

REAL PROPERTY APPRAISAL

**HAWTHORNE DEVELOPMENT
HAWTHORNE BOULEVARD
WARRENSBURG, MISSOURI 64093**

*Effective Date of Valuation
March 10, 2014*

*Date of the Report
April 4, 2014*

Prepared for

*Ms. Paula Hertwig Hopkins
City of Warrensburg*

Prepared by

KELLER AND ASSOCIATES

File Number 14-541

April 4, 2014

Ms. Paula Hertwig Hopkins
City of Warrensburg
City Manager
102 S Holden Street
Warrensburg, MO 64093

Re: Appraisal Report - Market Value of the Fee Simple Estate in the vacant development land known as the Hawthorne Development, located at Hawthorne Boulevard in Warrensburg, Johnson County, Missouri 64093.

Dear Ms. Hertwig Hopkins,

In accordance with your authorization, we have conducted the investigation necessary to form an opinion of Market Value of the Fee Simple Estate in the above captioned subject property.

This appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth. Please pay particular attention to the Extraordinary Assumptions and Hypothetical Conditions regarding lack of environmental and geotechnical report.

The report that follows is considered to be a summary of our analysis and conclusions. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. We are not responsible for unauthorized use of this report. The property was inspected by and the report was prepared by Matt Speer. The report was reviewed by Timothy J. Keller, MAI who also made a personal inspection of the subject property.

**KELLER &
ASSOCIATES**

**REAL ESTATE
APPRAISERS AND
CONSULTANTS**

120 E. NINTH ST., SUITE 201
LAWRENCE, KANSAS 66044
PHONE (785) 841-0110
FAX (785) 841-0148

Per conversations with the client and the intended use of the report, the scope of work in this report is intended to be consistent with industry standards and has been performed so as to develop a credible report.

The appraisers have performed several valuations in this appraisal. The appraisal have estimated the market value for each individual lot, as well as the subject in its entirety. As will be stated in this report, the unimproved sign tracts are not considered to have any contributory value on a standalone basis. The sign tracts that are adjacent to other subject tracts have been added to the adjacent tracts in our analysis. The appraisers have analyzed ten comparable sales to obtain our estimates of value, though not every sale is used to analyze each tract.

Additionally, per conversations with the client, the appraisers have provided an estimate of value assuming that the current remaining special assessments from the Neighborhood Improvement District are excluded from the value of the subject, and an estimate of value that accounts for the remaining special assessments.

Market Value Without Considering Specials

Based on the inspection of the property and the investigation and the analysis undertaken, we have formed the opinion that as of March 10, 2014, the Market Value As Is of the Fee Simple Estate without any special assessments in the subject property was:

Indications of Value - No Specials			
Tract	Indicated Value per Acre	Acres	Indicated Value
Lot 4	\$40,000	5.32	\$210,000
Lot 6	\$6,000	10.92	\$65,000
Lot 7	\$12,000	29.33	\$350,000
Lot 8	\$12,000	11.27	\$140,000
Lot 9	\$8,500	4.18	\$35,000
Improved Sign Tracts	N/A	N/A	\$80,000
Entirety of Subject	\$10,000	61.03	\$610,000
Implied Bulk Discount			31%

Market Value While Considering Impact of Outstanding Specials

Based on the inspection of the property and the investigation and the analysis undertaken, we have formed the opinion that as of March 10, 2014, the Market Value As Is of the Fee Simple Estate, which includes the specials assessments currently in place, in the subject property was:

Indications of Value with Specials					
Tract	Indicated Value	Less PV of Specials	Difference	Rounded	
Lot 4	\$210,000	- \$159,278	\$50,722	\$50,000	
Lot 6	\$65,000	- \$327,358	(\$262,358)	(\$260,000)	
Lot 7	\$350,000	- \$879,023	(\$529,023)	(\$530,000)	
Lot 8	\$140,000	- \$337,812	(\$197,812)	(\$200,000)	
Lot 9	\$35,000	- \$125,291	(\$90,291)	(\$90,000)	
Improved Sign Tracts	\$80,000	- \$9,015	\$70,985	\$70,000	
Entirety of Subject	\$610,000	- \$1,840,096	(\$1,230,096)	(\$1,230,000)	
Implied Bulk Discount	31%				

As indicated, the impact of specials creates a value below zero on all but Lot 4 and the improved sign tracts. Therefore it is highly unlikely the properties can be sold with the specials in place. It is our recommendation that the specials be paid off in full prior to marketing the subject.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addenda.

