

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Missouri-American)
Water Company for a Certificate of Convenience and)
Necessity Authorizing it to Install, Own, Acquire,) **Case No. WA-2021-0376**
Construct, Operate, Control, Manage and Maintain a)
Water System and Sewer System in and Around the)
City of Eureka, Missouri)

MAWC FILING OF EXHIBITS

COMES NOW Missouri-American Water Company (MAWC or Company) and, in order to file certain exhibits requested by the Missouri Public Service Commission (Commission), states as follows:

1. At the evidentiary hearing in this matter, the Commission requested that MAWC file two Commission exhibits:

Exhibit 300 – A copy of an appraisal document dated January 20, 2020, that was referenced during the hearing; and,

Exhibit 301 – Copies of the pictures reviewed by MAWC witness Simpson.

2. Exhibit 300 is attached to this pleading. Per the Commission’s instructions, MAWC has delivered this date a thumb drive to the Commission’s data center that contains the referenced pictures.¹ Additionally, the thumb drive includes maps that were used by Ms. Simpson.²

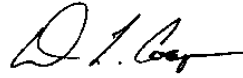
WHEREFORE, MAWC respectfully requests the Commission consider this filing and

¹ The photograph files reference the “date taken” in the file information.

² Because of the nature of the map files, they do not carry a “date taken” notation.

issue such orders as it should find to be reasonable and just.

Respectfully submitted,



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Jesse W. Craig Mo. Bar 71850
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**ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 1st day of February, 2022, to:

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VALUATION REPORT

City of Eureka, Missouri Water Delivery and Wastewater Systems

Prepared for:

Ms. Melisha N. Billups
Business Services Specialist
Business Development
727 Craig Road
St. Louis, MO 63141

Prepared by:

Edward W. Dinan, CRE, MAI
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DINAN REAL ESTATE ADVISORS, INC. 2023 South Big Bend Boulevard St. Louis, Missouri 63117	EDWARD J. BATIS & ASSOCIATES, INC. 313 N. Chicago Street Joliet, Illinois 60432	GOODMAN APPRAISAL CONSULTANTS, LLC 6260 S. Lake Drive, #718 Cudahy, Wisconsin 53110
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January 20, 2020

Ms. Melisha N. Billups
 Business Services Specialist
 Business Development
 Missouri American Water Company
 727 Craig Road
 St. Louis, MO 63141

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

Dear Ms. Billups:

In accordance with your request, we have made a physical inspection on December 10, 2019, 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.

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.

Ms. Billups
 Missouri American Water Company
 January 20, 2020
 Page 2

In completing our analysis of the subject property water system, we relied on a report prepared by Flinn Engineering, dated January 18, 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 January 18, 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
\$12,500,000	\$5,500,000

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.

Ms. Billups
Missouri American Water Company
January 20, 2020
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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 Missouri American Water Company. 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

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ADDENDA

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

Date of Value: December 10, 2019

Date of Report: January 20, 2020

Type of Value: Market Value

Property Rights: Fee Simple Estate

Value Conclusions:

Market Value of
Water Delivery System: \$12,500,000
Twelve Million Five Hundred Thousand Dollars

Market Value of
Wastewater Collection System: \$5,500,000
Five Million Five Hundred Thousand 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.

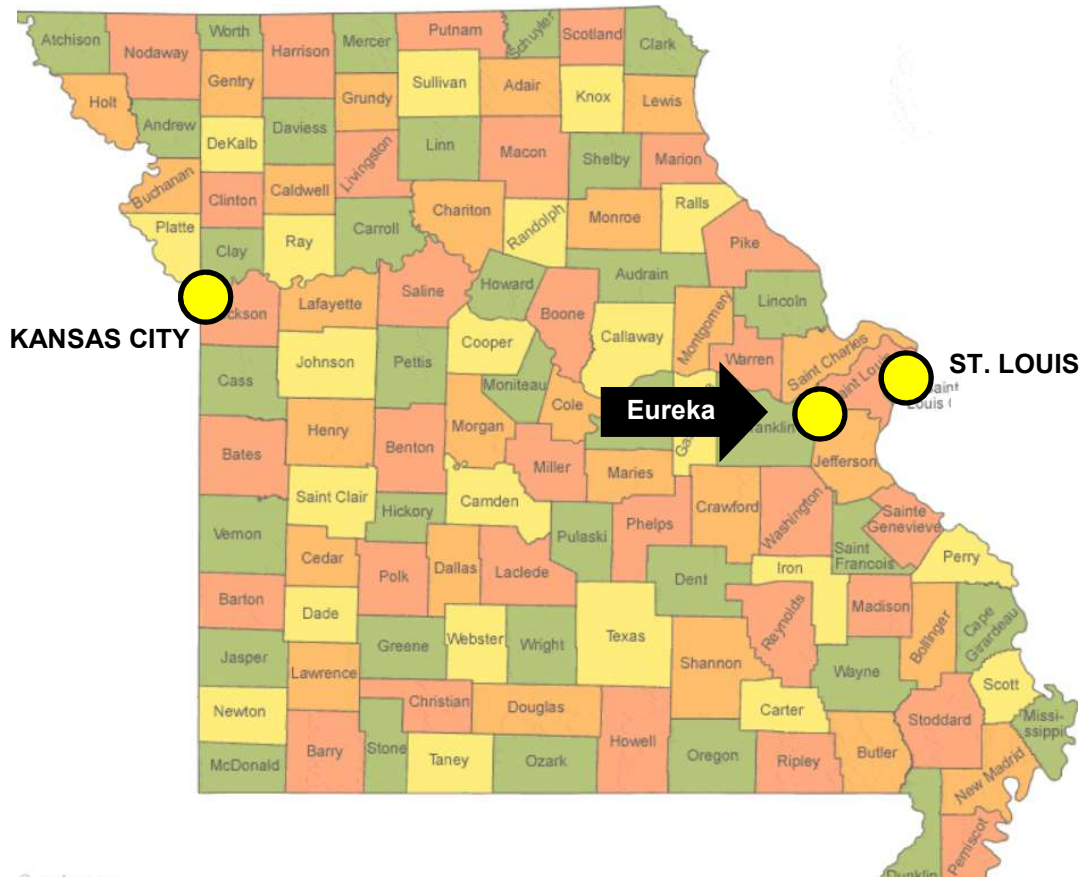
The Valuation Process
Identification of the Problem
<ul style="list-style-type: none"> Identify client and intended users Identify the intended use Identify the purpose of the assignment Identify the effective date of the opinion Identify the relevant characteristics of the property Assignment conditions
Scope of Work Determination
Data Collection and Property Description
<ul style="list-style-type: none"> Market Area Data Subject Property Data Comparable Property Data
Data Analysis
<ul style="list-style-type: none"> Market Analysis Highest and Best Use Analysis
Land Value Opinion
Application of the Approaches to Value
<ul style="list-style-type: none"> 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

