiser No. CG41700036
Iowa Certified General Appraiser No. CG02980
Kentucky Certified General Real Property Appraiser No. 5262
Michigan Certified General Real Estate Appraiser No. 1201073697
Minnesota Certified General Real Property Appraiser No. 40232088
Missouri State Certified General Real Estate Appraiser No. 2016042105
Ohio Certified General Real Estate Appraiser No. ACGO.2017003680
Pennsylvania Certified General Appraiser No. GA004327
Rhode Island Certified General Appraiser No. CGA.0020068
Wisconsin Certified General Appraiser No. 1586-010
Florida State-Certified General Real Estate Appraiser No. RZ4093

TABLE OF CONTENTS

Summary of Salient Facts

Property Type:	City of Eureka Water Delivery and Wastewater Collection Systems Eureka, Missouri
Facilities:	Water delivery and wastewater collection systems. The water delivery system serves 4,009 customers and the wastewater collection system serves 3,957 customers. The subject property includes the facilities that comprise the delivery of public water and collection of wastewater. Please refer to the attached report prepared by Flinn Engineering for a list of the infrastructure, system assets, and facilities.
Date of Inspection:	December 10, 2019 (Dinan, Schneider, Batis) March 18, 2020 (Batis)
Date of Value:	March 18, 2020
Date of Report:	March 23, 2020
Type of Value:	Market Value
Property Rights:	Fee Simple Estate
Value Conclusions:	
Market Value of Water Delivery System:	$18,000,000 Eighteen Million Dollars
Market Value of Wastewater Collection System:	$10,000,000 Ten Million Dollars

The Appraisal Process

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

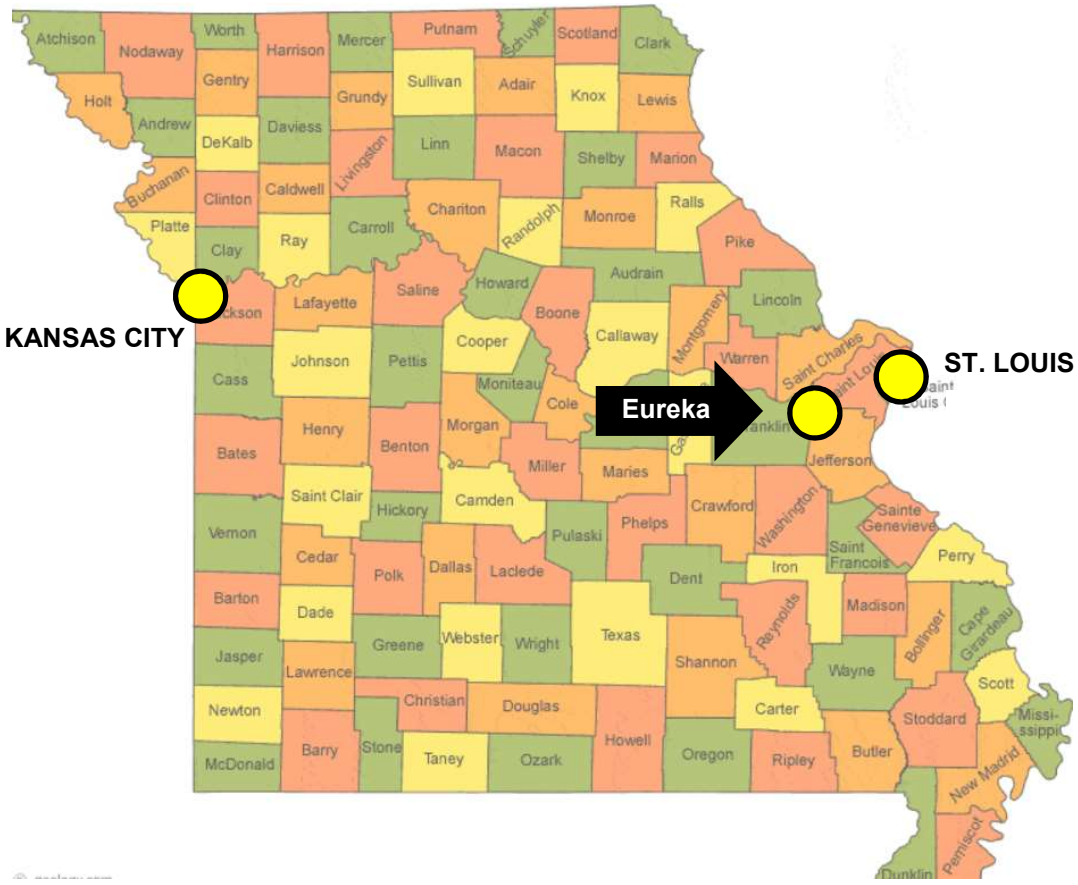
The Valuation Process
Identification of the Problem
Identify client and intended users Identify the intended use Identify the purpose of the assignment Identify the effective date of the opinion Identify the relevant characteristics of the property Assignment conditions
Scope of Work Determination
Data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

Identification of the Subject Property

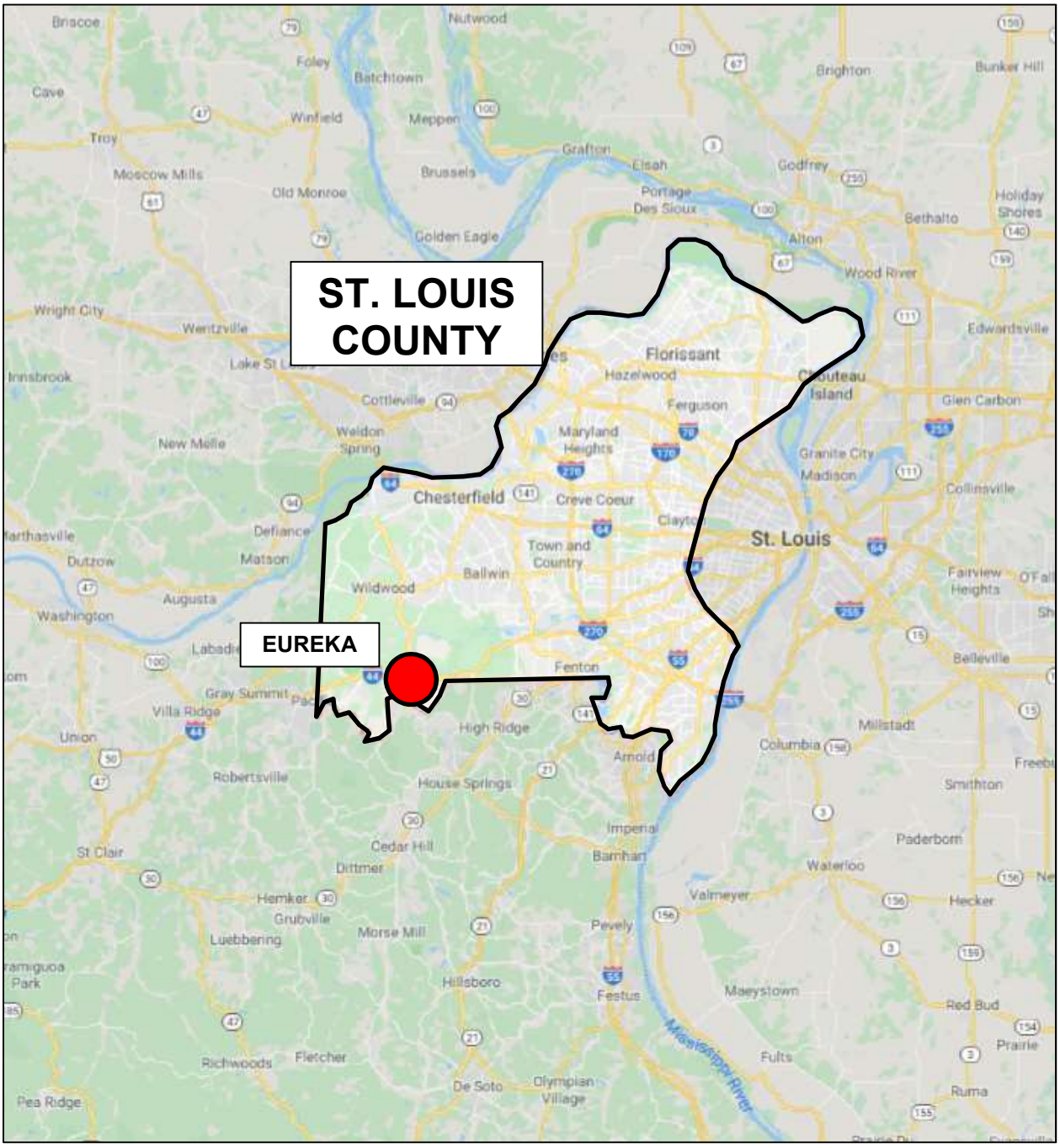
The real estate identified herein as the subject property consists of a combination of water and wastewater infrastructure and related components that are owned and operated by the City of Eureka (Eureka, Missouri).

There are 4,009 customers for the water delivery system and 3,957 customers for the wastewater collection system. The subject property assets include related facilities and infrastructure that are part of the water delivery and wastewater collection systems.

The City of Eureka is located in St. Louis County, Missouri, approximately 24 miles southwest of the downtown area of St. Louis.



Identification of the Subject Property
(Continued)



Property Rights Appraised

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

> *Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*[2]

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

Legal Descriptions

No legal descriptions have been provided for this assignment. The real property included in this valuation assignment includes some parcels of land owned in fee plus some permanent easements that are assumed for the facilities. In addition, all mains are presumed to be located in public rights of way. Please refer to the Special Assumptions and Limiting Conditions for an explanation regarding the appraisal assignment assumptions relative to the presumed permanent easements.

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

Definition of Market Value

The purpose of this appraisal assignment is to arrive at opinions of market value for the subject property water and wastewater systems. The market value opinions are of the subject property systems as private utility company systems (the intended use).

Market Value is defined as:

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

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

1. *Buyer and seller are typically motivated;*

2. *Both parties are well informed or well advised, and acting in what they consider their best interest;*

3. *A reasonable time is allowed for exposure in the open market;*

4. *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*

5. *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Effective Dates

Date of physical inspection of the property:	December 10, 2019 And March 18, 2020
Effective date of value:	March 18, 2020
Date of report:	March 23, 2020

The “Date of physical inspection of the property” is identified as March 18, 2020, even though there were several inspection dates by the appraisers. All of the inspection dates were within the period from December 10, 2019, to March 18, 2020.

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

Exposure Time and Marketing Time

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

Based upon the conditions which prevailed in the local market effective March 18, 2020, we have concluded a reasonable market time for the subject property systems, each as a whole, is 12 to 24 months and the exposure time for the subject properties is also estimated to be from 12 to 24 months.

Intended Use and Intended User of the Appraisal

The intended use of this appraisal report is to assist the client (City of Eureka, Missouri) and Missouri American Water with the acquisition of the City of Eureka water and wastewater systems by Missouri American Water. The intended users of this appraisal report include the client (for asset disposition), Missouri American Water Company (for acquisition), and any regulatory agency with jurisdiction over the transfer of the assets of the water and wastewater systems from the City of Eureka 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, 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 Eureka. In addition to receiving and reviewing numerous pertinent documents from the client pertaining to the subject property water and wastewater systems, we inspected the subject property, met with officials from the City of Eureka, and collected market data for this assignment.

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

Explicit in the SCOPE OF WORK RULE section of the current (2020-2021) edition of USPAP is the requirement of the real estate appraiser to include research and analysis necessary to develop credible assignment results. The standard for acceptability of Scope of Work is, in part, what an appraiser's peers' actions would be in performing the same or similar assignment.[6]

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

Illinois has similar legislation in place regulating the procedures for acquisitions of public utility systems by investor-owned companies. Although not identical, the procedures and framework for valuation are considered to be very similar.[7]

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[4] The Missouri legislation mandates the inclusion and participation of three independent professional real estate appraisers, all of which shall be licensed in the State of Missouri. Missouri Revised Statutes, Chapter 393, Section 393.321.1 (August 28, 2016).

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

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

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

Scope of Work
(Continued)

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

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

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

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

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

Scope of Work
(Continued)

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

Also required by Missouri statute pertaining to the valuation is the inclusion of a professional engineer's report addressing the depreciated cost estimates for the components and infrastructure relating to the water delivery and wastewater system. For purposes of this appraisal report, we are relying, in part, on a report prepared by Flinn Engineering, dated March 16, 2020, in which Flinn Engineering arrives at an opinion of the depreciation cost new of the infrastructure components of the City of Eureka 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 sewer systems. Based upon our reviews and independent research, we find the report prepared by Flinn Engineering to be thorough, prepared in compliance with industry standards, and credible. Therefore, we have relied on the opinions rendered in the Flinn Engineering report. Our reliance on the Flinn report in consistent with the Appraisal Institute's Guide Note 4 which addresses the conditions for an appropriate reliance by appraisers of reports prepared by others.[8]

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

Finally, we prepared this appraisal report in compliance with the applicable standards as set forth in the 2020-2021 Edition of USPAP.

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

Special Assumptions and Limiting Conditions

In addition to the Statement of Assumptions and Limiting Conditions found attached hereto, this appraisal report is prepared specifically to the following Special and Limiting Conditions.

INFORMATION PROVIDED BY THE CLIENT

We have been provided information for this assignment by the client (City of Eureka) and from representatives from Missouri American Water Company. 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 Eureka.

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

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

We reserve the right to revise all opinions and conclusions presented herein upon receiving or becoming aware of any information that is inconsistent with and/or contradicts the assumptions outlined above.

IDENTIFICATION OF THE PARCELS OWNED IN FEE

Part of this analysis includes the valuation of parcels of land owned in fee by the City of Eureka. Surveys of the parcels had not been performed at the time of this report; therefore, the parcels are described herein based upon information from public sources, namely the county assessor's office, as well as information provided by officials from the City of Eureka.

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 Eureka in fee.

Special Assumptions and Limiting Conditions
(Continued)

THE FLINN ENGINEERING REPORT

The Flinn Engineering report 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 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 sewer systems", etc., refers to the appraisers' customary task of viewing the subject property for purposes of observing the condition, layout, design, and utility of the real property (land and building), as is typical in the appraisal professional and in the framework of completing the appraisal process.

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

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

Special Assumptions and Limiting Conditions
(Continued)

CUSTOMER COUNTS

According to officials from the City of Eureka, the subject property water delivery system serves 4,009 customers and the wastewater collection system serves 3,957 customers. The customer count provided by Eureka officials reflects the number of customers based upon the most recent available billing records. This appraisal is based upon the assumption that the customer counts provided by City of Eureka officials is accurate.

PRESUMED PERMANENT EASEMENTS FOR LIFT STATIONS

Part of this analysis includes the valuation of lift stations that are located on private property (as opposed to property owned by the City of Eureka). This appraisal assumes there are permanent easements that convey to the City of Eureka limited real property rights, including the right to use, maintain, inspect, repair and replace the components of the lift stations, as needed. This appraisal assumes the City of Eureka has permanent and legal means of access to the facilities as well as the property rights necessary for the continued use and maintenance, repair, and replacement of the facilities.

ENVIRONMENTAL ISSUES

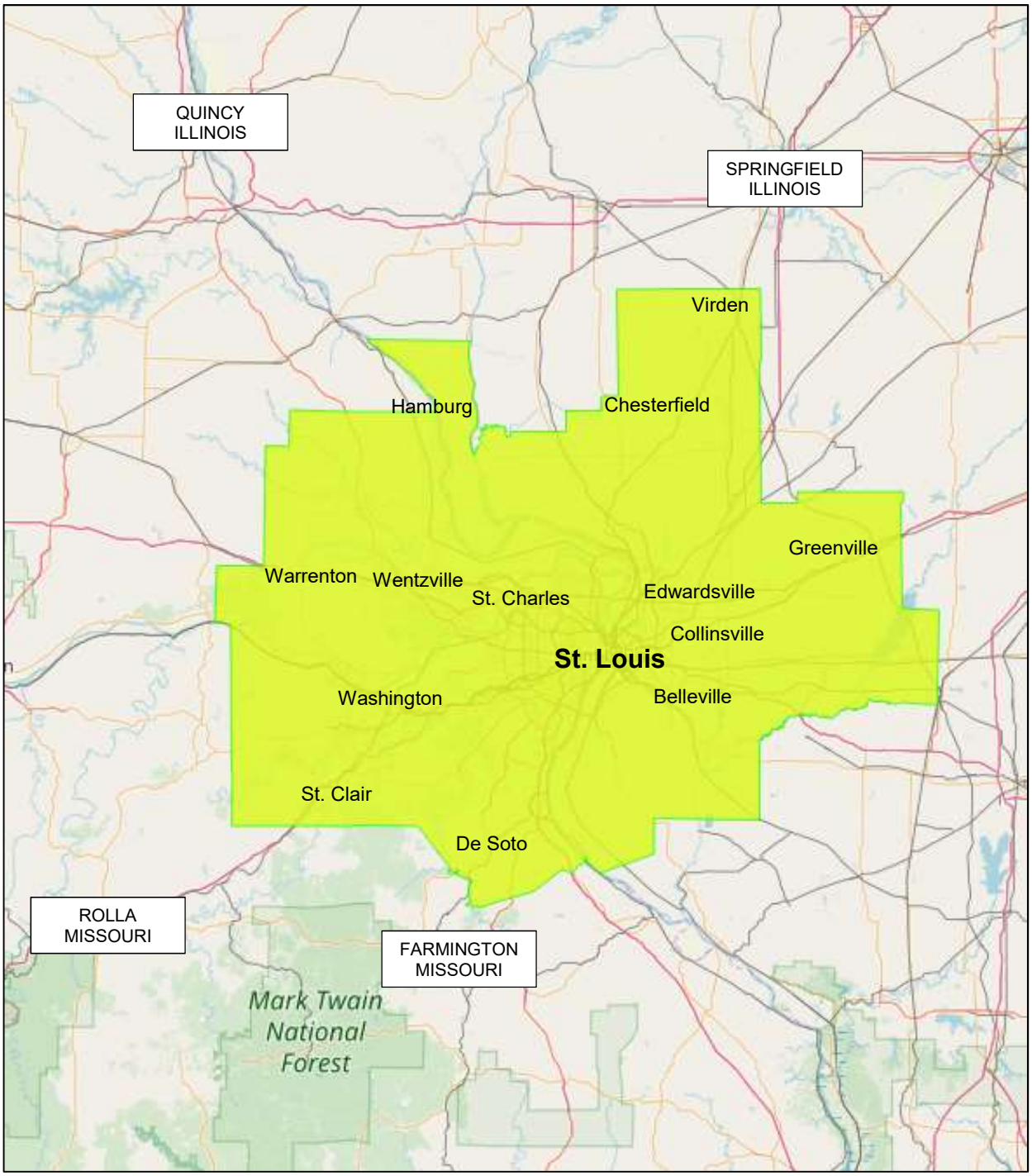
This report has not taken into consideration the possibility of the existence of any environmental hazards or substances, including but not limited to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof. Should the client have concern over the existence of such substances or any other hazardous items on the subject properties, the appraisers consider it imperative for the client to retain the services of a qualified, independent engineer or contractor to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof. Under such circumstances, the valuation stated herein would be void.