Sincerely,
Keller & Associates, Inc.



Matt Speer
Associate Appraiser
mspeer@kellerappraisal.com



Timothy J. Keller, MAI
State Certified General Appraiser, Missouri No. RA002814
tkeller@kellerappraisal.com

CERTIFICATION

- 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 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 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.
- Matt Speer has personally inspected the subject property.
- No one provided significant professional assistance to the person(s) signing this report.
- I certify that, to the best of my knowledge and belief, 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- 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.
- As of the date of this report, Matt Speer has completed the Standards and Ethics Education Requirements of Candidates of the appraisal Institute.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Matt Speer
Associate Appraiser

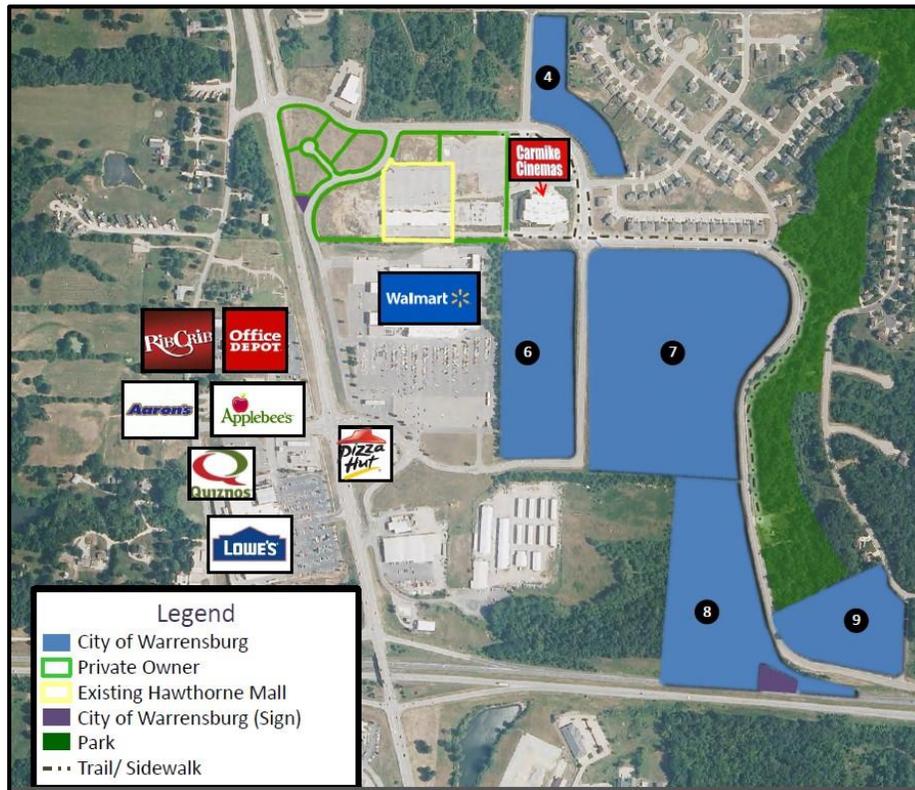
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- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Timothy J. Keller, MAI has completed the continuing education program of the Appraisal Institute.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Timothy J. Keller, MAI
State Certified General Appraiser, Missouri No. RA002814

EXECUTIVE SUMMARY



PROPERTY ID	610686	
PROPERTY NAME	Hawthorne Development	
LOCATION	Hawthorne Boulevard Warrensburg, Missouri 64093	
PROPERTY TYPE	Land	
EFFECTIVE DATE OF VALUE	March 10, 2014	
OWNER OF RECORD	The City of Warrensburg, Missouri	
LAND AREA		
LAND ACRES	61.40 - See More Detailed Breakdown in Introduction	
LAND SQUARE FEET	2,674,795	
ZONING CODE	GB and R 3, General Business and Low Density Multifamily	
HIGHEST AND BEST USE	Hold as vacant for future development	
VALUE INDICATIONS	Excluding Specials	Including Specials
LOT 4	\$210,000	\$50,000
LOT 6	\$65,000	(\$260,000)
LOT 7	\$350,000	(\$530,000)
LOT 8	\$140,000	(\$200,000)
LOT 9	\$35,000	(\$90,000)
IMPROVED SIGN TRACTS	\$80,000	\$70,000
SUBJECT IN ITS ENTIRETY	\$610,000	(\$1,230,000)

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions that are specific to the subject property or to this report.