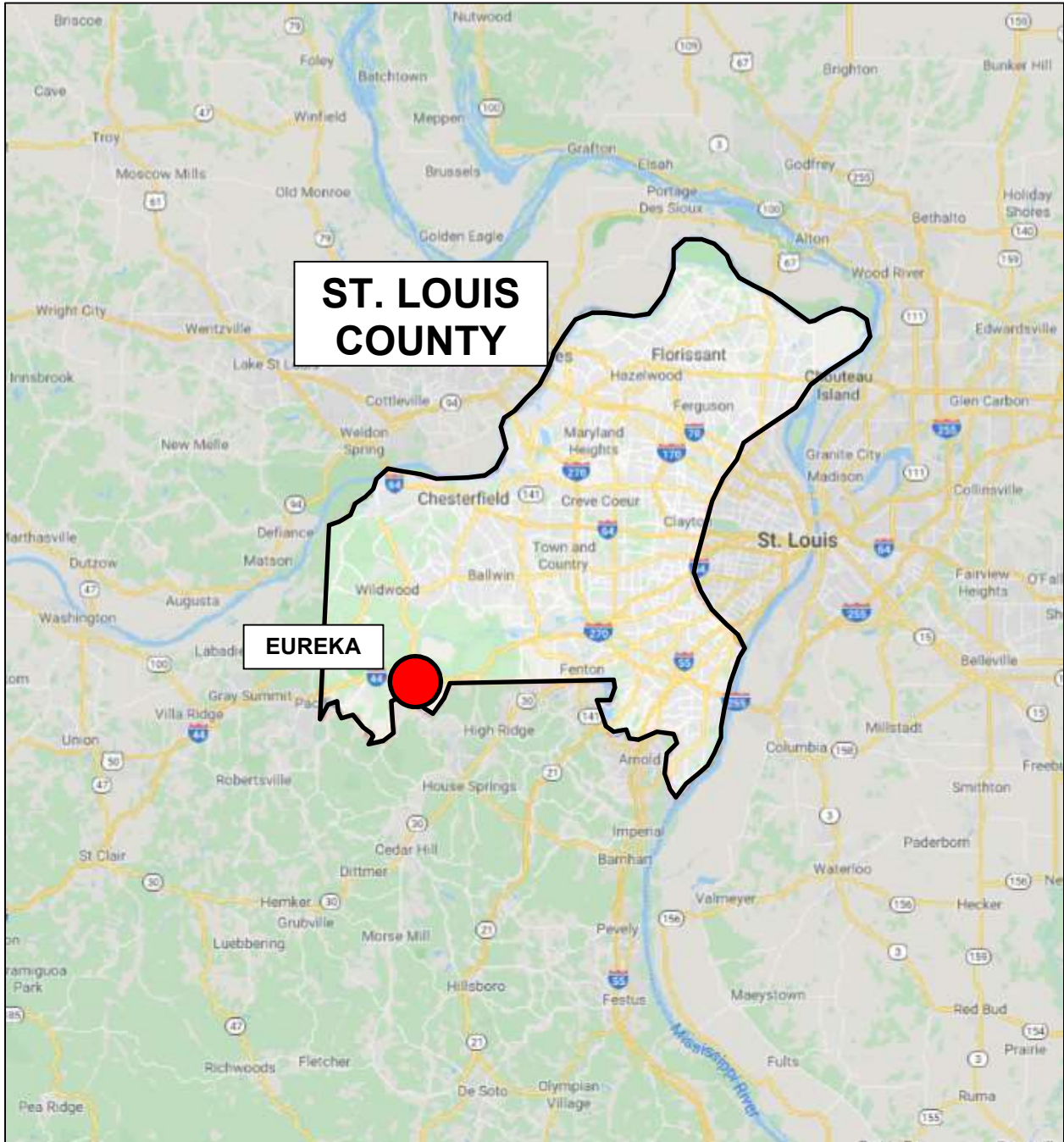
The real estate identified herein as the subject property consists of a combination of water and wastewater infrastructure and related components that are owned and operated by the City of Eureka (Eureka, Missouri).

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
Effective date of value:	December 10, 2019
Date of report:	January 20, 2020

The "Date of physical inspection of the property" is identified as December 10, 2019, even though there were several inspection dates by the appraisers. All of the inspection dates were within approximately 30 days of December 10, 2019.

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 December 10, 2019, we have concluded a reasonable market time for the subject property systems, each as a whole, is 12 to 24 months and the exposure time for the subject properties is also estimated to be from 12 to 24 months.

Intended Use and Intended User of the Appraisal

The intended use of this appraisal report is to assist the client (Missouri American Water Company) and the City of Eureka with the acquisition of the City of Eureka water and wastewater systems by the client. The intended users of this appraisal report include the client (for acquisition purposes), the City of Eureka (for asset disposition), 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 and the officials from the City of Eureka, 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 legislation⁴, 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

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 January 18, 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 is consistent with the Appraisal Institute's Guide Note 4 which addresses the conditions for an appropriate reliance by appraisers of reports prepared by others.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 (Missouri American Water Company) and from officials from the City of Eureka. 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

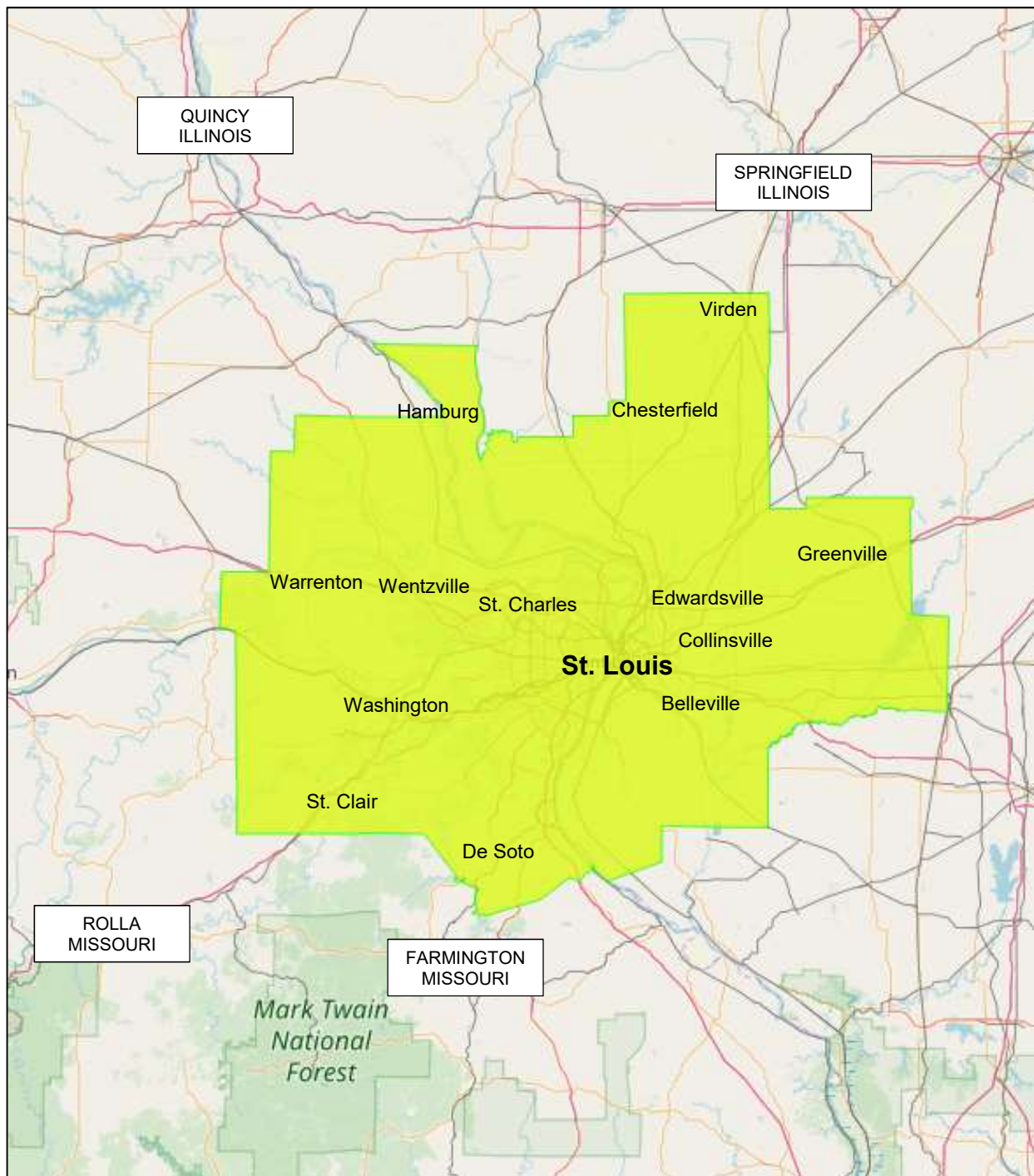
This report has not taken into consideration the possibility of the existence of any environmental hazards or substances, including but not limited to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of 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.