SOILS AND SUBSOILS

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

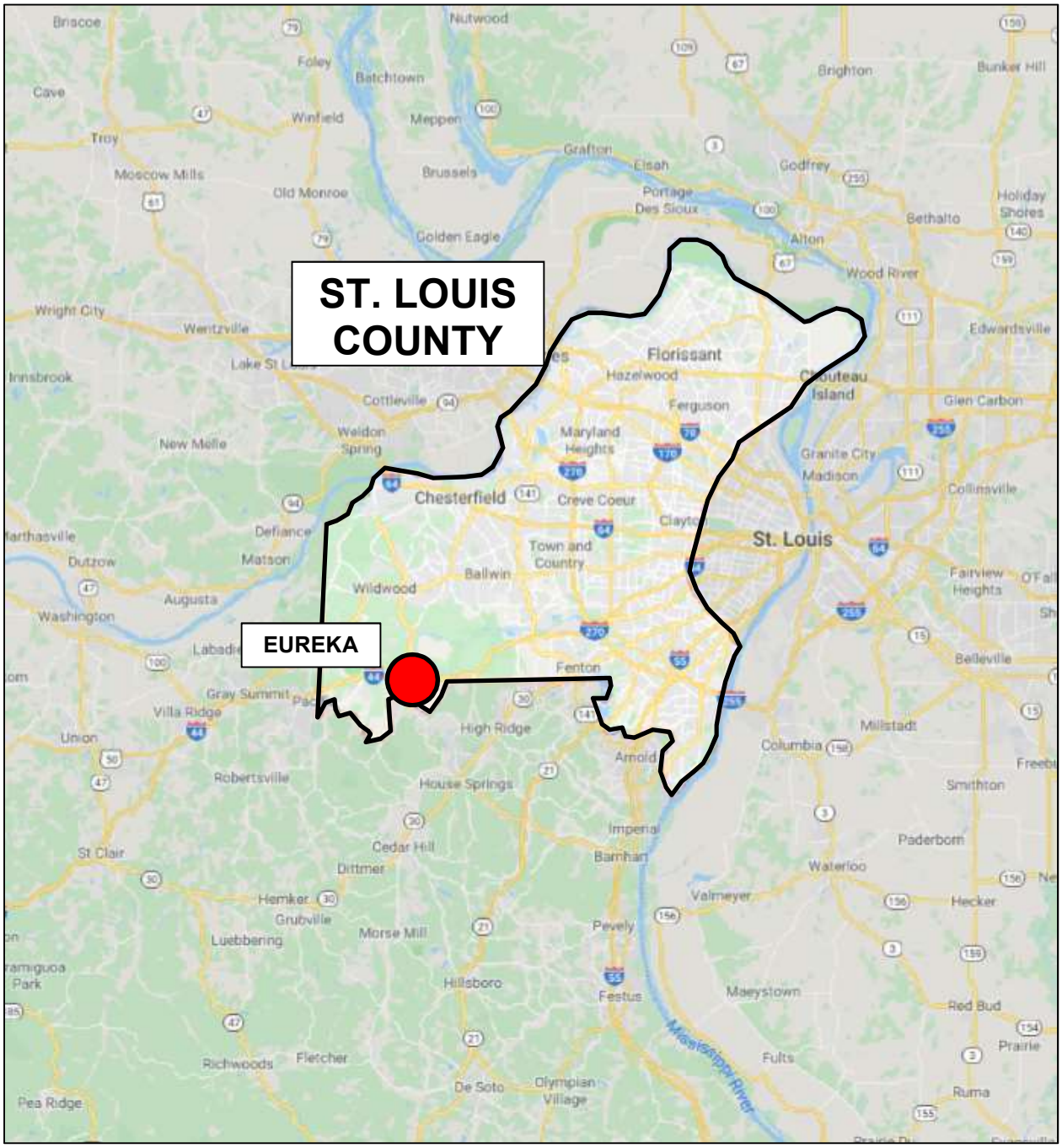
Regional Overview

The subject property is located within the municipal limits of the City of Eureka, in St. Louis County, Missouri. St. Louis County is one of seven Missouri counties and the City of St. Louis along with eight Illinois Counties which comprise the St. Louis Metropolitan Statistical Area (MSA). The exhibit below illustrates the approximate boundaries of the MSA.



St. Louis County Overview

The subject property is located in St. Louis County. The map below shows the location of the City of Eureka relative to the St. Louis County borders. The county's population is estimated to be 1,010,659 according to 2019 census bureau data. The county seat is Clayton (population of 16,889) which is located in the east part of the county near the City of St. Louis. On the following page is demographic data pertaining to St. Louis County.



St. Louis County Overview
(Continued)

POPULATION	
Total Population	1,010,659
Population in Households	991,268
Population in Familes	795,112
Population in Group Qrtrs	19,391
Population Density	1,990
Diversity Index[1]	52

HOUSING	
Total Housing Units	444,088 (100%)
Owner Occupied HU	275,802 (62.1%)
Renter Occupied HU	132,262 (29.8%)
Vacant Housing Units	36,024 (8.1%)
Median Home Value	$228,088
Housing Affordability Index[2]	129

INCOME	
Median Household Income	$66,374
Average Household Income	$99,581
Per Capita Income	$40,289
Wealth Index[3]	130

HOUSEHOLDS	
Total Households	408,064
Average Household Size	2.43
Family Households	261,930
Average Family Size	3

GROWTH RATE / YEAR	2010-2019	2019-2024
Population	0.13%	0.18%
Households	0.09%	0.16%
Families	-0.06%	0.06%
Median Household Income		3.0%
Per Capita Income		2.76%

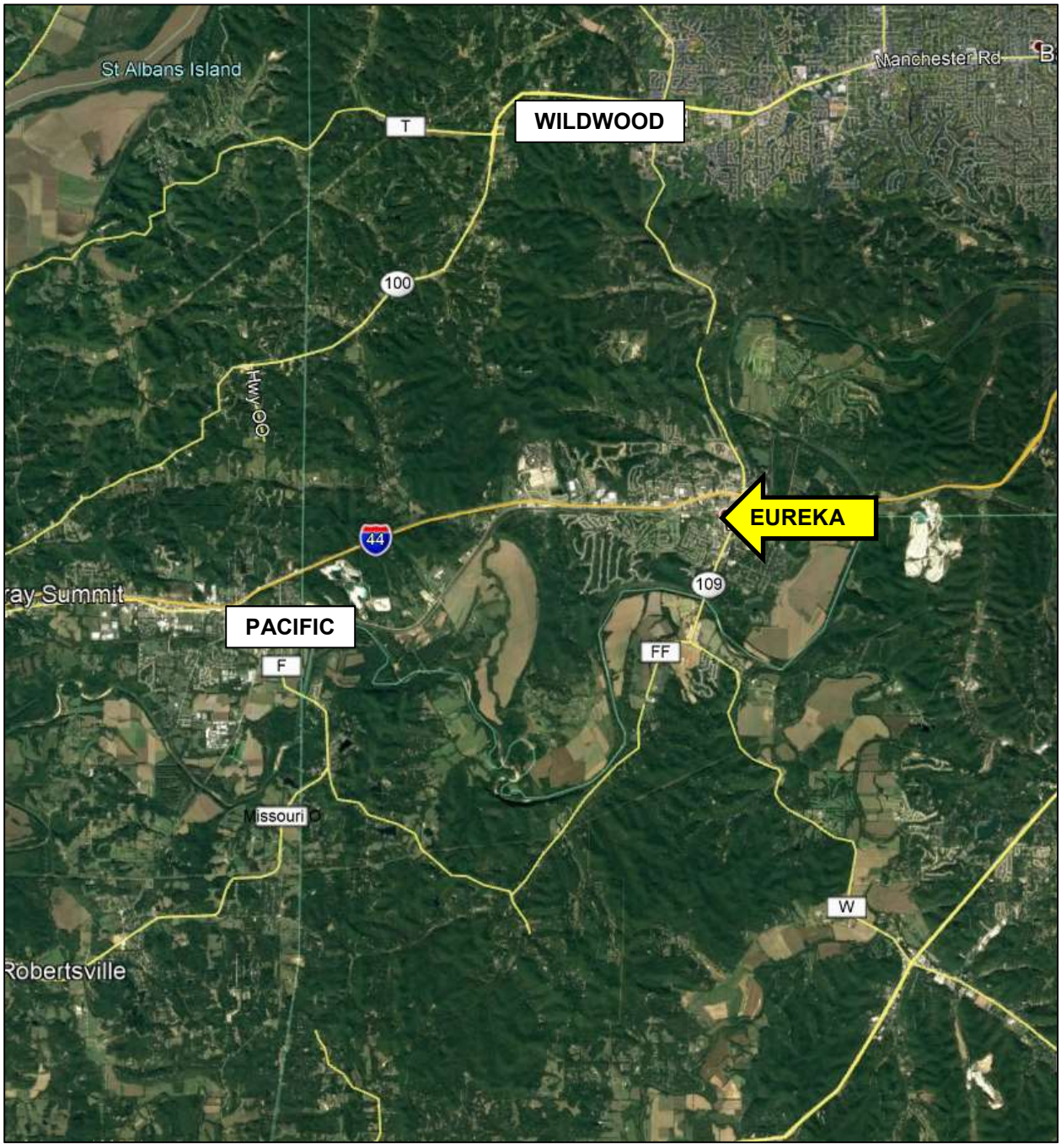
St. Louis County MO - Peer Comparisons by Rank and Percentile

The table below compares St. Louis County to the other 115 counties and county equivalents in Missouri by rank and percentile using July 1, 2019 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.

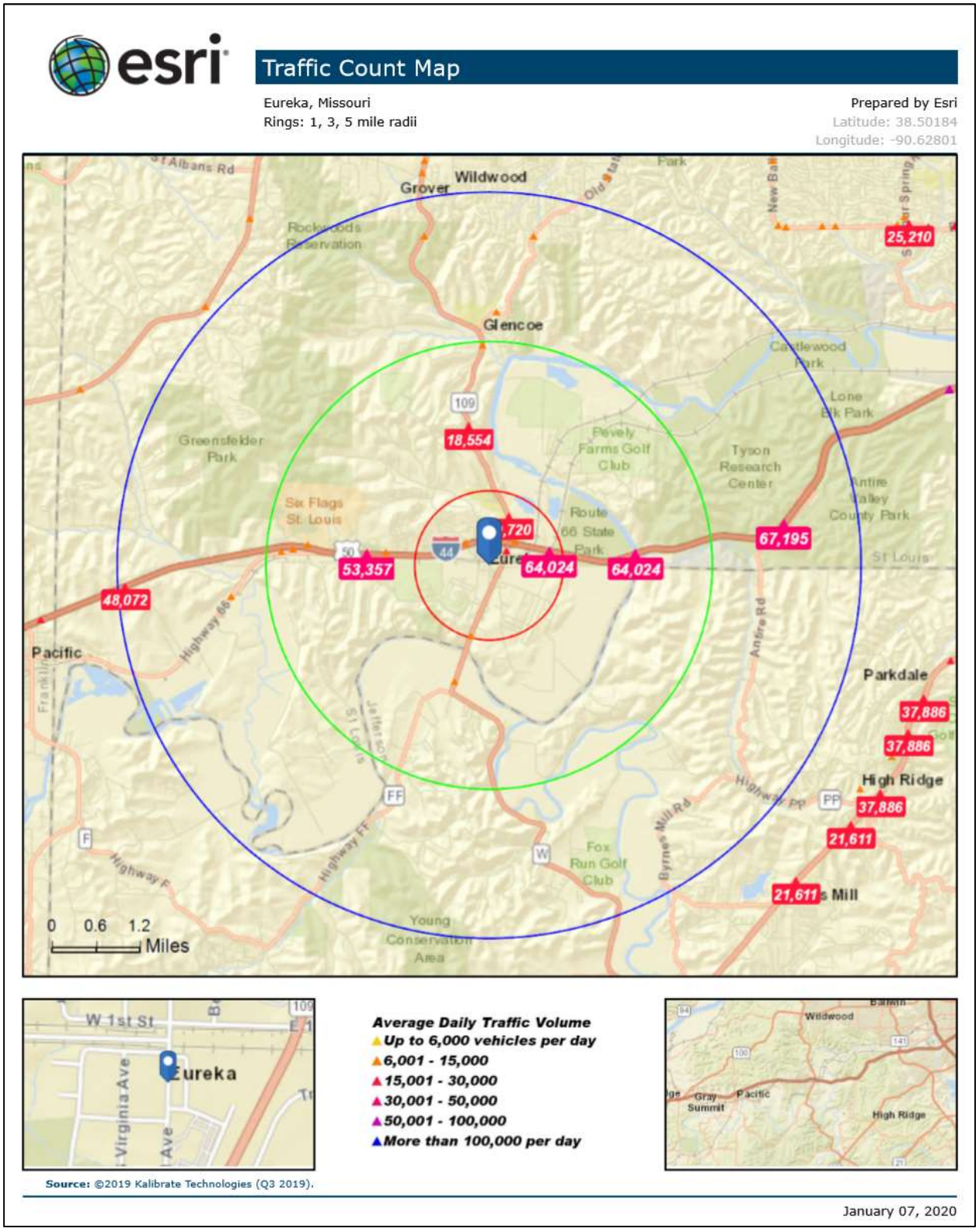
Variable Description	Rank	Percentile
Total Population	# 1	100th
Population Density	# 2	99th
Diversity Index	# 4	97th
Median Household Income	# 5	97th
Per Capita Income	# 2	99th

City of Eureka Overview

The subject property systems are owned by and located in the City of Eureka, St. Louis County, Missouri, approximately 19 miles southwest of the St. Louis County Government Center (in Clayton), 24 miles southwest of the Central Business District of the City of St. Louis, and 20 miles southwest of Lambert-St. Louis International Airport. Nearby communities to the subject include Wildwood to the north and Pacific to the west. Interstate 44 extends through the community and is a direct link from St. Louis to the east with Springfield Missouri to the southwest. Approximately 65,000 vehicles pass through Eureka on Interstate 44 every day (see traffic count map on following page).