1. The appraisers were not provided with a geotechnical condition report or an environmental site assessment. Had these been provided our estimate of value may be impacted.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is also subject to the following general assumptions and limiting conditions.

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in this report are intended to be visual aids and should not be construed as surveys of engineering reports.
4. All information in this report has been obtained from reliable sources. We cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
5. Possession of this report or a copy thereof does not imply the right of publication or use for any purpose by any other than the addressee, without the written consent of the appraiser.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless prior agreements have been made in writing.
7. The land, and particularly the soil, of the area under appraisal appears firm and solid. Subsidence in the area is unknown or uncommon, but we do not warrant against this condition or occurrence.
8. Subsurface rights (minerals and oil) were not considered in making this appraisal.
9. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely upon information furnished by others as to said data, therefore, the value conclusions are subject to the correctness and verification of said data.
10. We inspected, as far as possible, by observation the land; however, it was not possible to personally observe conditions beneath the soil. Therefore, no representations are made herein as to these matters and unless specifically considered in the report, the value estimate is subject to any such conditions that could cause a loss in value.
11. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, we are not qualified to test such substances or conditions. If the presence of substances such as asbestos, urea formaldehyde foam insulation, radon gas or other hazardous substances or environmental conditions may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field or environmental impacts upon real estate if so desired.
12. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute.

INTRODUCTION

Identification of the Property

The subject property consists of vacant land located at Hawthorne Boulevard, Warrensburg, Johnson County, Missouri. The subject consists of five large tracts of land, as well as eleven smaller tracts deeded separately for signs. Combined, the property consists of a 61.40 acre (2,674,795 square foot) non-contiguous site. A more detailed breakdown is shown below:

Tract	Square Feet	Acres
4	229,075	5.26
6	474,949	10.90
7	1,277,762	29.33
8	491,049	11.27
9	181,520	4.17
D	810	0.02
E	822	0.02
F	814	0.02
G	707	0.02
H	846	0.02
I	1,004	0.02
J	606	0.01
L	904	0.02
N	822	0.02
O	10,161	0.23
A	2,944	0.07

Ownership and Sales History

The owner of record is The City of Warrensburg, Missouri. The property was foreclosed on after failing to pay assessments in place from the Neighborhood Improvement District (NID). The majority of the property was purchased at a Sheriff's sale on April 15, 2013. The referenced amount on the deed was \$191,779.84. This was filed in Book 3467, Page 22. Four of the sign tracts were acquired separately from M&I Regional Properties LLC via a quit claim deed on March 27, 2013 (Book 3464, Page 75) and December 19, 2012 (Book 3454, Page 130).

According to a prior appraisal by a different appraisal firm, the previous developer originally purchased the approximately 196.19 acre site for \$6,000,000 in October of 2004, or roughly \$30,583 per acre. The developer then installed the infrastructure over the next several years with the aid of public financing.

Identification of the Appraisal Problem

Purpose and Property Rights Appraised

The purpose of the appraisal is to estimate Market Value of the Fee Simple Estate in the subject property.

Effective Date

The effective date of this appraisal is March 10, 2014. The property was inspected by Matt Speer on March 10, 2014. Timothy J. Keller, MAI has personally inspected the subject property.

Date of Report

The date of this report is April 4, 2014. A comparison of the date of the report to the effective date of the appraisal indicates that our conclusions are reflective of Current market conditions.

Client and Intended Use

This appraisal was prepared for use by City of Warrensburg to develop an independent conclusion concerning the market value of the real property. Thus our contract for services is in no way contingent upon reporting a predetermined analysis or opinion.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. Please refer to the Appraiser Qualifications at the end of our report.