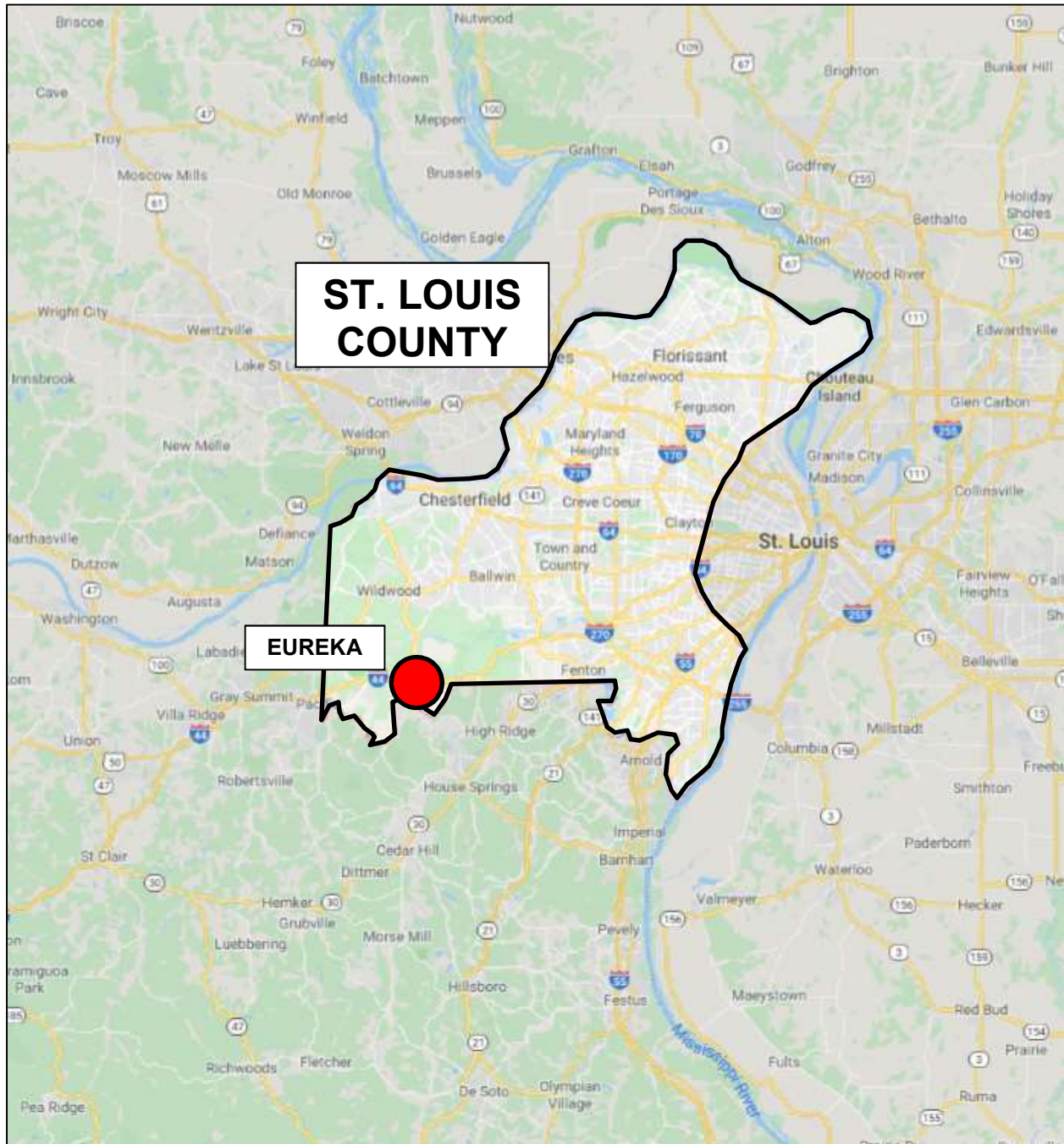
Regional Overview

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.