City of Eureka Overview
(Continued)

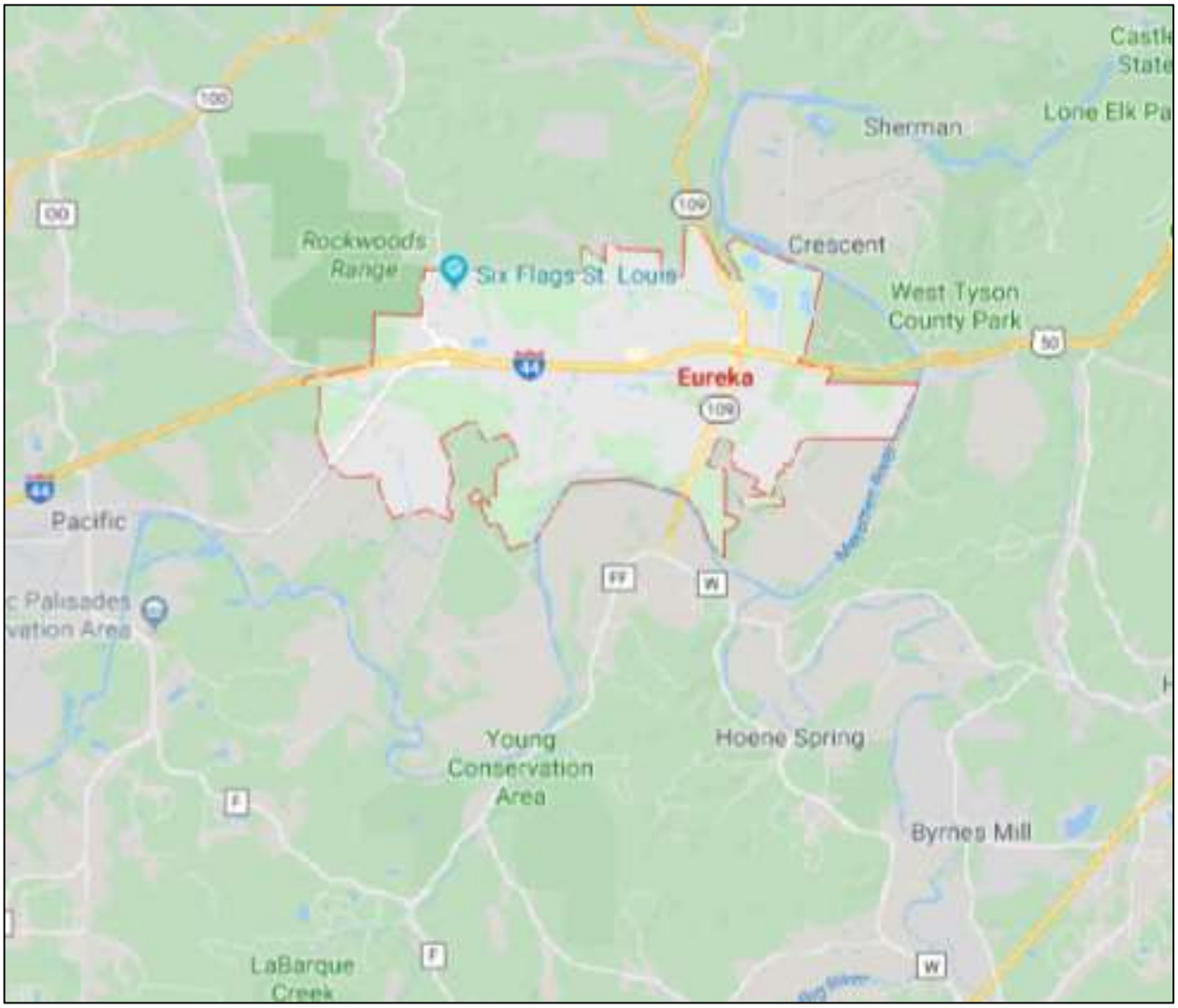


City of Eureka Overview
(Continued)

History

The present site of the City of Eureka, Missouri, had already been a settlement for many years when, in 1853, a railroad engineer found a valley through the hill country and a construction site was set up on the site. The Missouri and Pacific Railroad surveyor used the name “Eureka”, in the same manner as the early Greeks used the exclamation upon finding a precious gem.

Eureka was formally incorporated on April 7, 1954. In 1958, the City established the Police Department and enacted ordinances which allowed for an elected City Marshal. On June 1, 1958, Charles Branson was elected the first City Marshal/Chief of Police, a position he held until retiring in April, 1985 (27 years).



City of Eureka Overview
(Continued)

Eureka Today

The City of Eureka is located within the Rockwood School District. The Rockwood School District has been awarded the “Distinction in Performance” award by the Missouri Department of Elementary and Secondary Education and a “Gold Medal” rating from Expansion Management Magazine.

Eureka is also home to two private elementary schools and many preschools and moms day out programs. In addition to the outstanding local elementary, middle & high schools, Eureka is within easy driving distance of many technical schools, two-year & four-year colleges and universities. Eureka is uniquely situated to take advantage of local community colleges located in the Tri-County area (St. Louis, Franklin and Jefferson Counties).

The Eureka area is known for the Six Flags St. Louis amusement park which has been expanded to include a water park. This complex is at the west edge of the City. One other major mixed-use development in the area is The Legends, a golf course and 500 residential unit community that is located south of the subject.

This area of St. Louis County has large undeveloped tracts of land between Highway 141 and Eureka. The main reason is the amount of publicly held land including Lone Elk Park, Tyson Park, Beaumont Scout Reservation, Washington University Research Center, and the LaSalle Institute. In addition, Times Beach was subsequently remediated and turned into Route 66 State Park.

The Parks and Recreation Department of Eureka has grown considerably over the past few years, having accomplished many things with more projects ahead. The Department currently oversees and maintains over 164 acres of park and public land, which includes nine parks, featuring trails, playgrounds, tennis, basketball, sand volleyball and handball courts, baseball, football and soccer fields, a stocked lake, disc golf course and a Community Center.

The City opened The Timbers, a state-of-the-art Recreation Center and Municipal Pool. Eureka has a city-wide trail system; having most recently completed the Flat Creek segment, which connects the trail system to Route 66 State Park. The Parks & Recreation Department provides a multitude of recreational and cultural programming throughout the year that helps to foster community interest and a shared sense of place among residents and visitors alike.

City of Eureka Overview
(Continued)

Land Use

Located in the general area are a combination of retail, commercial, and institutional uses. There are a number of older strip shopping centers that have considerable amounts of vacant space including an approximate 125,600 square foot shopping center located at 100-111 Hilltop Village Center Drive. Additional uses in the general area include the Six Flags amusement park located near a Holiday Inn hotel on the west side of the community. Throughout other areas of Eureka are commercial uses located along the outer road and include strip shopping centers, fast food restaurants, and single tenant retail stores.

Access

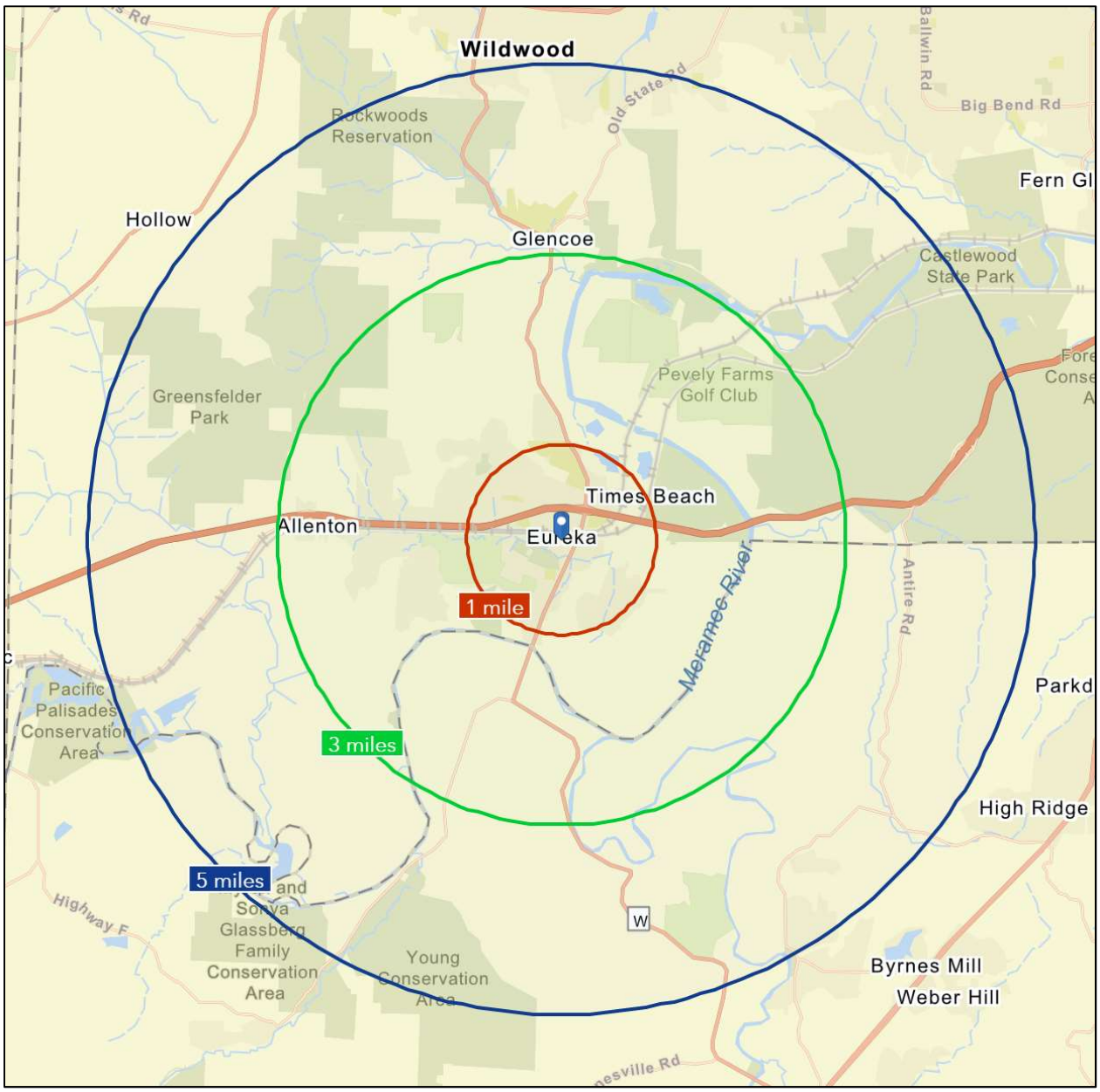
Eureka is conveniently located along Interstate 44 in the southwestern corridor of St. Louis County. The primary North/South arterial in the area is Highway 109. Highway 109 to the North provides access to communities such as Wildwood, Chesterfield and Ellisville, and to the South, northern Jefferson County.

The City of Eureka is located just several minutes east of Franklin County and approximately 20 minutes west of the City of St. Louis, providing nearby access to concerts, shopping, employers, the arts and countless other activities and attractions throughout the entire St. Louis Metropolitan Area. Access to Eureka is considered to be average on an overall basis.

City of Eureka Overview
(Continued)

Population and Demographics

According to U.S. Census Bureau data, the total 2019 population within approximately 5 miles of the approximate center of Eureka is 27,912 and the approximate population within 1 mile of the center of the community is 2,934. There are 1,120 housing units within 1 mile of the approximate center of Eureka and 835 (75%) are owner-occupied. The exhibit below shows rings of 1, 3 and 5 miles from the approximate center of the City of Eureka. On the following two pages are exhibits with corresponding demographic data.



City of Eureka Overview
(Continued)

esri

Executive Summary

Eureka, Missouri
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 38.50184
Longitude: -90.62801

	1 mile	3 miles	5 miles
Population			
2000 Population	2,186	10,154	21,824
2010 Population	2,696	12,954	25,637
2019 Population	2,934	14,590	27,912
2024 Population	3,031	15,149	28,825
2000-2010 Annual Rate	2.12%	2.47%	1.62%
2010-2019 Annual Rate	0.92%	1.29%	0.92%
2019-2024 Annual Rate	0.65%	0.75%	0.65%
2019 Male Population	49.3%	49.5%	51.2%
2019 Female Population	50.7%	50.5%	48.8%
2019 Median Age	38.8	39.8	40.7

In the identified area, the current year population is 27,912. In 2010, the Census count in the area was 25,637. The rate of change since 2010 was 0.92% annually. The five-year projection for the population in the area is 28,825 representing a change of 0.65% annually from 2019 to 2024. Currently, the population is 51.2% male and 48.8% female.

Median Age

The median age in this area is 38.8, compared to U.S. median age of 38.5.

Race and Ethnicity			
2019 White Alone	93.7%	93.7%	91.5%
2019 Black Alone	1.0%	0.9%	3.0%
2019 American Indian/Alaska Native Alone	0.2%	0.3%	0.3%
2019 Asian Alone	2.0%	2.2%	2.7%
2019 Pacific Islander Alone	0.0%	0.1%	0.1%
2019 Other Race	0.5%	0.5%	0.5%
2019 Two or More Races	2.5%	2.3%	2.1%
2019 Hispanic Origin (Any Race)	2.9%	2.6%	2.3%

Persons of Hispanic origin represent 2.3% of the population in the identified area compared to 18.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 20.0 in the identified area, compared to 64.8 for the U.S. as a whole.

Households			
2019 Wealth Index	150	185	195
2000 Households	734	3,318	6,977
2010 Households	993	4,469	8,599
2019 Total Households	1,076	5,031	9,390
2024 Total Households	1,111	5,225	9,707
2000-2010 Annual Rate	3.07%	3.02%	2.11%
2010-2019 Annual Rate	0.87%	1.29%	0.96%
2019-2024 Annual Rate	0.64%	0.76%	0.67%
2019 Average Household Size	2.64	2.86	2.83

The household count in this area has changed from 8,599 in 2010 to 9,390 in the current year, a change of 0.96% annually. The five-year projection of households is 9,707, a change of 0.67% annually from the current year total. Average household size is currently 2.83, compared to 2.83 in the year 2010. The number of families in the current year is 7,400 in the specified area.

Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024. Esri converted Census 2000 data into 2010 geography.

January 07, 2020

City of Eureka Overview
(Continued)

esri

Executive Summary

Eureka, Missouri
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 38.50184
Longitude: -90.62801

	1 mile	3 miles	5 miles
Mortgage Income			
2019 Percent of Income for Mortgage	14.6%	14.8%	15.0%
Median Household Income			
2019 Median Household Income	$87,434	$101,943	$103,649
2024 Median Household Income	$104,117	$113,541	$113,894
2019-2024 Annual Rate	3.55%	2.18%	1.90%
Average Household Income			
2019 Average Household Income	$112,966	$127,378	$131,343
2024 Average Household Income	$130,518	$145,015	$147,998
2019-2024 Annual Rate	2.93%	2.63%	2.42%
Per Capita Income			
2019 Per Capita Income	$38,571	$44,180	$45,334
2024 Per Capita Income	$44,759	$50,307	$50,979
2019-2024 Annual Rate	3.02%	2.63%	2.37%
Households by Income			

Current median household income is $103,649 in the area, compared to $60,548 for all U.S. households. Median household income is projected to be $113,894 in five years, compared to $69,180 for all U.S. households

Current average household income is $131,343 in this area, compared to $87,398 for all U.S. households. Average household income is projected to be $147,998 in five years, compared to $99,638 for all U.S. households

Current per capita income is $45,334 in the area, compared to the U.S. per capita income of $33,028. The per capita income is projected to be $50,979 in five years, compared to $36,530 for all U.S. households

Housing			
2019 Housing Affordability Index	150	150	148
2000 Total Housing Units	768	3,509	7,346
2000 Owner Occupied Housing Units	673	3,042	6,284
2000 Renter Occupied Housing Units	61	275	693
2000 Vacant Housing Units	34	192	369
2010 Total Housing Units	1,069	4,791	9,154
2010 Owner Occupied Housing Units	810	3,889	7,692
2010 Renter Occupied Housing Units	183	580	907
2010 Vacant Housing Units	76	322	555
2019 Total Housing Units	1,120	5,212	9,785
2019 Owner Occupied Housing Units	835	4,235	8,176
2019 Renter Occupied Housing Units	242	796	1,214
2019 Vacant Housing Units	44	181	395
2024 Total Housing Units	1,149	5,385	10,089
2024 Owner Occupied Housing Units	871	4,430	8,498
2024 Renter Occupied Housing Units	240	794	1,209
2024 Vacant Housing Units	38	160	382

Currently, 83.6% of the 9,785 housing units in the area are owner occupied; 12.4%, renter occupied; and 4.0% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.4% are renter occupied; and 11.2% are vacant. In 2010, there were 9,154 housing units in the area - 84.0% owner occupied, 9.9% renter occupied, and 6.1% vacant. The annual rate of change in housing units since 2010 is 3.01%. Median home value in the area is $317,883, compared to a median home value of $234,154 for the U.S. In five years, median value is projected to change by 1.39% annually to $340,570.

Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024. Esri converted Census 2000 data into 2010 geography.

January 07, 2020

City of Eureka Overview
(Continued)

According to U.S. Census Bureau data, the population in Eureka has experienced a slight increase since 2010 which is generally consistent with the overall change in population for St. Louis County. Additional demographic data pertaining to Eureka is below.

POPULATION	
Total Population	11,189
Population in Households	10,983
Population in Familes	9,850
Population in Group Qrtrs	206
Population Density	1,058
Diversity Index[1]	17

HOUSING	
Total Housing Units	3,880 (100%)
Owner Occupied HU	3,121 (80.4%)
Renter Occupied HU	686 (17.7%)
Vacant Housing Units	73 (1.9%)
Median Home Value	$298,795
Housing Affordability Index[2]	165

INCOME	
Median Household Income	$100,972
Average Household Income	$126,941
Per Capita Income	$43,538
Wealth Index[3]	181

HOUSEHOLDS	
Total Households	3,807
Average Household Size	2.88
Family Households	2,999
Average Family Size	3

GROWTH RATE / YEAR	2010-2019	2019-2024
Population	1.02%	0.7%
Households	0.99%	0.7%
Families	0.91%	0.65%
Median Household Income		2.42%
Per Capita Income		2.76%

Eureka, MO - Peer Comparisons by Rank and Percentile

The table below compares Eureka to the other 1,034 incorporated cities, towns and CDPs in Missouri by rank and percentile using July 1, 2019 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	# 80	92nd
Population Density	# 329	68th
Diversity Index	# 357	66th
Median Household Income	# 31	97th
Per Capita Income	# 44	96th

City of Eureka Overview
(Continued)

Housing Market

According to State of the Cities Data Systems (https://socds.huduser.gov/permits/), the City of Eureka has issued approximately 126 building permits for new construction of single-family and multiple-family residences in 2019 which reflects a significant increase from recent years.