Scope of Work

Based on conversations with the client and the intended use of the report, an Appraisal Report applying the Sales Comparison approach to value was considered appropriate to produce a credible report.

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property. This report was prepared to conform to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). The investigation included:

- an inspection of the subject and its surrounding neighborhood;
- discussions with active market participants including but not limited to Nancy Knepp with Reece & Nichols, Jeff Terry with Action Realty, Gary Brown with Crown Commercial Realty, Dan Spies with LDL Builders, and Tracy Brantner, Executive Director of Johnson County Economic Development Corporation.
- disclosure, analysis, reconciliation of all sales, agreements of sale, offers, options or listings of the subject property within three (3) years prior to the effective date of the appraisal report;
- analysis of the highest and best use;
- disclosure of tax assessments information, current and forecasted property taxes;
- the gathering of information on local market conditions and trends, and comparable land sales;
- confirmation and analysis of the data, including the application of the Sales Comparison approach.

This Appraisal Report is a brief recapitulation of our data, analyses, and conclusions. Supporting documentation is retained in our file.

Definitions

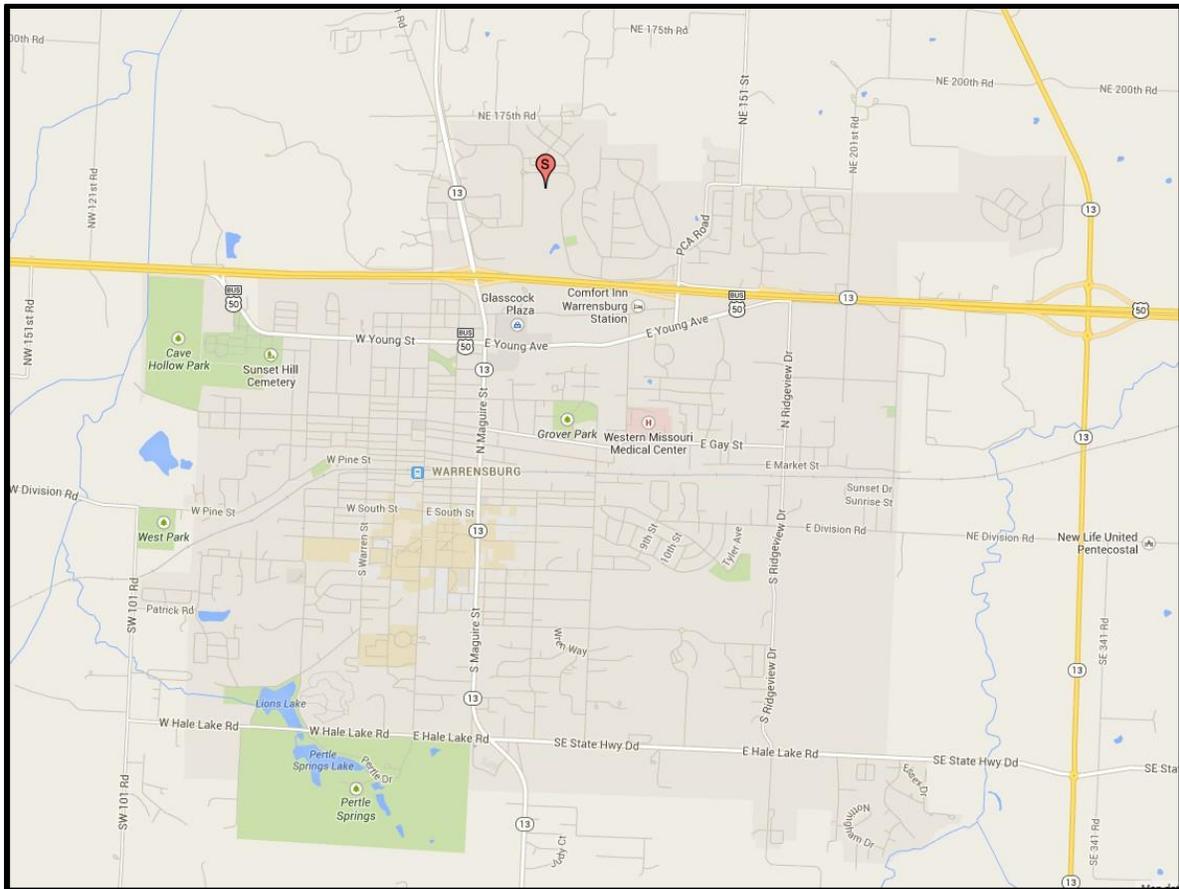
Pertinent definitions, including the definition of market value, are included in the Glossary, located in the Addenda to this report.