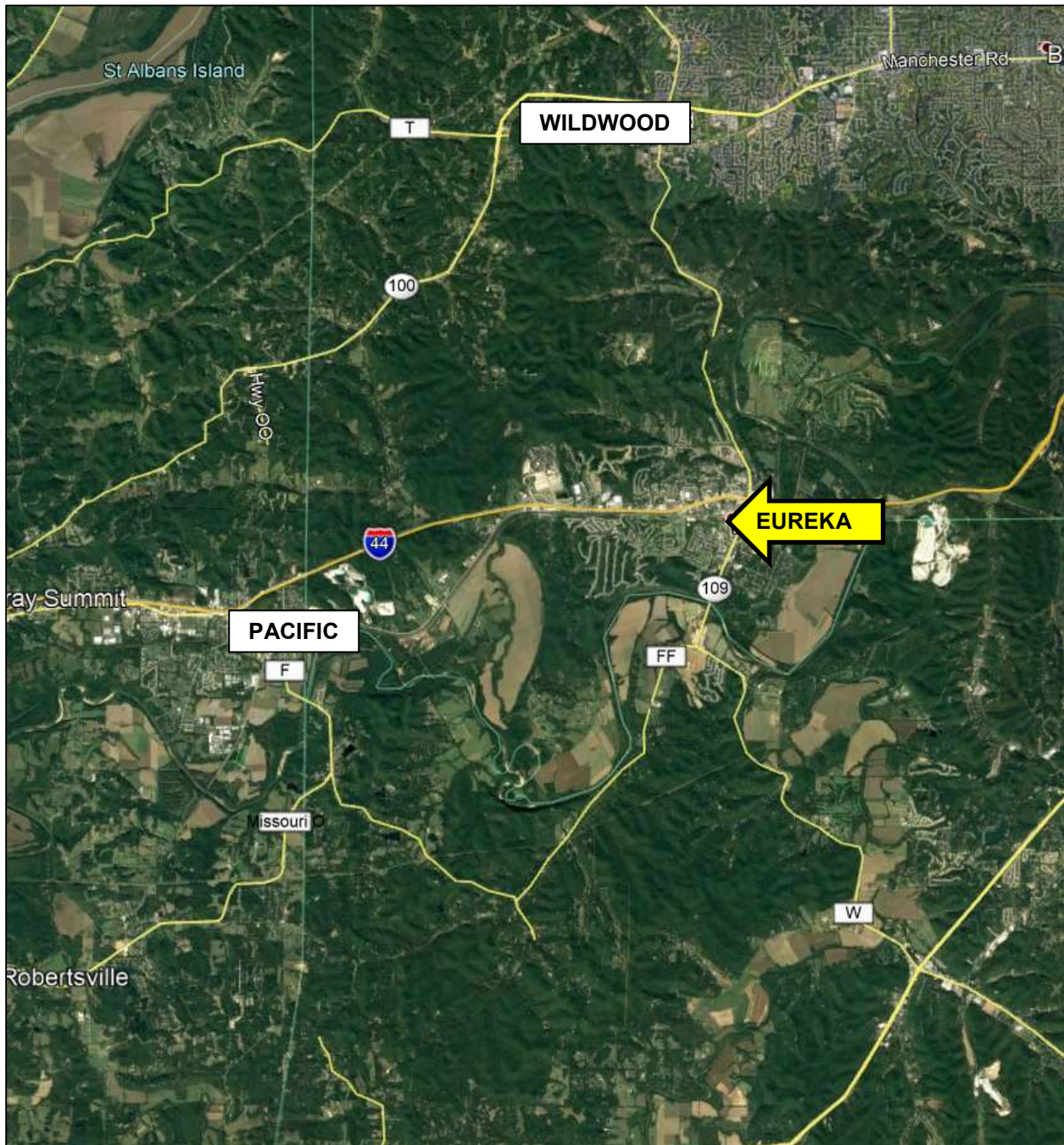


St. Louis County Overview
 (Continued)

POPULATION		HOUSING	
Total Population	1,010,659	Total Housing Units	444,088 (100%)
Population in Households	991,268	Owner Occupied HU	275,802 (62.1%)
Population in Families	795,112	Renter Occupied HU	132,262 (29.8%)
Population in Group Qtrs	19,391	Vacant Housing Units	36,024 (8.1%)
Population Density	1,990	Median Home Value	\$228,088
Diversity Index ¹	52	Housing Affordability Index ²	129
INCOME		HOUSEHOLDS	
Median Household Income	\$66,374	Total Households	408,064
Average Household Income	\$99,581	Average Household Size	2.43
Per Capita Income	\$40,289	Family Households	261,930
Wealth Index ³	130	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%
<i>St. Louis County MO - Peer Comparisons by Rank and Percentile</i>			
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 nineteen 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).



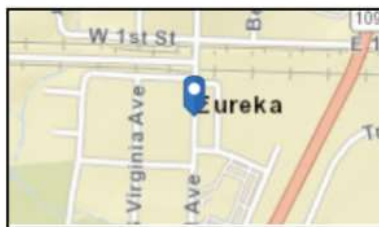
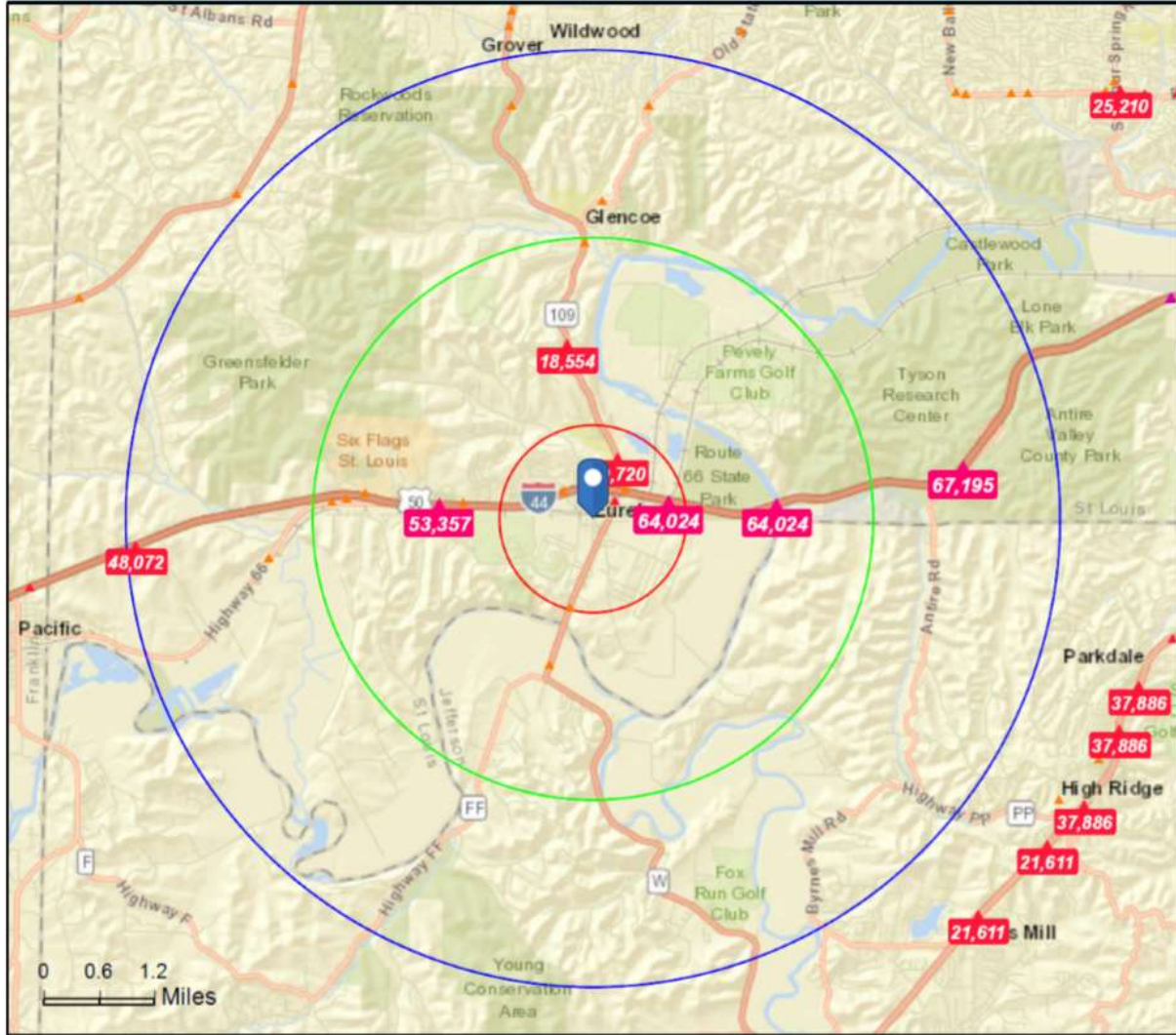
City of Eureka Overview
 (Continued)



Traffic Count Map

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

Prepared by Esri
 Latitude: 38.50184
 Longitude: -90.62801



- Average Daily Traffic Volume**
- ▲ Up to 6,000 vehicles per day
 - ▲ 6,001 - 15,000
 - ▲ 15,001 - 30,000
 - ▲ 30,001 - 50,000
 - ▲ 50,001 - 100,000
 - ▲ More than 100,000 per day



Source: ©2019 Kalibrate Technologies (Q3 2019).