While the number of permits increased in Eureka by 1045% from 2015 to 2019, the number of permits in the county as a whole has decreased by 45% during the same time period (see exhibit below).

ST. LOUIS COUNTY
BUILDING PERMITS

	2019	*2018*	*2017*	*2016*	*2015*
Single-Family	826	905	1165	937	924
Multiple-Family	196	247	310	722	933
Total	1022	1152	1475	1659	1857

CITY OF EUREKA
BUILDING PERMITS

	2019	*2018*	*2017*	*2016*	*2015*
Single-Family	126	81	93	26	11
Multiple-Family	0	0	0	0	0
Total	126	81	93	26	11

Source: socds.huduser.gov/permits

City of Eureka Overview
(Continued)

Conclusion

In summary, the area along the Interstate 44 corridor is becoming increasingly favorable for development. The St. Louis Metropolitan development trends have continued westward and are beginning to reach outlying areas including Franklin County. A majority of the development has occurred along the interstate which provides easy access to manufacturing and distribution facilities. The overall outlook for the area is one of relative stability with little to modest growth taking place in the foreseeable future.

Description of the Subject Property Parcels

The subject property assets consist of the real property rights and infrastructure system associated with the water delivery and wastewater collection systems for the City of Eureka. There are 10 parcels of real estate that comprise the water delivery system and 11 parcels of real estate that comprise the wastewater collection system. The exhibit below summarizes the parcels and is followed by a detailed description of each. For a description and list of the other assets that are associated with the subject property systems, please see the attached Flinn Engineering report.

SUMMARY OF PARCELS INCLUDED WITH VALUATION

FEE OWNED & PRESUMED PERMANENT EASEMENTS

Property Identification	Property Common Address	Existing Use and Improvements	County Assessor Locator Number	Property Owner per County Records	Approximate Parcel Size
Water - 1	765 Niehoff Drive	Tank and Booster Pump	30V330062	City of Eureka	0.24 Acres
Water - 2	109 Broack Road	Tank and Booster Pump	30V240192	City of Eureka	1.97 Acres
Water - 3	489 Hill Drive	Well #5	29V220521	Drewel Park/City of Eureka	16 Acres
Water - 4	503 Vista Hills Court	Tank, Well #6, Booster Pump	29W220311	City of Eureka	0.69 Acres
Water - 5	1414 W. Main Street	Well #10	29W330188	City of Eureka	0.36 Acres
Water - 6	533 Howerton Lane	Well #1	29W520246	City of Eureka	0.14 Acres
Water - 7	755 Brewster Road	Well #9, Tank, Booster Pump	28W220011	City of Eureka	0.89 Acres
Water - 8	687 Viola Lane	Well #8, Two Tanks	29V430993	City of Eureka	1.41 Acres
Water - 9	360 Forby Road	Tank and Booster Pump	28V220089	City of Eureka	6.5 Acres
Water - 10	4589 Emerald View Court	Booster Pump	28V520280	Emerald Forest Trustees	13.42 Acres
Wastewater - 1	71 and 99 Augustine Road	Wastewater Treatment Plant	29U130045 29U110113 29U110124 29U110146	City of Eureka	38.16 Acres
Wastewater - 2	15 Truitt Drive	Lift Station	29V340522	Marschuetz Properties LLC	3.12 Acres
Wastewater - 3	25 Williams Road	Lift Station	29U140055	City of Eureka	19.51 Acres
Wastewater - 4	Highway 109 Street	Lift Station	28U110190	City of Eureka (see note below)	n/a
Wastewater - 5	East North Street	Lift Station	29V630753	James and Judy Roney	0.79 Acres
Wastewater - 6	7 and 9 West North Street	Lift Station	29V630803 29V631172	Paul and Judith Costello William and Bobbie Roberts	7.08 Acres 0.40 Acres
Wastewater - 7	16872 Enderbush Lane	Lift Station	29V531391	Enderbush Estates Trustees	0.17 Acres
Wastewater - 8	Hilltop Village Center Drive	Lift Station	29V520270	Ridgemoor Investments Inc.	0.99 Acres
Wastewater - 9	17435 Wyman Ridge Drive	Lift Station	28W220572	The Arbors at Rockwood Homes	3.3 Acres
Wastewater - 10	18475 U.S. Hwy 66 Street	Lift Station	29X210078	Show-Me Outdoor Dev. Inc.	16.74 Acres
Wastewater - 11	Cahoon Drive	Lift Station	public right of way	City of Eureka	n/a

Notes:

For Parcel Water - 3, the presumed permanent easement area for the well site is 65' x 100'
For Parcel Water - 10, the presumed permanent easement area for the booster pump is 5,000 square feet
For Parcel Wastewater - 2, the presumed permanent easement area for the lift station is 10' x 10'
For Parcel Wastewater - 3, the presumed permanent easement area for the lift station is 10' x 10'
For Parcel Wastewater - 4, the presumed permanent easement area for the lift station is 10' x 230'
For Parcel Wastewater - 4, the lift station is in public right-of-way, but accessed from private property (Deerpath Community Association, Inc.)
For Parcel Wastewater - 5, the presumed permanent easement area for the lift station is 10' x 10'
For Parcel Wastewater - 5, access assumes a legal crossing of two contiguous tracts (29V63073 and 29V630803)
For Parcel Wastewater - 6, the presumed permanent easement area for the lift station is 10' x 10'
For Parcel Wastewater - 6, access assumes a legal crossing of two contiguous tracts
For Parcel Wastewater - 7, the presumed permanent easement area for the lift station is 1,200 square feet
For Parcel Wastewater - 8, the presumed permanent easement area for the lift station is 650 square feet
For Parcel Wastewater - 9, the presumed permanent easement area for the lift station is 35' x 40'
For Parcel Wastewater - 10, the presumed permanent easement area for the lift station is 7,000 square feet
For Parcel Wastewater - 11, the presumed permanent easement area for the lift station is 10' x 10'

Description of the Subject Property Parcels
(Continued)

Unless otherwise noted, all of the following properties are owned by the City of Eureka.

(Water-1) 765 Niehoff Drive – Tank and Booster Site

This site is located on the northeast side of Niehoff Drive, just south of its intersection with Highway 109 Street, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 30V330062 and calculates it to be 0.24 acres in size. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 350 lineal feet in length. The site is improved with a 500,000 gallon metal standpipe tank that was reportedly installed in 2007 and a one story prefabricated pump shed, on a slab foundation. The storage shed contains approximately 160 square feet of gross building area, is estimated to have been installed in 2007, and is considered to be in average to good condition. A backup generator is located on this site.

(Water-2) 109 Brock Road – Tank and Booster

This site is located on the south side of Brock Road, just south of its intersection with Bald Hill Road, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 30V240192 and calculates it to be 1.97 acres in size. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 600 lineal feet in length. The site is improved with a 500,000 gallon metal ground supported tank that was reportedly installed in 1960, a one story, with concrete slab foundation, frame booster station building containing approximately 600 square feet of gross building area, that is estimated to have been constructed in 2004, and a one story, with concrete slab foundation, metal well house, reportedly constructed in 1960, containing approximately 60 square feet of gross building area. The booster station building is considered to be in average condition and the well house is considered to be in fair condition. A backup generator is located on this site. The well was reportedly capped in 2018.

(Water-3) 489 Hill Drive – Well #5

This site is located on the north side of Hill Drive, within Drewel Park, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 29V220521 and calculates it to be 16.00 acres in size. However, the well site is estimated to consist of a 65 foot by 100 foot, or 6,500 square foot, area. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 290 lineal feet in length. The site is improved with a one story, with a concrete slab foundation, well building of masonry construction, containing approximately 899 square feet of gross building area that was reportedly constructed in 2004. This building is serviced with a HVAC system and considered to be in average to good condition. A backup generator is located on this site. It should be noted that there is no pump or tank at this site.

Description of the Subject Property Parcels
(Continued)

(Water-4) 503 Vista Hills Court – Tank, Well #6 and Booster Pump

This site is located on the northwest side of Vista Hills Court at its terminus, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 29W220311 and calculates it to be 0.69 acres in size. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 560 lineal feet in length. The site is improved with a 500,000 gallon metal ground supported tank that was reportedly installed in 1997, a prefabricated one story utility building containing approximately 252 square feet that was reportedly constructed in 1997, a prefabricated one story utility building containing approximately 300 square feet that was also reportedly constructed in 1997, and a one story, with concrete slab foundation, masonry building, containing approximately 448 square feet, that is estimated to have been constructed in 2012. The two prefabricated buildings are considered to be in average condition while the masonry building is considered to be in good condition. A backup generator is located on this site.

(Water-5) 1414 West Main Street – Well #10

This site is located on the east side of West Main Street, just north of its intersection with Pinhigh Court, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 29W330188 and calculates it to be 0.36 acres in size. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 350 lineal feet in length. The site is improved with a one story, with concrete slab foundation, utility shed of frame construction, containing approximately 900 square feet of gross building area that was reportedly constructed in 2008. This building contains a well pump, is serviced by a HVAC system, and is considered to be in average to good condition. A backup generator is located on this site.

(Water-6) 533 Howerton Lane – Well #1

This site is located on the west side of Howerton Lane Main Street, just north of its intersection with West Fifth Street, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 29W520246 and calculates it to be 0.14 acres in size. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 290 lineal feet in length. The site is improved with a one story, with concrete slab foundation, well house of masonry construction, containing approximately 899 square feet of gross building area that was reportedly constructed in 2005. This building contains a well pump, is serviced by a HVAC system, and is considered to be in good condition. A backup generator is located on this site.

Description of the Subject Property Parcels
(Continued)

(Water-7) 755 Brewster Road – Well #9, a Tank, and a Booster Pump

This site is located on the north side of Brewster Road, just west of its intersection with Brewster Road, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 28W220011 and calculates it to be 0.89 acres in size. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 700 lineal feet in length. The site is improved with a 500,000 gallon metal ground supported tank that was reportedly installed in 2016 and a one story, with concrete slab foundation, metal utility building containing approximately 1,300 square feet of gross building area, that is estimated to have been constructed in 2016. The utility building is considered to be in good condition. A backup generator is located on this site.

(Water-8) 687 Viola Lane – Well #8 and Two Tanks

This site is located on the north side of Viola Lane, at its intersection with Hunters Heights Drive, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 29V430993 and calculates it to be 1.41 acres in size. This parcel is a flag shaped lot that includes an approximate 615 foot by 18 foot access road. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 905 lineal feet in length. The site is improved with a 250,000 gallon metal ground supported tank that was reportedly installed in 1965 and a 500,000 gallon metal ground supported tank that was reportedly installed in 1977. Ancillary buildings include a , a one story, with concrete slab foundation, metal utility building containing approximately 512 square feet of gross building area, that was reportedly constructed in 1965 and considered to be in average condition, a one story, with a concrete slab foundation, frame utility building containing approximately 468 square feet of gross building area, that was reportedly constructed in 1996 and considered to be in average condition, and a one story, on concrete slab foundation, utility building of masonry construction containing approximately 899 square feet of gross building area, that was reportedly constructed in 2006, considered to be in good condition, and serviced by a HVAC system. A backup generator is located on this site.

(Water-9) 360 Forby Road – Tank and Booster

This site is located on the south side of Forby Road, just south of its intersection with Forby Estates Drive, in Eureka, Missouri. The St. Louis County Assessor identifies this site by Locator Number 28V220089 and calculates it to be 6.50 acres in size. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 595 lineal feet in length. The site is improved with a 500,000 gallon metal ground supported tank that was reportedly installed in 2004 and a one story, with concrete slab foundation, utility building of masonry construction containing approximately 240 square feet of gross building area, that is estimated to have been constructed in 2006, serviced by a HVAC system, and is considered to be in good condition. A backup generator is located on this site.

Description of the Subject Property Parcels
(Continued)

(Water-10) 4589 Emerald View Court – Booster Station

This site is located on the west side of Emerald View Court, just north of its intersection with Emerald Oaks Court, in Eureka, Missouri. This parcel is in the name of Emerald Forest Trustees. The St. Louis County Assessor identifies this site by Locator Number 28V520280 and calculates it to be 13.42 acres in size. However, the booster station site is estimated to consist of approximately 5,000 square feet of land area. The site is improved with a one story, on a concrete slab foundation, booster building of frame construction containing approximately 613 square feet of gross building area that was reportedly constructed in 1998. The improvements are designed to resemble a single family dwelling and are considered to be of very good quality and condition. A backup generator is located on this site.

(Wastewater-1) 71 and 99 Augustine Road - Wastewater Treatment Plant

The wastewater treatment plant is comprised of four parcels that are owned by the City of Eureka. These parcels are identified by the Locator Identification Numbers 29U130045, 29U110113, 29U110124, and 29U110146 and have a common street address of 71 and 99 Augustine Road, Eureka, Missouri. According to public records, the entirety of these parcels consists of 38.16 acres. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 4,930 lineal feet in length. The site is improved by a one story, with a concrete slab foundation, metal utility building containing approximately 2,100 square feet of gross building area, that is estimated to have been built in 2012, and is considered to be in good condition and a one story, with a concrete slab foundation, metal utility building containing approximately 1,320 square feet of gross building area, that is estimated to have been built in 2015, and is considered to be in good condition. There is also a small metal shed, approximately 36 square feet in gross building area that is in fair condition. There are two aeriation lagoons at this location. It should be noted that these parcels are contiguous with Kircher Park and are connected by a walking trail that traverses the park and the southern border of the water treatment plant.

(Wastewater-2) 15 Truitt Drive - Lift Station

This site is located on the south side of Truitt Drive, approximately 0.3 miles north of its intersection with Highway 109 Street, in Eureka, Missouri. This site is located at the northeast corner of parcel 29V340522 which is in the name of Marschuetz Properties, LLC. It is uncertain whether the lift station is located on this property or on the public right-of-way. Parcel 29V340522 is calculated by the St. Louis County Assessor's office to be 3.12 acres in size. 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.

Description of the Subject Property Parcels
(Continued)

(Wastewater-3) 25 Williams Road - Lift Station

This site is located on the south side of Stonebridge Road, within Kircher Park, in Eureka, Missouri. The St. Louis County Assessor identifies this parcel by Locator Number 29U140055 and calculates it to be 19.51 acres in size. However, the lift station site consists of an estimated 10 foot by 10 foot, or 100 square foot, area of land. The site is improved with a lift station.

(Wastewater-4) Highway 109 Street - Lift Station

This site is located on the east side of Highway 109 Street, approximately 0.3 miles north of its intersection with Interstate 44, in Eureka, Missouri. This site is located in the public right of way. The lift station site is estimated to be approximately 2,300 square feet of land area. The site is improved with a lift station and a generator. It should be noted that this site is currently accessed via a driveway off of Highway 109 Street, approximately 230 feet in length that traverses private property that is identified by the St. Louis County Assessor's office as parcel 28U110190 and is in the name of Deerpath Community Association Inc.

(Wastewater-5) 9 East North Street - Lift Station

This site is located on the north side of East North Street, north of its intersection with North Central Avenue, in Eureka, Missouri. This parcel is in the name of James E. and Judy M. Roney. The St. Louis County Assessor identifies this site by Locator Number 29V630753 and calculates it to be 0.79 acres in size. However, the lift station site consists of an estimated 10 foot by 10 foot, or 100 square foot, area of land. The site is improved with a lift station. It should be noted that this site is approximately 140 feet north of parcel 29V63073's frontage to East North Street and must be accessed by traversing private property that may include both parcel 29V63073 and neighboring parcel 29V630803. The latter parcel is in the name of Paul J and Judith A. Costello.

(Wastewater-6) 7 and 19 West North Street - Lift Station

This site is located on the north side of West North Street, just east of its intersection with North Virginia Avenue, in Eureka, Missouri. This site appears to be on the border of two private parcels, 7 West North Street and 19 West North Street. The St. Louis County Assessor identifies these parcels by Locator Numbers 29V630803, calculated at 7.08 acres, and 29V631172, calculated at 0.40 acres, respectively. Parcel 29V630803 is in the name Paul J and Judith A. Costello and parcel 29V631172 is in the name of William and Bobbie Roberts. However, the lift station site consists of an estimated 10 foot by 10 foot, or 100 square foot, area of land. The site is improved with a lift station. It should be noted that this site is approximately 140 feet north of both of the parcels' frontage to West North Street and must be accessed by traversing private property.

Description of the Subject Property Parcels
(Continued)

(Wastewater-7) 16872 Enderbush Lane - Lift Station

This site is located on the south side of Enderbush Lane at its cul-de-sac, in Eureka, Missouri. The St. Louis County Assessor identifies this parcel by Locator Number 29V531391 and calculates it to be 0.17 acres in size. This parcel is in the name of Enderbush Estates Trustees. The lift station site on a standalone basis is estimated to consist of approximately 1,200 square feet of land area. The site is improved with a lift station.

(Wastewater-8) 1 Hilltop Village Center Drive - Lift Station

This site is located on the north side of Hilltop Village Center Drive, just west of its intersection with Riley Baker Way, in Eureka, Missouri. The St. Louis County Assessor identifies this parcel by Locator Number 29V520270 and calculates it to be 0.99 acres in size. This parcel is in the name of Ridgemoor Investments Inc. However, the lift station site on a standalone basis is estimated to consist of approximately 650 square feet of land area. The site is improved with a lift station and a generator that is enclosed within a frame shed comprised of approximately 16 square feet.