AREA AND NEIGHBORHOOD

Area Overview

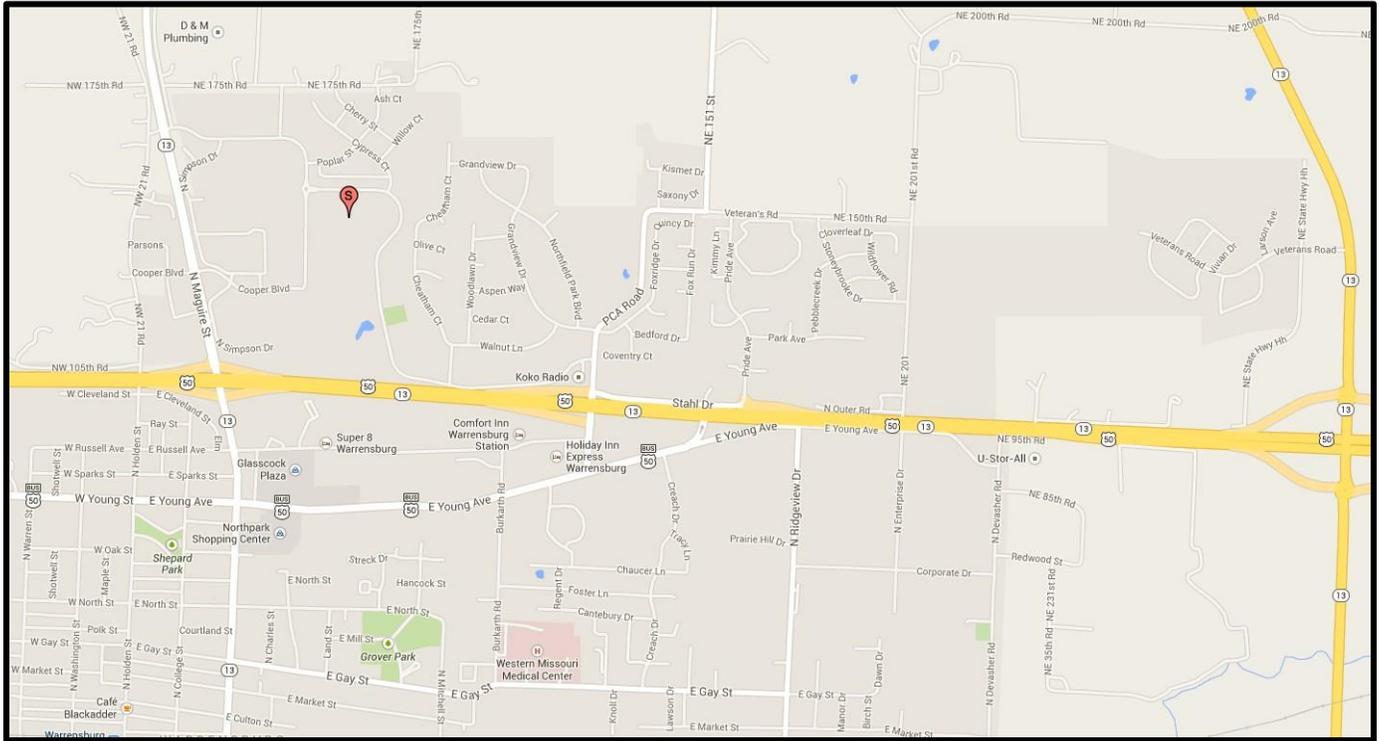
The subject is located in Warrensburg, Missouri. Warrensburg is located east of the Kansas City Metropolitan area, along US Highway 50. Warrensburg's population, per the 2010 US, is 18,838, up 15% from the 2000 US Census.

Area Map



Additional information about Warrensburg can be found in the addenda to this report.