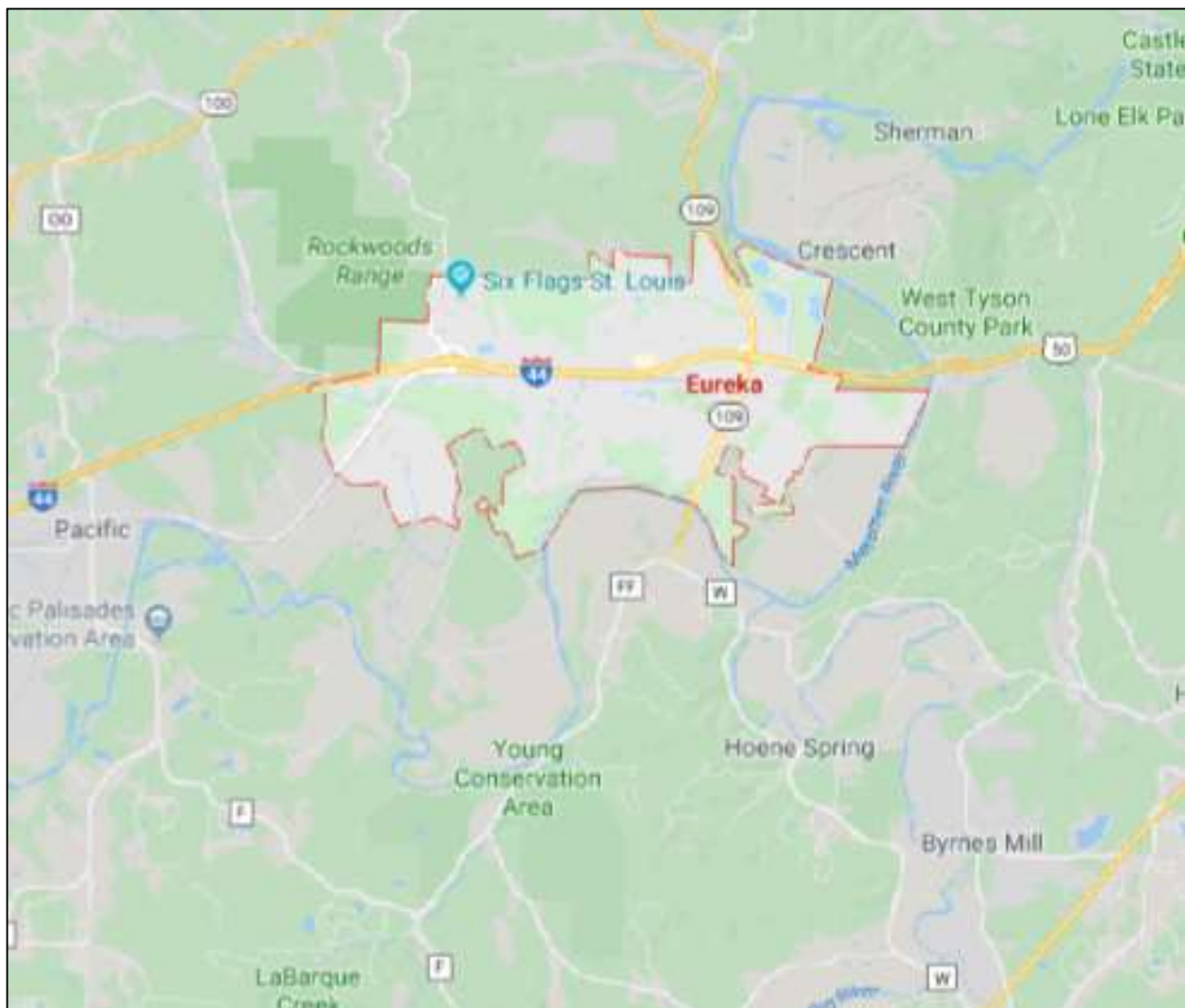
City of Eureka Overview

(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).

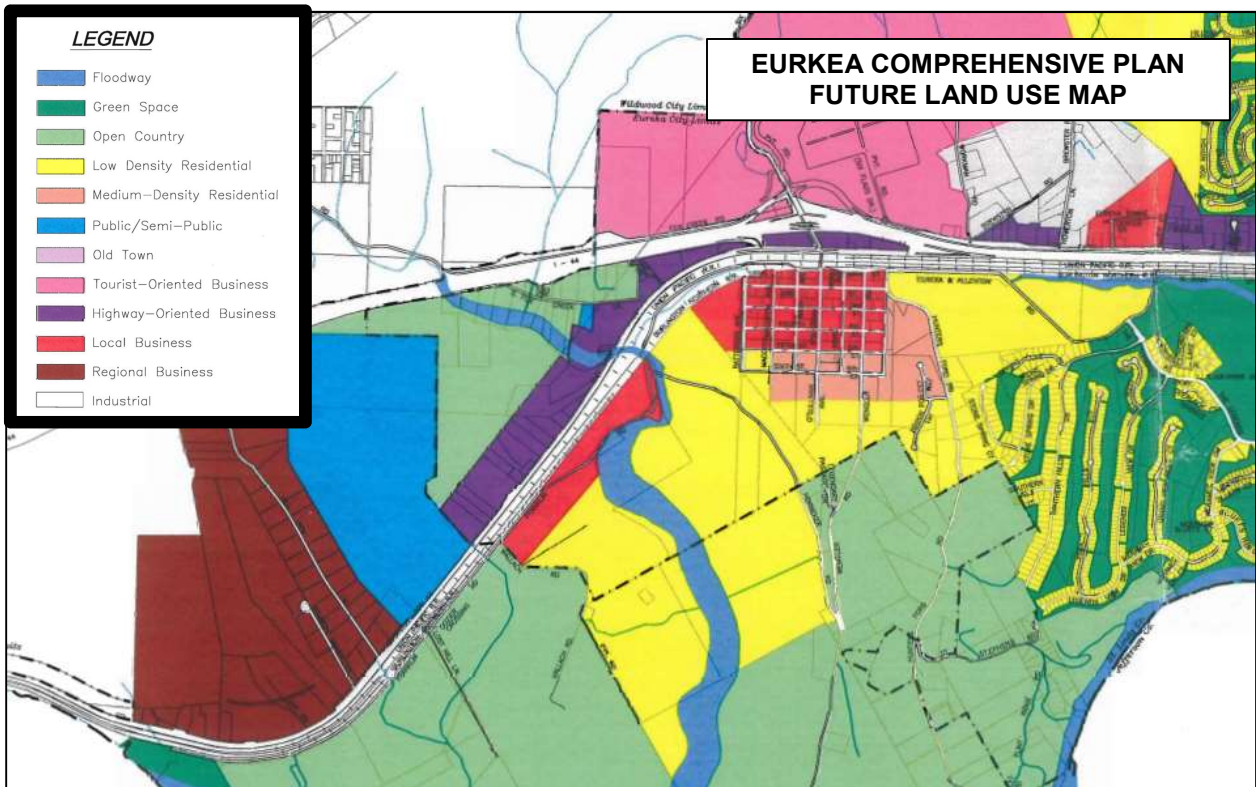
The Eureka area is known for the Six Flags St. Louis amusement park which has been expanded to include a water park. This complex is at the west edge of the City. One other major mixed-use development in the area is The Legends, a golf course and 500 residential unit community that is located south of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