(Wastewater-9) 17435 Wyman Ridge Drive - Lift Station

This site is located on the north side of Wyman Ridge Drive, just east of its intersection with Shawnee View Court, in Eureka, Missouri. The St. Louis County Assessor identifies this parcel by Locator Number 28W220572 and calculates it to be 3.30 acres in size. This parcel is in the name of The Arbors at Rockwood Homeowners Association. The lift station site on a standalone basis is estimated to consist of an approximate 35 foot by 40 foot, or 1,400 square foot, area. The site is improved with a lift station, asphalt paving, two pole mounted lamps, and vinyl fencing around the perimeter that is six feet in height.

(Wastewater-10) 18475 U.S. Highway 66 Street - Lift Station

This site is located on the west side of U.S. Highway 66 Street, just south of its intersection with South Fox Creek Lane, in Eureka, Missouri. The St. Louis County Assessor identifies this parcel by Locator Number 29X210078 and calculates it to be 16.74 acres in size. This parcel is in the name of Show-Me Outdoor Development Inc. The lift station site on a standalone basis is estimated to consist of approximately 7,000 square feet of land area. The site is improved with a lift station, a chat paved driveway, and a generator enclosed within a metal shed of average condition, comprised of approximately 120 square feet of building area.

Description of the Subject Property Parcels
(Continued)

(Wastewater-11) Cahoon Drive - Lift Station

This site is located at the terminus of Cahoon Drive, Eureka, Missouri. This site is located in the public right-of-way and does not have a Locator Number. The lift station site on a standalone basis is estimated to be approximately 10 feet by 10 feet, or 100 square feet of land area. The site is improved with a lift station.

Highest and Best Use Analysis

The beginning point in the valuation of any real estate is the determination of the property's highest and best use. Highest and Best Use is defined in the 14th Edition of *The Appraisal of Real Estate* as follows:

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

The 14th Edition states that there are four implicit steps as part of the analysis that are applied in the following order: (1) Legally Permissible, (2) Physically Possible, (3) Financially Feasible, and (4) Maximally Productive.

The subject property includes land (owned in fee and permanent easements), buildings, and infrastructure/facilities associated with the City of Eureka 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 March 18, 2020, is its present use as a water delivery and wastewater system.

Furthermore, it is our opinion the market value of the land, as vacant, is also for its present use as part of a utility infrastructure system.

Application of the Approaches to Value

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

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

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

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

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

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

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

Application of the Approaches to Value
(Continued)

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

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

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

Cost Approach

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

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

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

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

Reproduction Cost is defined as:

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

Replacement Cost is defined as:

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

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

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

[10] Ibid.

Cost Approach
(Continued)

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.

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 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.

On the following page is a summary of the market data relied on for this analysis. The market data is divided into two categories (Residential Land Sales and Commercial Land Sales). The market data was relied on in determining the contributory value of the land (fee parcels and presumed permanent easements).

Based upon the market data, the total contribution for the land (parcels in fee plus presumed permanent easements) is concluded to be $150,000 of which $100,000 is allocated to the water system and $50,000 is allocated to the wastewater system.

Cost Approach
(Continued)

Comparable Residential Land Sales
(All located in St. Louis County)

No.	Address	City, State, Zip	Sale Date	Sale Price	Size/SF	Size/Ac	Price/SF	Price/Ac
1	640 Meramec View Drive	Eureka, Missouri 63025	10/11/2019	$35,000	10,019	0.230	$3.49	$152,174
2	550 Orchard Lane	Eureka, Missouri 63025	3/15/2018	$58,000	13,504	0.310	$4.30	$187,097
3	364 Stonewall Drive	Eureka, Missouri 63025	5/9/2019	$119,500	43,996	1.010	$2.72	$118,317
4	336 Stonewall Drive	Eureka, Missouri 63025	11/29/2018	$120,000	45,302	1.040	$2.65	$115,385
5	778 Southern Hills Drive	Eureka, Missouri 63025	12/22/2017	$84,000	72,310	1.660	$1.16	$50,602
6	1115 Eureka Road	Unincorporated, Missouri 63025	12/27/2018	$71,000	76,230	1.750	$0.93	$40,571
7	121 Lewis Road	Unincorporated, Missouri 63025	11/25/2019	$80,000	130,680	3.000	$0.61	$26,667
8	416 Crescent Meadows Lane	Unincorporated, Missouri 63025	9/4/2018	$117,500	131,551	3.020	$0.89	$38,907
9	419 Crescent Vista Lane	Eureka, Missouri 63025	5/22/2018	$170,000	134,600	3.090	$1.26	$55,016
10	404 Crescent Meadows Lane	Unincorporated, Missouri 63025	8/27/2018	$124,900	136,778	3.140	$0.91	$39,777
11	216 Deer Run Lane	Unincorporated, Missouri 63025	12/19/2018	$172,500	162,479	3.730	$1.06	$46,247
12	519 Lewis Road	Unincorporated, Missouri 63025	12/6/2019	$300,000	435,600	10.000	$0.69	$30,000
13	1145 and 1173 Eureka Road	Unincorporated, Missouri 63025	11/7/2019	$444,000	726,146	16.670	$0.61	$26,635

Comparable Commercial Land Sales
(All located in St. Louis County)

No.	Address	City, State, Zip	Sale Date	Sale Price	Size/SF	Size/Ac	Price/SF	Price/Ac
1	532 North Virgnia Avenue	Eureka, Missouri 63025	9/19/2014	$20,000	7,100	0.163	$2.82	$122,699
2	105 East Third	Eureka, Missouri 63025	5/24/2018	$300,000	64,904	1.490	$4.62	$201,342
3	216 and 220 East Avenue	Eureka, Missouri 63025	10/4/2017	$31,000	10,019	0.230	$3.09	$134,783
4	923 Benton Street	Valley Park, Missouri 63088	12/27/2017	$116,000	19,602	0.450	$5.92	$257,778
5	16910 Manchester Road	Wildwood, Missouri 63040	7/10/2019	$75,000	23,740	0.545	$3.16	$137,615
6	354 Skinker Lane	Fenton, Missouri 63026	9/13/2019	$58,000	3,049	0.070	$19.02	$828,571
7	555 Rockwood Arbor Drive	Eureka, Missouri 63025	3/14/2018	$685,874	169,753	3.897	$4.04	$176,001

Cost Approach
(Continued)

With regard to the contributory "as is" value of the improvements, the exhibit on the following page summarizes the analysis and calculations for each property based upon the estimates and calculations of the appraisers.

The exhibit on the following page includes cost estimates ("UNIT VALUE") that were based upon industry cost sources. The exhibit also includes an opinion of the remaining economic life ("REL") that was based upon age/life depreciation estimates based, in part, on the observed condition of the improvements by the appraisers.

The total building and site improvements "as is" value opinions are $256,153 for the water asset locations and $125,515 for the wastewater asset locations. The appraisers' opinions for the wastewater assets (land and site improvements; $125,515) is reasonably close to the depreciation calculation provided in the Flinn report. In the Flinn report, the calculation for the improvements for the wastewater locations was $116,618.

However, in the opinions and calculations for the water asset locations, the appraisers' opinion was a total of $256,154. The Flinn report was substantially higher as the calculations for two of the locations (W-1 and W-7) included other assets in addition to the buildings. After consulting with the author of the Flinn report, we became aware that the line item calculations in the Flinn report in some cases include other assets (such as the water softener system in the case of W-7) and therefore the depreciated value of the building is not divided out of the total.

Another consideration in the comparison of the Flinn calculations and the appraisers' opinions is the estimate of depreciation applied. For example, in the Flinn report, the depreciated assets of the buildings is based upon a combination of historical data and industry standards without the benefit of interior inspections. The appraisers' opinions are based upon current cost estimates and depreciation calculations utilizing an age/life method that is based upon the observed conditions of the buildings.

Based upon this information, we have subtracted from the Flinn report total depreciated values (for both water and wastewater) an amount equal to the depreciated value attributed to the buildings. In our opinion, the appraisers' opinions are more accurate as they are based, in part, on observed condition, and should be used as the basis of the contributory value of the improvements for the Cost Approach.

As noted earlier, the appraisers' opinions of "As Is Value" are presented in the exhibit on the following page. Following that exhibit are additional exhibits showing (1) the comparison of the Flinn calculations and the appraisers' opinions and (2) a summary of the adjustments to the Flinn calculations to remove the values attributed to the buildings.

Cost Approach
(Continued)

SUMMARY OF CONTRIBUTORY VALUE OF IMPROVEMENTS

Location	Building	Size		Unit Value	Cost New	REL	As Is Value
(Water -1) 765 Niehoff Drive							
	Prefabricated Shed	160	S.F.	$15.29	$2,446	80%	$1,957
	Chain Fence	350	Lineal Ft.	$19.07	$6,675	70%	$4,672
(Water -2) 109 Brock Road							
	Booster Station	600	S.F.	$24.86	$14,916	70%	$10,441
	Well House	60	S.F.	$15.29	$917	50%	$459
	Chain Fence	600	Lineal Ft.	$19.07	$11,442	70%	$8,009
(Water-3) 489 Hill Drive							
	Well House	899	S.F.	$35.32	$31,753	90%	$28,577
	Chain Fence	290	Lineal Ft.	$19.07	$5,530	70%	$3,871
(Water-4) 503 Vista Hills Court							
	Prefabricated Building	252	S.F.	$15.29	$3,853	70%	$2,697
	Prefabricated Building	300	S.F.	$15.29	$4,587	70%	$3,211
	Masonry Building	448	S.F.	$29.75	$13,328	90%	$11,995
	Chain Fence	560	Lineal Ft.	$19.07	$10,679	70%	$7,475
(Water-5) 1414 West Main Street							
	Utility Shed	900	S.F.	$30.42	$27,378	80%	$21,902
	Chain Fence	350	Lineal Ft.	$19.07	$6,675	70%	$4,672
(Water-6) 533 Howerton Lane							
	Well House	899	S.F.	$35.32	$31,753	90%	$28,577
	Chain Fence	290	Lineal Ft.	$19.07	$5,530	70%	$3,871
(Water-7) 755 Brewster Road							
	Utility Building	1300	S.F.	$15.29	$19,877	90%	$17,889
	Chain Link Fence	700	Lineal Ft.	$19.07	$13,349	70%	$9,344
(Water-8) 687 Viola Lane							
	Utility Building	512		$15.29	$7,828	70%	$5,480
	Utility Building	468		$24.86	$11,634	70%	$8,144
	Utility Building	899		$35.32	$31,753	90%	$28,577
	Chain Link Fence	905	Lineal Ft.	$19.07	$17,258	70%	$12,081
(Water-9) 360 Forby Road							
	Utility Building	240	S.F.	$45.50	$10,920	90%	$9,828
	Chain Fence	595	Lineal Ft.	$19.07	$11,347	70%	$7,943
(Water-10) 4589 Emerald View Court							
	Booster Building	613	S.F.	$24.86	$15,239	95%	$14,477
(Wastewater-1) 71 & 99 Augustine Road							
	Utility Building	2,100	S.F.	$15.29	$32,109	90%	$28,898
	Utility Building	1,320	S.F.	$15.29	$20,183	90%	$18,165
	Shed	36	S.F.	$9.44	$340	50%	$170
	Chain Link Fence	4,930	Lineal Ft.	$19.07	$94,015	70%	$65,811
(Wastewater-9) 17435 Wyman Ridge Drive							
	Vinyl Fence	145	Lineal Ft.	$42.26	$6,128	90%	$5,515
	Asphalt	1,070	S.F.	$2.96	$3,167	90%	$2,850
	Lamp Post	2	Units	$1,568.00	$3,136	90%	$2,822
(Wastewater-10) 18475 U.S. Highway 66 Street							
	Shed	120	S.F.	$15.29	$1,835	70%	$1,284

Cost Approach
(Continued)

COMPARISON OF CONTRIBUTORY VALUE OF IMPROVEMENTS

Buildings and Site Improvements

LOCATION	FLINN REPORT	APPRAISERS' ESTIMATE	NOTES
W-1	$199,757	$6,629	*Flinn: Includes building and other assets*
W-2	$36,525	$18,909	
W-3	$25,437	$32,449	
W-4	$108,402	$25,379	
W-5	$68,705	$26,575	
W-6	$3,392	$32,449	
W-7	$2,203,090	$27,234	*Flinn: Includes building and other assets*
W-8	$47,482	$54,282	
W-9	$0	$17,771	
W-10	$24,106	$14,477	
WATER TOTAL	**$2,716,896**	**$256,154**	

LOCATION	FLINN REPORT	APPRAISERS' ESTIMATE	
WW-1	$116,618	$113,043	
WW-2	$0	$0	
WW-3	$0	$0	
WW-4	$0	$0	
WW-5	$0	$0	
WW-6	$0	$0	
WW-7	$0	$0	
WW-8	$0	$0	
WW-9	$0	$11,188	*Appraisers' estimate includes site improvements*
WW-10	$0	$1,284	*Appraisers' estimate includes site improvements*
WASTEWATER TOTAL	**$116,618**	**$125,515**	

Note: The information in the exhibit above in the column with the heading "FLINN REPORT" is taken from the information contained in Flinn Appendix D (attached hereto). For purposes of the adjustments to the Flinn report depreciated values (summarized below), the deductions for W-1 and W-7 were adjusted to reflect only the buildings' contributions as the author of the Flinn report explained those respective totals ($199,757 for W-1 and $2,203,090 for W-7) include other assets in addition to the buildings.

ADJUSTMENTS APPLIED TO FLINN REPORT- DEPRECIATED VALUE CALCULATION TOTALS	
Depreciated Value of Water System Assets Including Buildings:	$18,155,170
Less Depreciated Value Attributed to Buildings:	-$300,000
Depreciated Value of Water Assets Excluding Buildings:	**$17,855,170**
Depreciated Value of Wastewater System Assets Including Buildings:	$13,293,844
Less Depreciated Value Attributed to Buildings:	-$116,618
Depreciated Value of Wastewater Assets Excluding Buildings:	**$13,177,226**

Cost Approach
(Continued)

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

With respect to the subject property system facilities, we have utilized the depreciated asset values from the Flinn report (excluding the building values as explained above). The Flinn values (prior to our adjustments) are summarized on Page 6 of the Flinn Report.

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

SUMMARY OF COST APPROACH VALUATIONS	
WATER SYSTEM	
Contributory Value of Land and Easements Rights:	$100,000
Flinn Engineering opinion (after adjustment for buildings):	$17,855,170
Contributory Value of Buildings and Site Improvements (As Is Value):	$256,154
TOTAL FOR WATER SYSTEM:	$18,211,324
ROUNDED TO:	**$18,200,000**
WASTEWATER SYSTEM	
Contributory Value of Land and Easements Rights:	$50,000
Flinn Engineering opinion (after adjustment for buildings):	$13,177,226
Contributory Value of Buildings and Site Improvements (As Is Value):	$125,515
TOTAL FOR WATER SYSTEM:	$13,352,741
ROUNDED TO:	**$13,400,000**

Sales Comparison Approach

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

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

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

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

As explained in the Scope of Work section of this report, we included transactional data pertaining to utility systems located in Illinois. We did consider two 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.

Sales Comparison Approach
(Continued)

Sale 1

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

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

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

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

Sales Comparison Approach
(Continued)

Sale 2

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

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

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

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

Sales Comparison Approach
(Continued)

Sale 3

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

Pending
Asset Purchase Agreement signed May 7, 2019
Price: $1,800,000 Water
$1,500,000 Sewer
Water system with 490 customers ($3,674 per customer)
Wastewater system with 460 customers ($3,261 per customer)

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

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

Sales Comparison Approach
(Continued)

Sale 4

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #5

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #6

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

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

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #7

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

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

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #8

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #9

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

Pending Sale (Asset Purchase Agreement signed March 27, 2018)
Price: $3,550,000
Combined water and wastewater system - 376 customers ($9,441 per customer)

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

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

Sales Comparison Approach
(Continued)

Sale #10

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #11

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

Sold August 2018 (Letter of Intent signed April 21, 2017)
Price: $4,000,000
Price breakout per appraisal of this system:
$2,619,000 for Water System with 970 Customers ($2,711 per customer)
$1,356,000 for Sewer System with 904 Customers ($1,515 per customer)
$3,975,000 for both Water and Sewer System, rounded within client documentation to $4,000,000

Seller: City of Lawson, MO
Buyer: Missouri American

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #12

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

Sold May 2018 (Asset Purchase Agreement Signed January 9, 2017)
Price: $2,000,000
$1,500,000 for Water System with 552 Customers ($2,717 per customer)
$500,000 for Sewer System with 1,406 Customers ($356 per customer)

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

This sale included the transfer of a water system and three sewer systems. The water system is Washington Estates (552 customers), and the sewer systems are Washington Estates (552 customers), Sundale Hills (713 customers), and Highland Hills (141 customers). The sale included 10 parcels of land owned in fee by Sundale Utilities which included office building, sewage treatment parcels, lagoons, lift stations, and water treatment facility.

In addition, permanent easements encumbering private property included approximately 5.17 acres for the water delivery system and 9.47 acres for the wastewater collection system. The water system's primary assets include two wells, a water treatment plant, a 75,000-gallon elevated water tower, and a 150 kw generator.