Neighborhood Overview

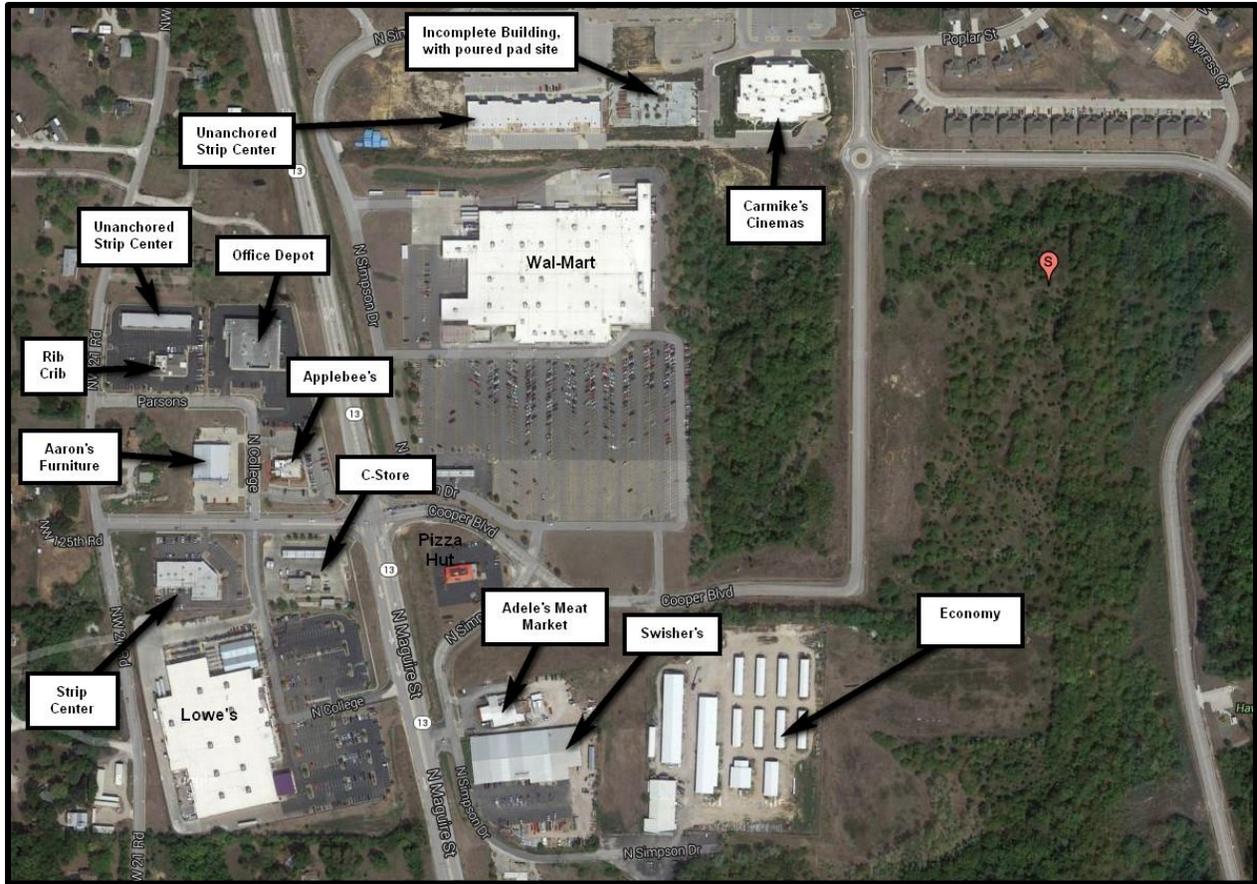


For purposes of this report, the neighborhood boundaries are best described as follows:

- North** NE 175th Road
- South** E Gay Street
- East** N Maguire Street
- West** Missouri Highway 13

The neighborhood is primarily influenced by its proximity to N Maguire, which is the newest commercial area for Warrensburg. N Maguire is the location for Wal-Mart and Lowe’s as well as other commercial uses.

Neighborhood land use includes a mix of commercial, industrial, and residential uses. The commercial use is located along Maguire Street. There is a newer commercial area on the north side of US Highway 50. Shown below is an aerial map with the commercial uses in the neighborhood labeled.