West of the Legends is the Eureka S. I-44 Redevelopment Area a 934-acre redevelopment site which had been marketed to include nearly 1,200 single family housing units and 382,810 square feet of retail, restaurant, retail service and financial service type uses (see exhibit on following page). This development includes the 164 unit Ashton Woods subdivision, which is situated southeast of the intersection of Hunters Ford Road, being part of the first phase of this development. Integral parts of this redevelopment area include a new Allenton Bridge over Interstate 44, a potential new elementary school site, miles of walking trails, hundreds of acres of new parks, acres of new soccer and baseball fields, 70 acres of new commercial development, a new city water storage tank, miles of new roads and infrastructure, and sewer lines along with new planned residential communities.

The planned commercial development includes a new Home Depot, a possible new Target store, or other major retailer. The property includes much of Allenton, an old farming and railroad community Eureka annexed several years ago. The plan calls for the use of eminent domain against property owners who refuse to sell to private developer JBA Eureka LLC. This project has been placed on hold due to the economy.

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.

City of Eureka Overview
 (Continued)



City of Eureka Overview

(Continued)

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.

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.

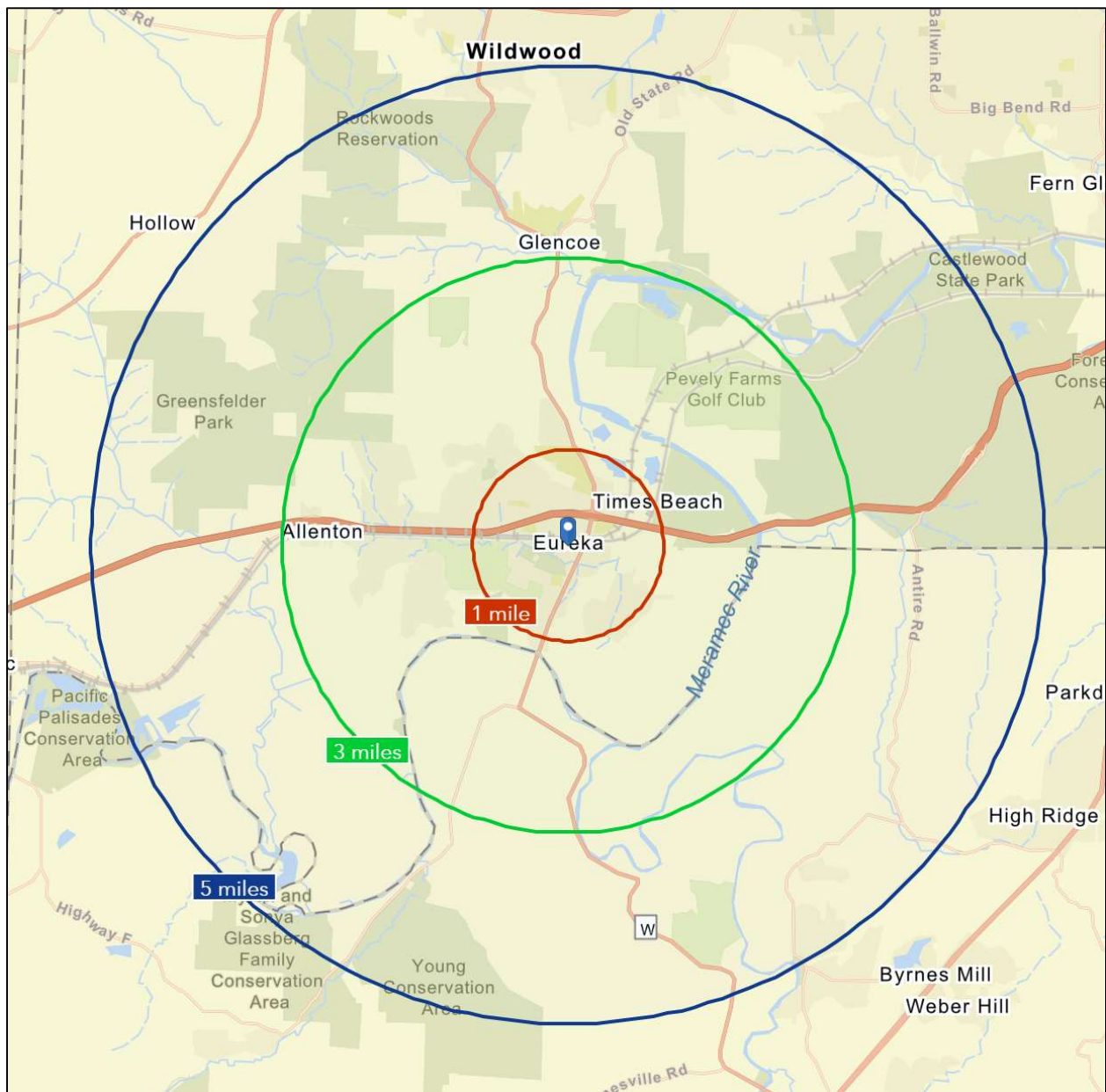
The City of Eureka is located just several minutes east of Franklin County and approximately 20 minutes west of the City of St. Louis, providing nearby access to concerts, shopping, employers, the arts and countless other activities and attractions throughout the entire St. Louis Metropolitan Area. Access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



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

	1 mile	3 miles	5 miles
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

	1 mile	3 miles	5 miles
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.

City of Eureka Overview
 (Continued)



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%

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		HOUSING	
Total Population	11,189	Total Housing Units	3,880 (100%)
Population in Households	10,983	Owner Occupied HU	3,121 (80.4%)
Population in Families	9,850	Renter Occupied HU	686 (17.7%)
Population in Group Qtrts	206	Vacant Housing Units	73 (1.9%)
Population Density	1,058	Median Home Value	\$298,795
Diversity Index ¹	17	Housing Affordability Index ²	165

INCOME		HOUSEHOLDS	
Median Household Income	\$100,972	Total Households	3,807
Average Household Income	\$126,941	Average Household Size	2.88
Per Capita Income	\$43,538	Family Households	2,999
Wealth Index ³	181	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	City of Eureka	38.16 Acres
			29U110113		
			29U110124		
			29U110146		
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	Paul and Judith Costello	7.08 Acres
			29V631172	William and Bobbie Roberts	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 aeration 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 later 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 December 10, 2019, 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.