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

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

Sales Comparison Approach
(Continued)

Sale #13

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

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

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #14

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 #15

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

Sold October 1, 2018 (Asset Purchase Agreement Signed July 2017)
Price: $12,300,000 with 1,500 Customers ($8,200 per customer)

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

This sale includes a water delivery system that includes three water treatment facilities, two elevated water storage tanks and three groundwater supply wells. Tank #1 has a capacity of 250,000 gallons. Tank #2 has a capacity of 150,000 gallons. There are approximately 145,000 linear feet of mains.

This sale includes a wastewater system that includes a wastewater treatment facility with a capacity of 850,000 gallons per day. There are five lift stations. There are approximately 105,000 linear feet of gravity and force mains.

Sales Comparison Approach
(Continued)

Sale #16

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #17

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

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

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

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #18

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

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

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

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

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

The wastewater system includes the following treatment facilities:

Churchview WWTP (NPDES MO-0109118) is a packaged extended aeration system with a design flow of 30,000 gpd and actual flow of 15,000 gpd. It services 102 connections.

Deerhaven WWTP (NPDES MO-119326) is a packaged extended aeration system with a design flow of 21,368 gpd and actual flow of 17,000 gpd. It serves 81 connections.

Northwest WWTF (NPDES MO-0129658) is an aerated lagoon system with design flow of 151,000 gpd and actual flow of 44,000 gpd. It serves 212 connections.

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

Sales Comparison Approach
(Continued)

Sale #19

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

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

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

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

Sale #20

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

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

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

Sales Comparison Approach
(Continued)

Sale #21

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

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

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

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

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

Sales Comparison Approach
(Continued)

Sale #22

Ozark Shores Water Company (Water)
Camden County, Missouri

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

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

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

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

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

Sale #23

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

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

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

Sales Comparison Approach
(Continued)

Sale #24

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

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

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

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

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

Sales Comparison Approach
(Continued)

Water

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

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

Sale #	Grantor	Grantee	Location		Sale Date	Sale Price	# of Cust	Sale Price / Customer
2	Village of Sidney	Illinois American	Village of Sidney	IL	Pending	$ 2,300,000	567	$ 4,056
3	Village of Andalusia	Illinois American	Village of Andalusia	IL	Pending	$ 1,800,000	490	$ 3,673
4	Village of Leonore	Illinois American	Village of Leonore	IL	Pending	$ 100,000	68	$ 1,471
6	Village of Glasford	Illinois American	Village of Glasford	IL	Sep-2019	$ 800,000	492	$ 1,626
11	City of Lawson	Missouri American	City of Lawson	MO	Aug-2018	$ 2,619,000	970	$ 2,700
12	Village of Sundale, Illinois	Illinois American	Village of Sundale	IL	May-2018	$ 1,500,000	550	$ 2,727
13	City of Farmington	Illinois American	Fulton County	IL	Apr-2018	$ 3,750,000	1,063	$ 3,528
14	Fisher Water/Wastewater System	Illinois American	City of Fisher	IL	Mar-2018	$ 3,700,000	890	$ 4,157
16	Forest Homes Maple Park	Illinois American	Cottage Hills	IL	Jul-2017	$ 900,000	525	$ 1,714
18	Village of Wardsville	Missouri American	Cole County	MO	May-2017	$ 795,428	480	$ 1,657
19	Village of Sadorus	Illinois American	Village of Sadorus	IL	Mar-2017	$ 240,000	384	$ 625
20	Woodland Manor	Missouri American	Kimberling City/Branson	MO	Jun-2016	$ 200,000	164	$ 1,220
21	Village of Ransom	Illinois American	Village of Ransom	IL	Apr-2016	$ 175,000	170	$ 1,029
22	Ozark Shores Water Company	Camden County Public Water Supply District Number Four	Camden County	MO	Jul-2015	$ 5,252,781	1,869	$ 2,810
24	Village of Glenview	Aqua Illinois	Village of Glenview	IL	Apr-2015	$ 18,590,000	4,724	$ 3,935
						High	4,724	$ 4,157
						Low	68	$ 625
						Median	525	$ 2,207
						Mean	871	$ 2,365

Of the 16 examples of market data, 12 are closed sales and 4 are pending sales. The analysis of the sale properties for comparison with the subject property is ultimately based on the number of customers within the water system, the age of the system, and the overall general condition of the system. The Missouri and Illinois sale properties indicate a range of sale prices from $625 to $4,157 per customer.

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

Sales Comparison Approach
(Continued)

The Eureka water system has 4,009 customers. Sales of systems with customer counts less than 550 were excluded from the analysis.

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

Sale #	Grantor	Grantee	Location	Sale Date	Sale Price	# of Cust	Sale Price / Customer
					Low	68	$ 625
					Median	525	$ 2,207
					Mean	871	$ 2,365

SUMMARY OF SALES OF WATER DELIVERY SYSTEMS
EXCLUDING SALES WITH CUSTOMER COUNTS UNDER 550
(INCLUDES ALLOCATIONS FROM SALES OF WATER/SEWER SYSTEMS)

Sale #	Grantor	Grantee	Location	Sale Date	Sale Price	# of Cust	Sale Price / Customer
2	Village of Sidney	Illinois American	Village of Sidney	IL Pending	$ 2,300,000	567	$ 4,056
11	City of Lawson	Missouri American	City of Lawson	MO Aug-2018	$ 2,619,000	970	$ 2,700
12	Village of Sundale, Illinois	Illinois American	Village of Sundale	IL May-2018	$ 1,500,000	550	$ 2,727
13	City of Farmington	Illinois American	Fulton County	IL Apr-2018	$ 3,750,000	1,063	$ 3,528
14	Fisher Water & Wastewater System	Illinois American	City of Fisher	IL Mar-2018	$ 3,700,000	890	$ 4,157
22	Ozark Shores Water Company	Camden County Public Water Supply District Number Four	Camden County	MO Jul-2015	$ 5,252,781	1,869	$ 2,810
24	Village of Glenview	Aqua Illinois	Village of Glenview	IL Apr-2015	$ 18,590,000	4,724	$ 3,935
					High	4,724	$ 4,157
					Low	550	$ 2,700
					Median	970	$ 3,528
					Mean	1,519	$ 3,416

Sales with a similar customer count are most comparable. However, recent sales of water delivery systems with a similar number of customers have not taken place. Primary weight is placed on the pending Sidney transaction and the Lawson transaction with lesser weight on other recent Missouri and Illinois sales.

The Village of Sundale allocation, at $2,729 per water customer and $355 per sewer customer, reflects the substantially higher water contribution versus the sewer contribution as the Sundale sewer system was in fair to poor condition. Therefore, the Village of Sundale sale is given the least weight in our analysis of the subject property water system.

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

We have concluded a unit value of $4,500 per water customer for the subject property water system. Based on the 4,009 reported water customers, the indicated value of the Eureka Water System as of the effective date of March 18, 2020, is $18,040,000 (EIGHTEEN MILLION FORTY THOUSAND DOLLARS).

Sales Comparison Approach
(Continued)

Sewer

We were able to determine a unit value (price per sewer customer) for 11 sewer or water and sewer system sales transactions. The table below summarizes the transactions for which a price per sewer customer was calculated. In six cases, the unit values are developed based upon an allocation of a sale price that included a water and sewer system. The Village of Godfrey, Village of Manteno, Village of Grant Park, City of Alton, and City of Arnold sales were of sewer systems.

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

Sale #	Grantor	ocatic	Sale Date	Sale Price	# of Cust	Sale Price / Customer
1	City of Rosiclare	IL	Pending	$ 120,000	400	$ 300
3	Village of Andalusia	IL	Pending	$ 1,500,000	460	$ 3,261
5	Village of Godfrey	IL	Nov-2019	$ 13,550,000	6,250	$ 2,168
6	Village of Glasford	IL	Sep-2019	$ 1,100,000	482	$ 2,282
7	Village of Manteno	IL	Jul-2018	$ 25,000,000	4,300	$ 5,814
8	Village of Grant Park	IL	Pending	$ 2,300,000	535	$ 4,299
10	City of Alton	IL	Jun-2019	$ 53,800,000	11,456	$ 4,696
11	City of Lawson	MO	Aug-2018	$ 1,356,000	904	$ 1,500
12	Village of Sundale	IL	May-2018	$ 500,000	1,410	$ 355
14	Fisher Water & Wastewater System	IL	Mar-2018	$ 3,100,000	890	$ 3,483
18	Village of Wardsville	MO	May-2017	$ 1,954,575	407	$ 4,802
23	City of Arnold	MO	May-2015	$ 27,200,000	7,500	$ 3,627
24	Village of Glenview	IL	Apr-2015	$ 3,410,000	2,494	$ 1,367
				High	11,456	$ 5,814
				Low	400	$ 300
				Median	904	$ 3,261
				Mean	2,884	$ 2,920

Of the 13 examples of market data, 10 are closed sales and 3 are pending sales that are under contract. The analysis of the sale properties for comparison with the subject property is ultimately based on the number of customers within the sewer system, the age of the system, and the overall general condition of the system. The Missouri and Illinois sale properties indicate a range of sale prices from $300 to $5,814 per customer.

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

Sales Comparison Approach
(Continued)

Sewer systems with less than 500 customers and more than 9,000 customers, in comparison to the subject property sewer system's 3,957 customers, are less comparable to the subject property based on number of customers. The Village of Sundale (Sale 12) transaction was also removed from analysis due to its poor condition. When the sales with less than 500 customers and more than 9,000 customers (Sales 1, 3, 6, 10, and 16) are omitted from the analysis, market data indicates an average sale price of $2,993 per customer with a range of sale prices from $1,367 to $5,814 per sewer customer.

The Lawson and Fisher transactions are reliable for indicating prices for the whole system (water and sewer). We have given most consideration to the Lawson and Glenview transactions, Sales 11 and 24, based on overall comparability including number of customers, location, type of system, and system condition. Lesser consideration is given the remaining sales.

SUMMARY OF SALES OF SEWER SYSTEMS
EXCLUDING SALES WITH CUSTOMER COUNTS UNDER 500 AND OVER 9,000
(INCLUDES ALLOCATIONS FROM SALES OF WATER/SEWER SYSTEMS)

Sale #	Grantor	ocatic	Sale Date	Sale Price	# of Cust	Sale Price / Customer
5	Village of Godfrey	IL	Nov-2019	$ 13,550,000	6,250	$ 2,168
7	Village of Manteno	IL	Jul-2018	$ 25,000,000	4,300	$ 5,814
8	Village of Grant Park	IL	Pending	$ 2,300,000	535	$ 4,299
11	City of Lawson	MO	Aug-2018	$ 1,356,000	904	$ 1,500
14	Fisher Water & Wastewater System	IL	Mar-2018	$ 3,100,000	890	$ 3,483
23	City of Arnold	MO	May-2015	$ 27,200,000	7,500	$ 3,627
24	Village of Glenview	IL	Apr-2015	$ 3,410,000	2,494	$ 1,367
				High	7,500	$ 5,814
				Low	535	$ 1,367
				Median	2,494	$ 3,483
				Mean	2,859	$ 2,782
				Mean of Lawson and Glenview	1,699	$ 1,434

We have concluded a unit value of $2,500 per sewer customer for the subject property sewer system. Based on the 3,957 reported sewer customers, the indicated value of the Eureka Sewer System as of the effective date of March 18, 2020, is $9,890,000 (NINE MILLION EIGHT HUNDRED NINETY THOUSAND DOLLARS).

Sales Comparison Approach
(Continued)

Water Delivery and Wastewater Collection Systems Combined

The combined value opinion of the water delivery and wastewater collection systems is $27,930,000. Based upon the subject property system having a total of 7,966 customers (4,009 water customers, 3,957 sewer customers), the overall value per customer is approximately $3,500.

SUMMARY OF EURKA WATER AND SEWER SYSTEMS COMBINED		
Value of Eureka Water Delivery System:	$18,040,000	
Value of Eureka Wastewater Collection System:	$9,890,000	
TOTAL VALUE OF WATER AND WASTEWATER SYSTEMS:		**$27,930,000**
Number of Customers for Water Delivery System:	4009	
Number of Customers for Wastewater Collection System:	3957	
TOAL NUMBER OF CUSTOMERS:		**$7,966**
VALUE PER CUSTOMER (COMBINED WATER AND SEWER):		**$3,506**

Our market data included 11 examples of transactions that included both water and sewer systems.

SUMMARY OF SALES OF COMBINED WATER & SEWER SYSTEMS

Sale #	Grantor	Grantee	Location		Sale Date	Sale Price	# of Cust	Sale Price / Customer
1	City of Rosiclare	Illinois American	City of Rosiclare	IL	Pending	$ 600,000	925	$ 649
3	Village of Andalusia	Illinois American	Village of Andalusia	IL	Pending	$ 3,300,000	950	$ 3,474
6	Village of Glasford	Illinois American	Village of Glasford	IL	Sep-2019	$ 1,900,000	974	$ 1,951
9	Fox River Water Reclamation Dist.	Aqua Illinois	Kane County	IL	Pending	$ 3,550,000	752	$ 4,721
11	City of Lawson	Missouri American	City of Lawson	MO	Aug-2018	$ 4,000,000	1,874	$ 2,134
12	Village of Sundale	Illinois American	Village of Sundale	IL	May-2018	$ 2,000,000	1,960	$ 1,020
14	Fisher Water/Wastewater System	Illinois American	City of Fisher	IL	Mar-2018	$ 6,800,000	1,786	$ 3,807
15	Peotone Water & Sewer System	Aqua Illinois	Village of Peotone	IL	Oct-2018	$ 12,300,000	3,000	$ 4,100
17	Lake Region Water & Sewer Co	Camden County Public Water Supply District Number Four	Camden & Miller Counties	MO	Jun-2017	$ 6,084,000	1,608	$ 3,784
18	Village of Wardsville	Missouri American	Cole County	MO	May-2017	$ 2,750,000	887	$ 3,100
24	Village of Glenview	Aqua Illinois	Village of Glenview	IL	Apr-2015	$ 22,000,000	7,218	$ 3,048
						High	7,218	$ 4,721
						Low	752	$ 649
						Median	1,608	$ 3,100
						Mean	1,994	$ 2,890

The above market data indicates a water and sewer system sale price of $649 to $4,721 per customer. A review of the market data pertaining to utility systems that included water and sewer shows the subject property's unit value of $3,500 per customer is within the range indicated by the market data.

Based upon this analysis, it is our opinion the market value of the subject property systems (water and sewer) as a whole as of the December 10, 2019 effective date is supported at $27,930,000 (TWENTY-SEVEN MILLION NINE HUNDRED THIRTY THOUSAND DOLLARS) based upon the Sales Comparison Approach.

Final Reconciliation

The purpose of this appraisal report was to arrive at an estimate of market value for the City of Eureka water delivery and wastewater systems based upon conditions evident in the market as of March 18, 2020. The market value opinion pertains to the subject property as a private water and wastewater system (its intended use). We inspected the subject property, reviewed numerous reports and documents provided by the client and Missouri American Water Company, conducted research with regard to land values and easement valuation, and reviewed a report prepared by Flinn Engineering.

Our analysis of the Eureka 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 table below summarizes the valuation opinions.

SUMMARY OF VALUATION OPINIONS

VALUATION APPROACH	WATER SYSTEM	WASTEWATER SYSTEM	TOTAL
Sales Comparison Approach	$18,040,000	$9,890,000	$27,930,000
Cost Approach	$18,200,000	$13,400,000	$31,600,000

The Sales Comparison Approach included an analysis of transactions from Missouri and transactions from Illinois. As explained in this report, the Illinois market is more representative of a competitive market with balance the supply and demand forces.

The Cost Approach included the analysis and valuation of the system by its components: land (fee owned parcels and permanent easements), buildings/improvements, and facilities/infrastructure associated with the water delivery and wastewater collection systems.

The Market Value of a non-profit municipal water system is much lower than a private system with profit income potential. And, the sales reflect the prices of only municipal systems.

The intended use is as a private system, and the property should be appraised consistent with anticipated use. In order to appraise the property as a private system, investment incentive (increased income) must be considered.

The application of the Sales Comparison Approach and Cost Approach take into account private ownership incentive/benefit.

Final Reconciliation
(Continued)

Based upon a review of the market data available for both applications, we have concluded that most emphasis should be placed on the value opinions indicated by the Sales Comparison Approach. Due to the lack of detailed information available for the engineer's assessment, the reliability of the Cost Approach is weakened.

Therefore, it is our opinion the market values of the subject property systems as of March 18, 2020, were as follows:

Market Value of Water Delivery System	Market Value of Wastewater Collection System
$18,000,000	$10,000,000

These opinions of market value reflect our opinions of the systems individually and independent of each other.

Statement of Certification – Edward Dinan

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

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

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

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

March 23, 2020

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

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 Edward W. Dinan and Elizabeth Goodman Schneider 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.

March 23, 2020

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

Statement of Certification – Elizabeth Goodman Schneider

CERTIFICATION

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

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

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

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

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

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

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

My analyses, opinions, and conclusions were developed and this appraisal report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice* and meets or exceeds the requirements set forth by Illinois Public Act 98-0213 (PA 0213 originated as House Bill 1379), codified as 220 ILCS 5/9-210.5.

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

Edward Dinan and Joseph Batis provided significant real property appraisal assistance to the person signing this certification.

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

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

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

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

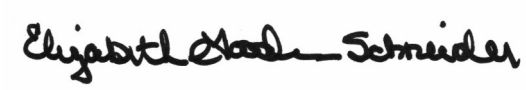
Statement of Certification – Elizabeth Goodman Schneider

(Continued)

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

In the State of Michigan, appraisers are required to be licensed and are regulated by the Michigan Department of Labor & Economic Growth, P.O. Box 30018, Lansing, MI 48909. Elizabeth Goodman Schneider is Certified General Real Estate Appraiser #1201073697.