The industrial use is generally limited to the Economy Lumber yard. There is residential use noted east of Maguire, with two active subdivisions. These two subdivisions are Hawthorne Place and Hawthorn Estates. These are predominantly single family residences, but there is some townhomes in the Hawthorne Place development as well.

Access to the area is good, with US Highway 50 providing access to the Kansas City Metropolitan area to the west. Missouri Highway 13 provides access to Interstate 70, which is roughly 15 miles north of US Highway 50. Additionally, Maguire Street is a primary north/south arterial for Warrensburg.

Properties immediately adjacent to the subject property are summarized below:

Direction	Zoning	Use
North	R-1	Residential
South	GB	Industrial/Commercial
East	R-1	Park/Residential
West	GB	Commercial

Recent development in the neighborhood includes a new bank branch at the southwest corner of N Maguire and Young Avenue. This will be the Central Missouri Community Credit Union. There is also another bank branch under construction at the northwest corner of E Young Street and Burkarth Road, which will be F & C Bank. A new medical office for the Veterans Administration is to be constructed on E Young Street, east of Maguire. There is also new development occurring around the Hawthorn Plaza. There is a tract of land at the northwest corner of Hawthorn Boulevard and Bassworth Street that is slated for a 36-unit senior housing center. The tract adjacent to the west is currently under construction with a Johnson County 911 Call Center.

The appraisers have performed a 3-ring analysis, which shows demographic information in 1, 3, and 5 miles rings surrounding the subject. The supporting data is has been retained in the appraisers work file.

Demographic Analysis			
Current Year	2013		
Forecast Year	2018		
Trade Ring (miles)	1	3	5
Current Population	3,668	20,489	24,667
Forecast Population	3,909	21,335	25,810
Annual Percent Change	1.28%	0.81%	0.91%
Current No. Households	1,588	7,496	9,054
Forecasted No. of Households	1,702	7,888	9,565
Annual Percent Change	1.40%	1.02%	1.10%
Median Household Income	\$37,565	\$37,116	\$40,244
Forecasted Median Household Income	\$47,933	\$45,772	\$50,200
Annual Percent Change	5.00%	4.28%	4.52%
Current Median U.S. Household Income	\$51,314		

As can be seen in the above table, the population is fairly stable with growth rates projected around 1% per year. The median household income is fairly consistent in the one, three, and five mile rings, but is well below the median household income for the nation as a whole.

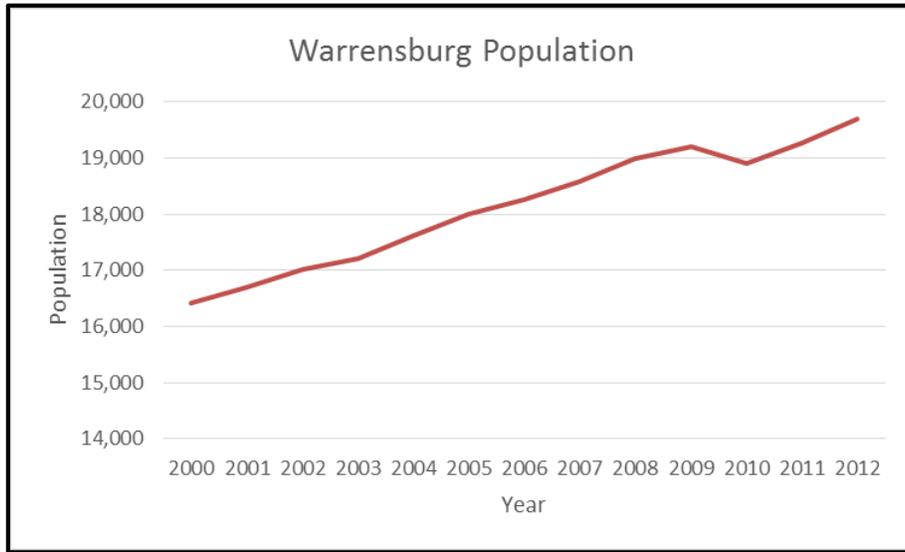
The neighborhood appears to be in the growth stage of its life cycle. Given the history of the neighborhood and the growth trends noted in the area analysis, it is our opinion the outlook for the neighborhood is average.