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		Price/Ac
1	640 Meramec View Drive	Eureka, Missouri 63025	10/11/2019	\$35,000	10,019	0.230	\$3.49	\$152,174		\$152,174
2	550 Orchard Lane	Eureka, Missouri 63025	3/15/2018	\$58,000	13,504	0.310	\$4.30	\$187,097		\$187,097
3	364 Stonewall Drive	Eureka, Missouri 63025	5/9/2019	\$119,500	43,996	1.010	\$2.72	\$118,317		\$118,317
4	336 Stonewall Drive	Eureka, Missouri 63025	11/29/2018	\$120,000	45,302	1.040	\$2.65	\$115,385		\$115,385
5	778 Southern Hills Drive	Eureka, Missouri 63025	12/22/2017	\$84,000	72,310	1.660	\$1.16	\$50,602		\$50,602
6	1115 Eureka Road	Unincorporated, Missouri 63025	12/27/2018	\$71,000	76,230	1.750	\$0.93	\$40,571		\$40,571
7	121 Lewis Road	Unincorporated, Missouri 63025	11/25/2019	\$80,000	130,680	3.000	\$0.61	\$26,667		\$26,667
8	416 Crescent Meadows Lane	Unincorporated, Missouri 63025	9/4/2018	\$117,500	131,551	3.020	\$0.89	\$38,907		\$38,907
9	419 Crescent Vista Lane	Eureka, Missouri 63025	5/22/2018	\$170,000	134,600	3.090	\$1.26	\$55,016		\$55,016
10	404 Crescent Meadows Lane	Unincorporated, Missouri 63025	8/27/2018	\$124,900	136,778	3.140	\$0.91	\$39,777		\$39,777
11	216 Deer Run Lane	Unincorporated, Missouri 63025	12/19/2018	\$172,500	162,479	3.730	\$1.06	\$46,247		\$46,247
12	519 Lewis Road	Unincorporated, Missouri 63025	12/6/2019	\$300,000	435,600	10.000	\$0.69	\$30,000		\$30,000
13	1145 and 1173 Eureka Road	Unincorporated, Missouri 63025	11/7/2019	\$444,000	726,146	16.670	\$0.61	\$26,635		\$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		Price/Ac
1	532 North Virginia Avenue	Eureka, Missouri 63025	9/19/2014	\$20,000	7,100	0.163	\$2.82	\$122,699		\$122,699
2	105 East Third	Eureka, Missouri 63025	5/24/2018	\$300,000	64,904	1.490	\$4.62	\$201,342		\$201,342
3	216 and 220 East Avenue	Eureka, Missouri 63025	10/4/2017	\$31,000	10,019	0.230	\$3.09	\$134,783		\$134,783
4	923 Benton Street	Valley Park, Missouri 63088	12/27/2017	\$116,000	19,602	0.450	\$5.92	\$257,778		\$257,778
5	16910 Manchester Road	Wildwood, Missouri 63040	7/10/2019	\$75,000	23,740	0.545	\$3.16	\$137,615		\$137,615
6	354 Skinker Lane	Fenton, Missouri 63026	9/13/2019	\$58,000	3,049	0.070	\$19.02	\$828,571		\$828,571
7	555 Rockwood Arbor Drive	Eureka, Missouri 63025	3/14/2018	\$685,874	169,753	3.897	\$4.04	\$176,001		\$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
<i>(Water -1) 765 Niehoff Drive</i>							
	Prefabricated Shed	160	S.F.	\$15.29	\$2,446	80%	\$1,957
	Chain Fence	350	Lineal Ft.	\$19.07	\$6,675	70%	\$4,672
<i>(Water -2) 109 Brock Road</i>							
	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
<i>(Water-3) 489 Hill Drive</i>							
	Well House	899	S.F.	\$35.32	\$31,753	90%	\$28,577
	Chain Fence	290	Lineal Ft.	\$19.07	\$5,530	70%	\$3,871
<i>(Water-4) 503 Vista Hills Court</i>							
	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
<i>(Water-5) 1414 West Main Street</i>							
	Utility Shed	900	S.F.	\$30.42	\$27,378	80%	\$21,902
	Chain Fence	350	Lineal Ft.	\$19.07	\$6,675	70%	\$4,672
<i>(Water-6) 533 Howerton Lane</i>							
	Well House	899	S.F.	\$35.32	\$31,753	90%	\$28,577
	Chain Fence	290	Lineal Ft.	\$19.07	\$5,530	70%	\$3,871
<i>(Water-7) 755 Brewster Road</i>							
	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
<i>(Water-8) 687 Viola Lane</i>							
	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
<i>(Water-9) 360 Forby Road</i>							
	Utility Building	240	S.F.	\$45.50	\$10,920	90%	\$9,828
	Chain Fence	595	Lineal Ft.	\$19.07	\$11,347	70%	\$7,943
<i>(Water-10) 4589 Emerald View Court</i>							
	Booster Building	613	S.F.	\$24.86	\$15,239	95%	\$14,477
<i>(Wastewater-1) 71 & 99 Augustine Road</i>							
	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
<i>(Wastewater-9) 17435 Wyman Ridge Drive</i>							
	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
<i>(Wastewater-10) 18475 U.S. Highway 66 Street</i>							
	Shed	120	S.F.	\$15.29	\$1,835	70%	\$1,284

Cost Approach
 (Continued)

COMPARISON OF CONTRIBUTORY VALUE OF IMPROVEMENTS			
<i>Buildings and Site Improvements</i>			
LOCATION	FLINN REPORT	APPRAISERS' ESTIMATE	NOTES
W-1	\$199,757	\$6,629	<i>Flinn: Includes building and other assets</i>
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	<i>Flinn: Includes building and other assets</i>
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	<i>Appraisers' estimate includes site improvements</i>
WW-10	\$0	\$1,284	<i>Appraisers' estimate includes site improvements</i>
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:	\$10,565,696
Less Depreciated Value Attributed to Buildings:	-\$300,000
Depreciated Value of Water Assets Excluding Buildings:	\$10,265,696
Depreciated Value of Wastewater System Assets Including Buildings:	\$5,521,205
Less Depreciated Value Attributed to Buildings:	-\$116,618
Depreciated Value of Wastewater Assets Excluding Buildings:	\$5,404,587

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):	\$10,265,696
Contributory Value of Buildings and Site Improvements (As Is Value):	\$256,154
TOTAL FOR WATER SYSTEM:	\$10,621,850
ROUNDED TO:	\$10,600,000
WASTEWATER SYSTEM	
Contributory Value of Land and Easements Rights:	\$50,000
Flinn Engineering opinion (after adjustment for buildings):	\$5,404,587
Contributory Value of Buildings and Site Improvements (As Is Value):	\$125,515
TOTAL FOR WATER SYSTEM:	\$5,580,102
ROUNDED TO:	\$5,600,000

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 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 #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	
1	City of Rosiclare	Illinois American	City of Rosiclare	IL Pending	\$ 480,000	525	\$ 914	
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	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 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 \$3,400 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 December 10, 2019 is \$13,600,000 (THIRTEEN MILLION SIX HUNDRED THOUSAND DOLLARS).