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



Elizabeth Goodman Schneider, ASA
Goodman Appraisal Consultants, LLC

March 23, 2020
Date of Appraisal Report

Colorado Certified General Appraiser No. CG.200001080
Illinois Certified General Real Estate Appraiser No. 553-001973
Indiana Certified General Appraiser No. CG41700036
Iowa Certified General Appraiser No. CG02980
Kentucky Certified General Real Property Appraiser No. 5262
Michigan Certified General Real Estate Appraiser No. 1201073697
Minnesota Certified General Real Property Appraiser No. 40232088
Missouri State Certified General Real Estate Appraiser No. 2016042105
Ohio Certified General Real Estate Appraiser No. ACGO.2017003680
Pennsylvania Certified General Appraiser No. GA004327
Rhode Island Certified General Appraiser No. CGA.0020068
Wisconsin Certified General Appraiser No. 1586-010
Florida State-Certified General Real Estate Appraiser No. RZ4093

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.

DINAN REAL ESTATE ADVISORS, INC.

EDWARD W. DINAN, MAI, CRE®
PRESIDENT

ACADEMIC

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

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

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

University of Houston
- Dispute Resolution Institute

EXPERIENCE

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

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

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

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

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

GEOGRAPHICAL AREAS OF EXPERIENCE

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

PROFESSIONAL AFFILIATION

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

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

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

St. Louis County Library Foundation Board of Directors - 2012-Present
The Marianist Retreat and Conference Center Board of Directors - 2012-Present
Real Estate Broker-Officer - 1999022989 - State of Missouri
Licensed Real Estate Managing Broker - 471.014130 - State of Illinois
Certified General Real Estate Appraiser - RA001300 - State of Missouri
Certified General Real Estate Appraiser - 553.001032 - State of Illinois

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

Approved Instructor – Appraisal Institute

STATE – GENERAL CERTIFICATION APPRAISAL LICENSES

Illinois – Missouri – Iowa – Tennessee – South Carolina – Virginia – North Carolina

GENERAL PROFESSIONAL EXPERIENCE

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

SPECIALIZED SERVICES AND EXPERIENCE

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

LITIGATION, ARBITRATION, AND CONSULTING SERVICES

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

DEVELOPMENT OF CONTINUING EDUCATION SEMINARS (*EASEMENT ISSUES*)

- *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)*

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

EDWARD J. BATIS & ASSOCIATES

EXAMPLES OF SPECIALIZED VALUATION PROJECTS AND SPECIALIZED MARKET RESEARCH ASSIGNMENTS

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

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

- **MARKET IMPACT STUDIES – SOLAR FIELD PROJECTS (2018)**
  Market impact studies pertaining to the proposed development of solar energy fields in several counties in the Chicago metropolitan area. Each market study included a site analysis and "before and after" analysis to determine the impact from the proposed solar projects to properties in the immediate and general market areas of the proposed facilities.

- **MARKET STUDY AND APPRAISAL REVIEW - CONTAMINATION (2018)**
  Appraisal review services and market data research pertaining to the impact to the market values of numerous properties resulting from the contamination of underground water sources. Litigation pending.

- **MARKET IMPACT STUDY – CONTAMINATION FROM UNDERGROUND LEAK AT NUCLEAR POWER GENERATING STATION (2007)**
  Coordinated the market research, analysis, and valuation services pertaining to the impact of more than 500 properties potentially impaired by an underground leak of tritium from the Braidwood Nuclear Power Plant.

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

EDWARD J. BATIS & ASSOCIATES

EXAMPLES OF SPECIALIZED VALUATION PROJECTS AND SPECIALIZED MARKET RESEARCH ASSIGNMENTS

- **ANALYSIS AND ALLOCATION OF THE CONTRIBUTORY VALUES OF MULTIPLE PERMANENT EASEMENTS CO-LOCATED IN A TRANSMISSION CORRIDOR**
  An analysis and valuation of the easement values for multiple contiguous and overlapping permanent easements within a right-of-way corridor, including gas pipeline easements, power transmission lines, public utility (water line) easements, and recreational easements.

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

- **INTERSTATE NATURAL GAS PIPELINE PROJECT (2000-2003)**
  Valuation and consulting services including the coordination and management of appraisal services for acquisition and condemnation hearings in federal court, appraisal review services, rebuttal report/testimony, and settlement conferences. Project involved acquisition of permanent and temporary easements for the construction of a natural gas transmission line. Responsible for management of the project's valuation services including more than 600 properties in 4 counties.

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

EDWARD J. BATIS & ASSOCIATES

APPRAISAL INSTITUTE EDUCATIONAL AND INSTRUCTOR EXPERIENCE

2007 - Present

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

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

INSTRUCTOR QUALIFYING CONFERENCE
September 2018, Chicago, IL

ADULT LEARNING – EFFECTIVE CLASSROOM LEARNING
September 2018, Online Webinar

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

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

QUANTITATIVE ANALYSIS
March 2018, Chicago, IL

NATIONAL USPAP UPDATE COURSE
February 2018, Chicago, IL

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

EMINENT DOMAIN AND CONDEMNATION
September 2017, Online Seminar

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

NATIONAL USPAP UPDATE COURSE
May 2016, Chicago, IL

NATIONAL USPAP UPDATE COURSE
July 2015, Columbus, OH

INSTRUCTOR WEBINAR
May 2015, Online Webinar

BUSINESS PRACTICE AND ETHICS
March 2015, Online Seminar

INSTRUCTOR WEBINAR
May and October 2014, Online Webinar

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

INSTRUCTOR WEBINAR
April and October 2013, Online Webinar

KNOWLEDGE CENTER FOR INSTRUCTORS
October 2012, Online Webinar

CANDIDATE FOR DESIGNATION PROGRAM
July 2012, Online Webinar

NATIONAL USPAP UPDATE COURSE
June 2012, Chicago, IL

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

NATIONAL USPAP UPDATE COURSE
September 2011, Chicago, IL

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

NATIONAL USPAP UPDATE COURSE
September 2009, Online Seminar

EMINENT DOMAIN AND CONDEMNATION
September 2009, Online Seminar

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

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

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

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

APPRAISING ENVIRONMENTALLY CONTAMINATED PROPERTIES
March 2007, Portland, ME

ELIZABETH GOODMAN SCHNEIDER, ASA

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CERTIFIED GENERAL APPRAISER

Certified General Appraiser with 30 years experience in utility appraisal, commercial appraisal and appraisal review.

- Significant experience using the cost, market/sales and income approaches to value.
- Outstanding analytical skills.
- Superior oral and written communication.
- Public utility appraisal experience totaling 30 years.
- Knowledge of appraisals of commercial property types obtained through reviewing real property appraisals.

Public utility appraisal experience of the following property types:

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

Appraisal review experience of the following property types:

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

PROFESSIONAL EXPERIENCE

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

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

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

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

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

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

ELIZABETH GOODMAN SCHNEIDER, ASA

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LICENSES

- Certified General Appraiser, State of Colorado, #CG.200001080
- State-Certified General Real Estate Appraiser, State of Florida, #RZ4093
- Certified General Real Estate Appraiser, State of Illinois, #553.001973
- Certified General Appraiser, State of Indiana, #CG41700036
- Certified General Appraiser, State of Iowa, #CG02980
- Certified General Real Property Appraiser, State of Kentucky, #5262
- Certified General Appraiser, State of Michigan, #1201073697
- Certified General Appraiser, State of Minnesota, #40232088
- Certified General Real Estate Appraiser, State of Missouri, #2016042105
- Certified General Real Estate Appraiser, State of Ohio, #ACGO.2017003680
- Certified General Appraiser, State of Pennsylvania, #GA004327
- Certified General Appraiser, State of Rhode Island, #CGA.0020068
- Certified General Appraiser, State of Wisconsin, #1586-010

CREDENTIALS & PROFESSIONAL AFFILIATIONS

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

EDUCATION

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

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

Appraisal-specific education is included on the following pages.

CONTACT INFORMATION

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ELIZABETH GOODMAN SCHNEIDER, ASA
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APPRAISAL EDUCATION

2019:

- The Dirty Dozen[1]
- Essential Elements of Disclosures and Disclaimers[1]
- The Cost Approach[1]
- Michigan Appraisal Law - 2019[1]
- Pennsylvania State Mandated Law for Appraisers[1]

2018:

- 7-Hour National USPAP Update Course – 2018-2019[2]
- Cool Tools: New Technology for Real Estate Appraisers[1]

2017:

- ARM204: Appraisal Review and Management Overview[2]
- Core Logic / Marshall & Swift Commercial Cost Seminar[3]
- Real Estate Finance, Value, and Investment Performance[3]
- Comparative Analysis[3]
- Construction Tour, Northwestern Mutual Real Estate[3]
- Michigan Appraisal Law – 2017[1]

2016:

- Year in Review Symposium – 2016[3]
- Risk Reduction Seminar[3]
- Advanced Spreadsheet Modeling for Valuation Applications[3]
- 7-Hour National USPAP Update Course – 2016-2017[3]

2015:

- ARM106: Reasoning and Logic for Valuation Professionals[2]
- Year in Review Symposium – 2015[3]
- Eminent Domain and Condemnation[3]
- Michigan Appraisal Law – 2015[3]

2014:

- ARM201: Appraisal Review and Management Overview[2]
- Year in Review Symposium – 2014[3]
- Review Theory – General[3]
- Hotel Valuation Seminar[3]
- 7-Hour National USPAP Update Course – 2014 – 2015[3]

2013:

- Year in Review Symposium – 2013[3]
- Marina Valuation Overview[3]
- Rates and Ratios: Making Sense of GIMs, OARs, and DCF[3]
- Marketability Studies: Advanced Considerations & Application[3]
- Marketability Studies: Six-Step Process & Basic Applications[3]
- The Dirty Dozen[1]
- Michigan Appraisal Law – 2013[1]

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[1] Sponsored by McKissock
[2] Sponsored by American Society of Appraisers
[3] Sponsored by Appraisal Institute

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APPRAISAL EDUCATION, CONTINUED

2012:

- Year in Review Symposium – 2012[3]
- Advanced Income Capitalization (Attendee) [3]
- Income Valuation of Small, Mixed-Use Properties[3]
- Fundamentals of Separating Real Property, Personal Property and Intangible Assets[3]
- 7-hour National USPAP Update Course – 2012 – 2013[3]
- Apartment Appraisal: Concepts and Applications[3]
- The Impact of Dodd-Frank on Appraisers & Their Bank Clients[3]

2011:

- Year in Review Symposium – 2011[3]
- Going-Concern Telebriefing[3]

2010 and prior:

- Online Business Practices and Ethics[3]
- Michigan Appraisal Law – 2010 – 2011[1]
- 7-Hour National USPAP Update Course[3]
- Online Marshall & Swift Commercial Cost Training[3]
- The Discounted Cash Flow Model: Concepts, Issues, and Apps. [3]
- Online Using Your HP12C Financial Calculator[3]
- Spotlight on USPAP: Hypothetical Conditions & Extraordinary Assumptions[3]
- Report Writing and Valuation Analysis[3]
- General Appraiser Report Writing and Case Studies[3]
- General Appraiser Site Valuation & Cost Approach[3]
- General Appraiser Market Analysis and Highest & Best Use[3]
- General Appraiser Income Approach (Part II) [3]
- Online Basic Appraisal Principles[3]
- Online Business Practices and Ethics[3]
- Online Real Estate Finance Statistics and Standard Valuation Modeling[3]
- General Appraiser Income Approach (Part I) [3]
- 15-Hour National USPAP[3]
- Basic Appraisal Procedures [3]
- ME201AC: Introduction to Machinery and Equipment Valuation[2]
- ME202AC: Machinery and Equipment Valuation Methodology[2]
- ME203AC: Machinery and Equipment Valuation – Advanced Topics and Case Studies[2]
- ME204AC: Machinery and Equipment Valuation – Advanced Topics and Report Writing[2]

[1] Sponsored by McKissock
[2] Sponsored by American Society of Appraisers
[3] Sponsored by Appraisal Institute

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WISCONSIN CERTIFIED GENERAL APPRAISER LICENSE

The State of Wisconsin
Department of Safety and Professional Services

Hereby certifies that
ELIZABETH KATHLEEN COMTE GOODMAN SCHNEIDER
was granted a certificate to practice as a
CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY RELATED TRANSACTIONS IS AQB COMPLIANT
in the State of Wisconsin in accordance with Wisconsin Law
on the 21st day of November in the year 2008.
The authority granted herein must be renewed each biennium by the granting authority.
In witness thereof, the State of Wisconsin
Department of Safety and Professional Services
has caused this certificate to be issued under
its official seal.

This certificate was printed on the 22nd day of December in the year 2018

MISSOURI CERTIFIED GENERAL APPRAISER LICENSE

State of Missouri

Department of Insurance, Financial Institutions and Professional Registration
Division of Professional Registration
Real Estate Appraisers Commission
State Certified General Real Estate Appraiser

VALID THROUGH JUNE 30, 2020
ORIGINAL CERTIFICATE/LICENSE NO. 2016042105

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

EXECUTIVE DIRECTOR

DIVISION DIRECTOR

EXAMPLE 1 OF PEER'S WORK

PROJECT: Clear Water Estates Water System
Submitted to the Texas Public Utility Commission Project No. 49859
August 2020

Fair Market Value Appraisal of the Water Assets of Clear Water Estates Water System, LLC.

Table No. 3 - Comparable Sales Analysis

Docket No.	Name	Selling Price	No. of Connections	Cost per Connection
44657	Interim La Ventana, LLC.	$ 100,000	160	$ 625
44542	Ranch Utilities, L.P.	$ 626,756	417	$ 1,503
45025	Spring Creek Trails, LLC.	$ 5,000	11	$ 455
45074	Lake McQueeny Estates	$ 250,000	243	$ 1,029
45391	Ranch Utilities, L.P.	$ 211,000	82	$ 2,573
45456	Foster Consolidated Investment, LI	$ 75,000	271	$ 277
45839	Latigo Ranch	$ 80,000	20	$ 4,000
47012	Mountain City Oaks Water System	$ 390,000	237	$ 1,646
47763	Summit Ridge	$ 100,000	17	$ 5,882
48505	Michele A. Shackelford	$ 50,000	79	$ 633
48699	Kamira Water System	$ 12,000	34	$ 353
48532	J&S Water Company, LLC	$ 1,480,500	612	$ 2,419
49230	Beverly Minaldi	$ 35,000	47	$ 745
49787	Stephenville MHP, Ltd.	$ 2,000,000	200	$ 10,000
19718	Vineyard Ridge Water Supply	$ 107,250	17	$ 6,309
50736	Hammond Mound Water Supply	$ 70,000	23	$ 3,043

A value for Clear Water based on this method should be determined using utilities with similar characteristics. Some common characteristics used to determine similar utilities from the group of utilities found in the initial review of STM applications are; located in Texas; similar number of connections; and similar utility assets. Characteristics of similar facilities were service provided from ground water wells though distribution system within the service area. Excluded were very small connection count utilities as these tend to be sold at higher price per connection and thus skew the sales price. Based on this analysis, four utilities of similar characteristics were examined. Table No. 4 - Similar Comparable Sales Analysis contains a list of these four utilities.

Table No. 4 - Similar Comparable Sales Analysis

Docket No.	Name	Selling Price	No. of Connections	Cost per Connection
44542	Ranch Utilities, L.P.	$ 626,756	417	$ 1,503
45074	Lake McQueeny Estates	$ 250,000	243	$ 1,029
47012	Mountain City Oaks Water System	$ 390,000	237	$ 1,646
48532	J&S Water Company, LLC	$ 1,480,500	612	$ 2,419
		$ 2,747,256	1509	
			Average Price per Connection:	**$ 1,821**

To determine a comparable value, the sales price per connection from an average of these four utilities was calculated. An average price per connection of $1,821 was calculated. Using this average price of $1,821, a value for the utility based on its current customer count can be calculated.