SUMMARY OF WATER DELIVERY SYSTEM VALUATION	
Number of Water System Customers for Eureka System	4,009
Unit Value (value per customer) Concluded from Market Data	\$3,400
Value of Eureka Water Delivery System (rounded)	\$13,600,000

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	State	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	Location	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 \$1,400 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 December 10, 2019 is \$5,540,000 (FIVE MILLION FIVE HUNDRED FORTY 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 \$19,140,000. 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 \$2,400.

SUMMARY OF EUREKA WATER AND SEWER SYSTEMS COMBINED	
Value of Eureka Water System	\$ 13,600,000
Value of Eureka Wastewater System	\$ 5,540,000
TOTAL VALUE OF WATER AND WASTEWATER SYSTEMS	\$19,140,000
Number of Customers for Water System	4,009
Number of Customers for Wastewater System	3,957
TOTAL NUMBER OF CUSTOMERS	7,966
VALUE PER CUSTOMER (COMBINED WATER AND SEWER)	\$2,400

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 District	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 Camden County Public Water	Village of Peotone	IL	Oct-2018	\$ 12,300,000	3,000 \$ 4,100
17	Lake Region Water & Sewer Co	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 \$2,400 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 \$19,140,000 (NINETEEN MILLION ONE HUNDRED FORTY 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 December 10, 2019. 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 the City of Eureka, 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
<i>Sales Comparison Approach</i>	\$13,600,000	\$5,540,000	\$19,140,000
<i>Cost Approach</i>	\$10,600,000	\$5,600,000	\$16,200,000

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 December 10, 2019, were as follows:

Market Value of Water Delivery System	Market Value of Wastewater Collection System
\$12,500,000	\$5,500,000

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.



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

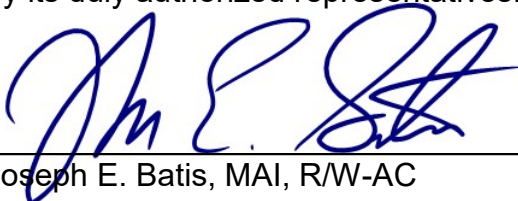
January 20, 2020

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.



January 20, 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

January 20, 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



EMPLOYMENT

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

PROFESSIONAL AFFILIATIONS

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

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

State Certified General Real Estate Appraiser – Illinois (Lic. 553-000493; Expires 09/19)

State Certified General Real Estate Appraiser – Missouri (Lic. 2016044083; Expires 06/20)

Approved Instructor – Appraisal Institute

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

LITIGATION, ARBITRATION, AND CONSULTING SERVICES

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

DEVELOPMENT OF CONTINUING EDUCATION SEMINARS

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

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



**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):

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

○ **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



**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**



***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

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

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

Appraisal review experience of the following property types:

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

PROFESSIONAL EXPERIENCE

PRESIDENT AND OWNER, Goodman Appraisal Consultants LLC, Cudahy, WI.

2010 to present

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

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

SENIOR ASSOCIATE, AUS Consultants, Greenfield, WI.

1989 to 2011

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

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

ELIZABETH GOODMAN SCHNEIDER, ASA

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

LICENSES

- Certified General Appraiser, State of Colorado, #CG.200001080
- 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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goodmanappraisal@gmail.com

ELIZABETH GOODMAN SCHNEIDER, ASA

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APPRAISAL EDUCATION

2019:

- The Dirty Dozen¹
- Essential Elements of Disclosures and Disclaimers¹
- The Cost Approach¹
- Michigan Appraisal Law - 2019¹
- Pennsylvania State Mandated Law for Appraisers¹

2018:

- 7-Hour National USPAP Update Course – 2018-2019²
- Cool Tools: New Technology for Real Estate Appraisers¹

2017:

- ARM204: Appraisal Review and Management Overview²
- Core Logic / Marshall & Swift Commercial Cost Seminar³
- Real Estate Finance, Value, and Investment Performance³
- Comparative Analysis³
- Construction Tour, Northwestern Mutual Real Estate³
- Michigan Appraisal Law – 2017¹

2016:

- Year in Review Symposium – 2016³
- Risk Reduction Seminar³
- Advanced Spreadsheet Modeling for Valuation Applications³
- 7-Hour National USPAP Update Course – 2016-2017³

2015:

- ARM106: Reasoning and Logic for Valuation Professionals²
- Year in Review Symposium – 2015³
- Eminent Domain and Condemnation³
- Michigan Appraisal Law – 2015³

2014:

- ARM201: Appraisal Review and Management Overview²
- Year in Review Symposium – 2014³
- Review Theory – General³
- Hotel Valuation Seminar³
- 7-Hour National USPAP Update Course – 2014 – 2015³

2013:

- Year in Review Symposium – 2013³
- Marina Valuation Overview³
- Rates and Ratios: Making Sense of GIMs, OARs, and DCF³
- Marketability Studies: Advanced Considerations & Application³
- Marketability Studies: Six-Step Process & Basic Applications³
- The Dirty Dozen¹
- Michigan Appraisal Law – 2013¹

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 – 2012³
- Advanced Income Capitalization (Attendee)³
- Income Valuation of Small, Mixed-Use Properties³
- Fundamentals of Separating Real Property, Personal Property and Intangible Assets³
- 7-hour National USPAP Update Course – 2012 – 2013³
- Apartment Appraisal: Concepts and Applications³
- The Impact of Dodd-Frank on Appraisers & Their Bank Clients³

2011:

- Year in Review Symposium – 2011³
- Going-Concern Telebriefing³

2010 and prior:

- Online Business Practices and Ethics³
- Michigan Appraisal Law – 2010 – 2011¹
- 7-Hour National USPAP Update Course³
- Online Marshall & Swift Commercial Cost Training³
- The Discounted Cash Flow Model: Concepts, Issues, and Apps.³
- Online Using Your HP12C Financial Calculator³
- Spotlight on USPAP: Hypothetical Conditions & Extraordinary Assumptions³
- Report Writing and Valuation Analysis³
- General Appraiser Report Writing and Case Studies³
- General Appraiser Site Valuation & Cost Approach³
- General Appraiser Market Analysis and Highest & Best Use³
- General Appraiser Income Approach (Part II)³
- Online Basic Appraisal Principles³
- Online Business Practices and Ethics³
- Online Real Estate Finance Statistics and Standard Valuation Modeling³
- General Appraiser Income Approach (Part I)³
- 15-Hour National USPAP³
- Basic Appraisal Procedures³
- ME201AC: Introduction to Machinery and Equipment Valuation²
- ME202AC: Machinery and Equipment Valuation Methodology²
- ME203AC: Machinery and Equipment Valuation – Advanced Topics and Case Studies²
- ME204AC: Machinery and Equipment Valuation – Advanced Topics and Report Writing²

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

710 006 - 02 EXPIRES 01/31/2020

The State of Wisconsin
Department of Safety and Professional Services

Herely 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 1st day of November in the year 2008.
The authority granted herein shall be renewed each biennium by the granting authority.
In witness whereof, the State of Wisconsin
Department of Safety and Professional Services
has caused this certificate to be signed under
its official seal.




This certificate was printed on the 12nd 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
6280 S LAKE DR #718
CUDAHY WI 53119
USA

Vivian Bauckhaus
EXECUTIVE DIRECTOR

Kelli Ann Danner
DIVISION DIRECTOR