EXAMPLE 2 OF PEER'S WORK

PROJECT: Clear Water Estates Water System
Submitted to the Texas Public Utility Commission Project No. 49859
August 2020

Table 3

Row No.	Column A Transaction Number	Column B Year of Agreement	Column C State	Column D TCEQ/PUCT Application Number [1]	Column E Seller	Column F Purchaser	Column G Utility	Column H Date Finalized by TCEQ/PUCT	Column I Sales Price	Column J Number of Customers	Column K Price / Customer	Column L OCLD (Book Value)	Column M Price / OCLD
1	1	2019	TX	49230	Beverly Lee Minaldi	Simply Aquatics Inc	Water	4/19/2020	$ 35,000	47	$745	$ -	
2	2	2019	TX	49231	Ponder Enterprises, Inc	Lone Star Water Company	Water	5/20/2020	$ 1,345,000	332	$4,051	$ 1,274,847	1.06
3	3	2019	TX	49714	Paul B Hill	Megan Estes	Water	3/13/2020	$ 112,500	50	$2,250	$ 120,160	0.94
4	4	2019	TX	50085	Castle Water Inc	Horseshoe Bend Water Company	Water	6/10/2020	$ 500,000	507	$986	$ 92,920	5.38
5	5	2019	TX	50122	Madera Valley WSC	Town of Pecos City	Water	4/14/2020	$ 968,348	66	$14,672	$ -	
6	6	2019	TX	50213	Wolfforth Place Water System	City of Wolfforth	Water		$ 200,000	183	$1,093	$ -	
7	7	2019	TX	50279	Twin Creek Park Water System	Creedmoor-Maha Water Supply Corp	Water		$ 210,000	92	$2,283	$ -	
8	8	2019	TX	50335	City of Kaufman	College Mound Special Utility District	Water		$ 75,000	150	$500	$ -	
9	9	2018	TX	48565	Aqua Texas, Inc.	Town of Buffalo Gap, Texas	Water		$ 397,500	269	$1,478	$ -	
10	10	2018	TX	47922	Dal-High Water LLC	Monarch Water Utilities	Water	11/2/2018	$ 55,200	46	$1,200	$ 44,862	1.23
11	11	2018	TX	48543	Chambers Meadow Estate Water Company	HILCO United Services, Inc	Water	9/9/2019	$ 45,000	57	$789	$ -	
12	12	2018	TX	48863	Henry Brookshire Jr	TWS Holdings	Water	9/13/2019	$ 90,000	119	$756	$ 64,155	1.40
13	13	2017	TX	47888	Deer Creek Ranch Water Co	SJWTX, Inc. dba Canyon Lake Water Service Company	Water	11/29/2018	$ 2,700,000	756	$3,571	$ 1,135,450	2.38
14	14	2016	TX	46127	Westwood Utility Corporation	City of Fairfield	Water	12/18/2017	$ 3,000,000	420	$7,143	$ -	
15	15	2016	TX	46077	Brushy Creek Municipal Utility District	Aqua Texas, Inc.	Water	4/12/2017	$ 50,000	207	$242	$ 151,087	0.33
16	16	2015	TX	45639	Mitchell County Utility Company	Corix Utilities	Water	2/3/2017	$ 577,500	879	$657	$ 410,055	1.41
17	17	2015	TX	44024	Union Hill Water Supply Corporation	Aqua Utilities, Inc. dba Aqua Texas, Inc.	Water	2/8/2016	$ 348,000	174	$2,000	$ 737,637	0.47
18	18	2015	TX	45317	Romark Utility Company	Monarch Water Utilities	Water	12/5/2016	$ 125,000	125	$1,000	$ -	
19	19	2014	TX	43048	Bluebonnet Rural Water Corporation	Corix Utilities	Water	8/14/2015	$ 1,107,675	1,103	$1,004	$ 2,392,753	0.46
20	20	2012	TX	37292-S	Back Forty Water Company	Woodbine Water Supply Corp	Water	11/19/2012	$ 250,000	102	$2,451	$ -	
21	21	2011	TX	37036-S	B & J Water Company	Utility Investment Company, Inc.	Water	6/25/2012	$ 857,000	330	$2,597	$ 608,149	1.41
22	22	2011	TX	36935-S	Elm Creek Water Supply Corporation	City of Troy	Water	4/27/2012	$ 73,095	41	$1,783	$ -	
23	23	2011	TX	37221-S	AD & JA Corp (Silver Ridge Water System)	Lass Water Company	Water	10/25/2012	$ 5,000	26	$192	$ -	
24	24	2011	TX	37167-S	Johnson Utilities, Inc.	Lake Livingston Water Supply and Sewer Service Corp	Water	10/15/2012	$ 16,000	21	$762	$ -	
25	25	2011	TX	37177-S	Texas H2O, Inc.	SJWTX, Inc. dba Canyon Lake Water Service Company	Water	6/28/2012	$ 462,600	257	$1,800	$ 182,888	2.53
26	26	2010	TX	36872-S	Monarch Utilities I, L.P.	City of Southmayd	Water	1/26/2012	$ 1,057,849	247	$4,283	$ -	
27	27	2010	TX	36726-S & 36959-S	Carrizo Water Corporation &Blue Water Key Water System	Aqua Utilities, Inc. dba Aqua Texas, Inc.	Water	6/17/2011	$ 790,000	210	$3,762	$ -	
28	28	2010	TX	36917-S	1404 Properties LTD	Aqua Utilities, Inc. dba Aqua Texas, Inc.	Water	1/23/2012	$ 124,000	62	$2,000	$ -	
29	29	2009	TX	36569-S	Pecan Utilities, Inc. & Cavern Springs Water Company	Aqua Utilities, Inc. dba Aqua Texas, Inc.	Water	4/25/2011	$ 428,000	214	$2,000	$ -	

Analysis of Price / Customer	All Sales	Analysis of Price / OCLD	All Sales
High	$14,672	High	5.38
Low	$192	Low	0.33
Mean	$2,347	Mean	1.58
Median	**$1,783**	**Median**	**1.32**
Standard Dev Above Mean	$5,154	Standard Dev Above Mean	2.76
Standard Dev Below Mean	($460)	Standard Dev Below Mean	0.41
CWE Connection Count and Indicated Value [2]	230 **$ 410,044**	CWE OCLD [3]	$391,197 **$ 515,068**

Footnotes:

[1] Effective September 1, 2014, the Public Utility Commission of Texas began the economic regulation of water and sewer utilities, which was formerly handled by the Texas Commission on Environmental Quality

[2] Connection count as of FYE 2019 from data provided by SJWTX - "connections and water pumped and sold.xls"

[3] OCLD from Cost Approach Table 1

EXAMPLE 3 OF PEER'S WORK

PROJECT: Clear Water Estates Water System
Submitted to the Texas Public Utility Commission Project No. 49859
August 2020

SECTION 6
VALUATION ANALYSIS

Table 6-4
Sales of Comparable Water Utilities

Buyer	Seller	PUCT Docket No.	Year of Sale	Sales Price ($000)	No. of Customers	Sales Price Per Customer
Wickson Creek SUD	Iola Water Company	50122	2013	$160.0	66	$2,424
Aqua Texas	Union Hill WSC	44024	2015	348.0	174	2,000
Mustang SUD	Monarch Utilities 1	45164	2015	1,500.0	421	3,563
Town of Buffalo Gap	Aqua Texas	48565	2016	397.5	265	1,500
Monarch Utilities 1	Dal-Highwater, LLC	47922	2018	55.2	46	1,200
Yancy Water Supply Corp.	San Antonio Water System	49430	2019	750.0	269	2,788

The comparable sales analysis is shown on page 2 of Exhibit 4. Our statistical analyses indicate that the average sales price per customer for these sales is $2,246. The lowest sales price per customer is $1,200 and the highest is $3,563.

Applying the sales price per customer metrics shown above to the applicable customer data for the CWEWS produces the values shown on Exhibit 4 (page 1) and, for convenience, in Table 6-5, below.

Table 6-5
Indicated Values for the CWEWS as of January 1, 2020
Based on Comparable Sales Analysis

Description	Low	High	Average
Sales Price Per Customer	$1,200	$3,563	$2,246
No. of CWEWS Customers	230	230	230
Indicated Value (Rounded)	$276,000	$819,500	$516,600

Because of the lack of data supporting the sales transactions needed to make the appropriate adjustments to the subject, we are of the opinion that the Market Approach is useful only as a value range to which we can compare and test the reasonableness of the other indicators of value determined under the Cost Approach and Income Approach. Therefore, as indicated above, the value for the CWEWS, based on the average of all indicators, should fall in within a range of $276,000 on the low end and $819,500 on the high end with a mean of $516,600.

EXAMPLE 4 OF PEER'S WORK

PROJECT: The Commons Water Supply
Submitted to the Texas Public Utility Commission Project No. 49859
December 2020

SECTION 6
VALUATION ANALYSIS

size from 451 customers to 879 customers. Table 6-4 below provides a list of the sales included in appraiser's analysis.

Table 6-4
Sales of Comparable Water Utilities

Buyer	Seller	PUCT Docket No.	Year of Sale	Sales Price ($000)	No. of Customers	Sales Price Per Customer
Canyon Lake WSC	Rebecca Creek MUD	42999	2013	$775.0	451	$1,718
Northwest Water Systems	Nero Supply Investors, LLC	44387	2015	700.0	777	901
Mustang SUD	Monarch Utilities	45164	2015	1,500	421	3,563
Corix Utilities	Mitchell County Utility Company	45639	2016	557.5	879	634
Utilities Investment Company	Oak Hollow Utility Company	47086	2017	897.0	690	1,300
Canyon Lake WSC	Deer Creek Ranch WSC	47888	2017	2,700.0	756	3,571
Patton Village	Patton Village Water Company	48448	2018	900.0	548	1,642

The comparable sales analysis is shown on page 2 of Exhibit 4. Statistical analyses indicate that the average sales price per customer for these sales is $1,904. The lowest sales price per customer is $634 and the highest is $3,571.

Applying the sales price per customer metrics shown above to the applicable customer data for the CWS produces the values shown on Exhibit 4 (page 1) and, for convenience, in Table 6-5, below.

Table 6-5
Indicated Values for the CWS as of January 1, 2021
Based on Comparable Sales Analysis

Description	Low	High	Average
Sales Price Per Customer	$634	$3,571	$1,904
No. of CWS Customers*	999	999	999
Indicated Value (Rounded)	$633,600	$3,567,900	$1,902,400

*Estimated number of customers at 01/01/2021.

EXAMPLE 5 OF PEER'S WORK

PROJECT: The Commons Water Supply
Submitted to the Texas Public Utility Commission Project No. 49859
December 2020

COMPARABLE WATER SYSTEM SALES SUMMARY

Sale No.	Docket No.	CCN No.	Sale Date	Location	Selling Utility	Buying Utility	No. of Connections	Sale Price	Sale Price/Connection	Comments
1	51389	11884	Nov-19	Comal County, TX	Canyon Lake Water Service Company	Clear Water Estates Water System, LLC	230	$1,000,000	$4,348	The actual sale price was $1,500,000 which included an estimated $500,000 worth of water rights.
2	50085	10283	Oct-19	Parker County, TX	Castle Water, Inc	Horseshoe Bend Water Company	507	$500,000	$986	
3	50213	12526	Sep-19	Lubbock County, TX	Wolfforth Place Water System	City of Wolfforth	183	$200,000	$1,093	
4	49787	12822 & 20853	Jul-19	Erath County	Stephenville Mobile Home Park, Ltd	HB Shady Oaks TX, LP	400	$2,000,000	$5,000	*Includes 200 sewer connections and 200 water connetions
5	49430	11463	Apr-19	Medina County, TX	SAWS	Yancy Water Supply Corp	269	$750,000	$2,788	
6	49231	12810	Aug-18	Denton County, TX	Ponder Enterprnses, Inc	Lone Star Water Company	332	$1,345,000	$4,051	
7	48565	13201	Aug-18	Taylor County, TX	Agua Texas, Inc.	Town of Buffalo Gap	265	$397,500	$1,500	
8	48532	1290	Apr-18	Harris, Chambers, & Liberty Counties, TX	J & S Water Company, LLc	Utilities Investment Company, Inc.	987	$1,480,500	$1,500	
9	47888	11241	Dec-17	Travis & Hays Counties, TX	Deer Creek Ranch Water Co.	SJWTX, Inc d/b/a Canyon Lake Water Service Company	756	$2,700,000	$3,571	
10	47012	11427	Aug-17	Hays County, TX	Mountain City Oaks Water System	City of Mountain City	237	$390,000	$1,646	
11	46127	12126	Jul-16	Freestone County, TX	Westwood Utility Corporation	City of Fairfield	420	$3,000,000	$7,143	Owner financed. $250,000 or 8.3% down
12	45074	2598831	Nov-15	Guadalupe County, TX	Lake McQueeney Estates Water Company, Inc	Green Valley Special Utility District	243	$250,000	$1,029	
13	44657	1290	Sep-15	Hays County, TX	Intenm La Ventana, LLC	Southwest Liquids, Inc.	160	$100,000	$625	
14	45164	12983	Jun-15	Fort Bend County, TX	Monarch Utilities I, L P	Mustang SUD	421	$1,500,000	$3,563	
15	44024	11439	May-15	Henderson County, TX	Union Hill Water Supply Corporation	Agua Texas, Inc	174	$348,000	$2,000	

EXAMPLE 6 OF PEER'S WORK

PROJECT: Sadorus Water System
Submitted to the Illinois Commerce Commission
August 2016

Compilation of Comparable/Market Sales

Sale #	Sale Date	Seller	Buyer	Sale Price	Total Customers	Price Per Customer
1	April 2016	Village of Ransom Water System	Illinois American Water Co.	$195,208	145	$1,346
2	April 2016	Crystal Clear Water Co.	Aqua Illinois Water Co.	$795,000	293	$2,713
3	February 2016	Nunda Utility Water Company	Aqua Illinois Water Co.	$750,000	185	$4,054
4	February 2016	Eastwood Manor Water Company	Aqua Illinois Water Company	$750,000	340	$2,206
5	August 2013	City of Grafton Water System	Illinois American Water Co.	$1,800,000	400	$4,500

EXAMPLE 7 OF PEER'S WORK

PROJECT: Granite City Wastewater System
Submitted to the Illinois Commerce Commission
September 2018

Table M-3
Calculated Price Per Connection
Wastewater Systems

ID No.	Purchase Price (Allocated/Rounded)	Connections	Price Per Connection
1	$ 46,280,000	11,731	$ 3,945
2	$ 50,544,000	12,000	$ 4,212
3	$ 46,384,000	10,000	$ 4,638
4	$ 15,945,000	4,500	$ 3,543
5	$ 18,928,000	5,028	$ 3,765
6	$ 19,822,000	5,556	$ 3,568
7	$ 63,825,000	18,611	$ 3,429
8	$206,000,000	35,000	$ 5,886
9	$ 27,800,000	6,600	$ 4,212
10	$ 30,100,000	9,300	$ 3,237
11	$ 53,800,000	11,456	$ 4,696
12	$ 25,000,000	3,800	$ 6,579
Average	---	---	$ 4,309
Weighted $ Ave.	$604,428,000	133,582	$ 4,525

EXAMPLE 8 OF PEER'S WORK

PROJECT: Village of Peotone Water and Wastewater System
Submitted to the Illinois Commerce Commission
May 2017

Table 6-1
Comparable Sales Analysis
Cost Per Connection

No.	Seller	Purchaser	Year		P.P.	Conn		$/Conn
1	Grafton Water District	American	2013	$	1,800,000	400	$	4,500
2	Moecherville Water District	AQUA	2012	$	1,400,000	400	$	3,500
3	Manteno Village	AQUA	2007	$	4,500,000	3,700	$	1,216
4	Nordic Woods W.C.	American	2014	$	1,680,000	510	$	3,294
5	Yankeetown W.C.	American	2014	$	1,995,000	633	$	3,152
6	Mifflin Water	AQUA	2012	$	1,100,000	600	$	1,833
7	Eastwood Manor & Nunda Water Co.	AQUA	2015	$	1,500,000	525	$	2,857
8	Wedgefield	Pluris	2009	$	7,300,000	3,228	$	2,261
9	North Ft. Myers	FGUA	2010	$	7,975,000	1,894	$	4,210
10	North Sumter	District	2010	$	61,369,518	18,611	$	3,297
11	Fernwood	American	2012	$	1,200,000	575	$	2,087
12	Marietta GWC	CWC	2012	$	3,500,000	1,171	$	2,989
13	Mt. Jewett Bor.	AQUA	2014	$	1,126,350	502	$	2,244
14	Wingert Water	AQUA	2012	$	1,890,000	1,100	$	1,718
15	OTOW	District	2010	$	15,385,000	5,516	$	2,789
16	Village of Glenview NMUC	AQUA	2014	$	22,000,000	7,400	$	2,973
17	Heritage Hills	Corix	2014	$	14,500,000	4,170	$	3,477
18	Ojai GSWC, CA	CMWD	2017	$	32,500,000	3,100	$	10,484 (1)
19	Town of Bristol	AQUA	2011	$	3,500,000	603	$	5,804
20	Felton, CA	SLVWD	2008	$	13,400,000	1,330	$	10,080 (1)

(1) Includes value of water rights which are not applicable to this system.

EXAMPLES OF TYPICAL APPRAISAL REQUIREMENTS

Texas Legislation

(i) **Market approach.**
(1) A market approach appraisal performed under this section must be based on the following:
(A) the current connection count of the selling utility at the time of the appraisal;
(B) use of a proxy group that includes companies that have made acquisitions that were not based on a fair market valuation methodology; or
(C) comparable sales that did not include the value of future capital improvement projects in the selling price.
(2) A market approach appraisal performed under this section must not consider the following:
(A) a net book financials multiplier or speculative growth adjustments;
(B) the value of future capital improvement projects; or
(C) a value or adjustment for the goodwill of the selling utility.

Pennsylvania

Market Approach

1. Market approach shall use the current customer count of the Selling Utility
2. Market approach shall exclude:
   a. Future capital improvements
   b. Any type of adjustment or adder in the nature of goodwill
3. Speculative growth adjustments will not be used. U.S. Census Data and relevant and applicable regional planning commission reports may be used as a basis to determine growth in a subject area.
4. The proxy group used for calculating market value should not be limited to only companies which engage in Pennsylvania fair market value acquisitions.
5. Net book financials multiplier shall not be used.
6. Comparable sales used to establish the valuation should not be limited to those that the UVE previously appraised.
7. Comparable sales used to establish the valuation should use the current customers.
8. Comparable sales used to establish the valuation should not include the value of future capital improvement projects.