MARKET OVERVIEW

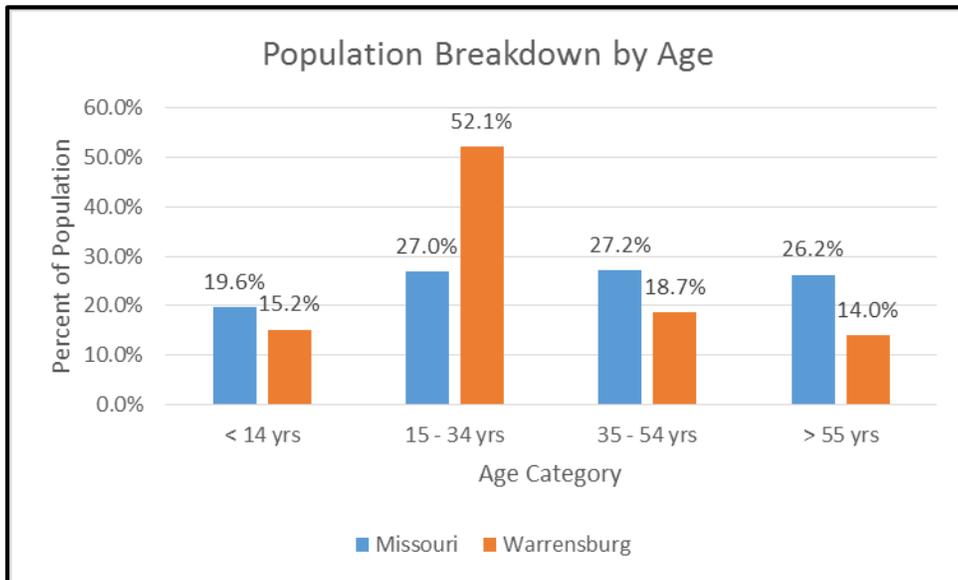
Residential Market

Demand

First, we have reviewed the demographic forces in Warrensburg. Shown below is the population of Warrensburg since 2000, according to the US Census Bureau. The Warrensburg population in 2012 was estimated at 19,687.

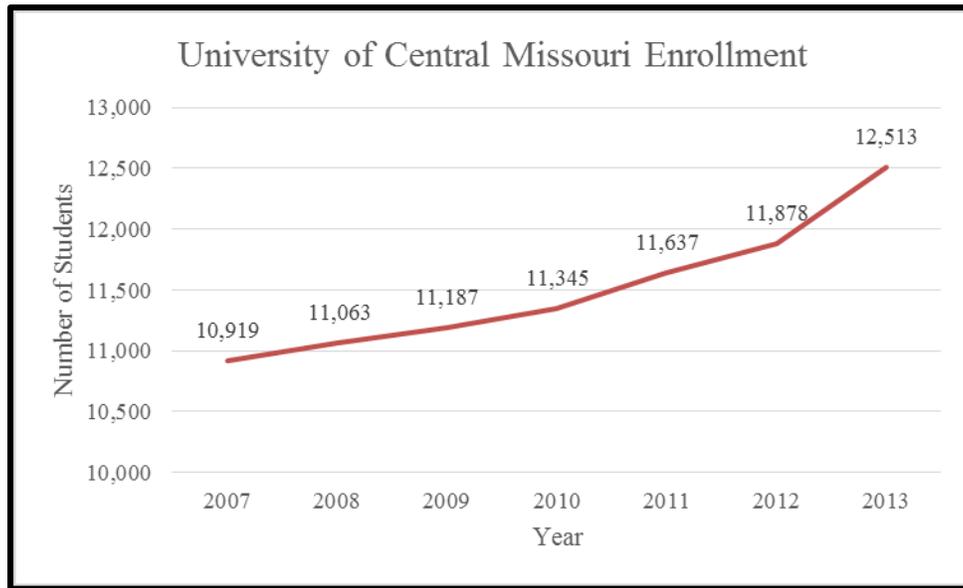


The annual population growth has averaged 1.5% per year from 2000 to 2012. This growth has been fairly consistent over the twelve year period shown above. Next we looked at the age profile for Warrensburg, as compared to the rest of Missouri:



Source: US Census Bureau

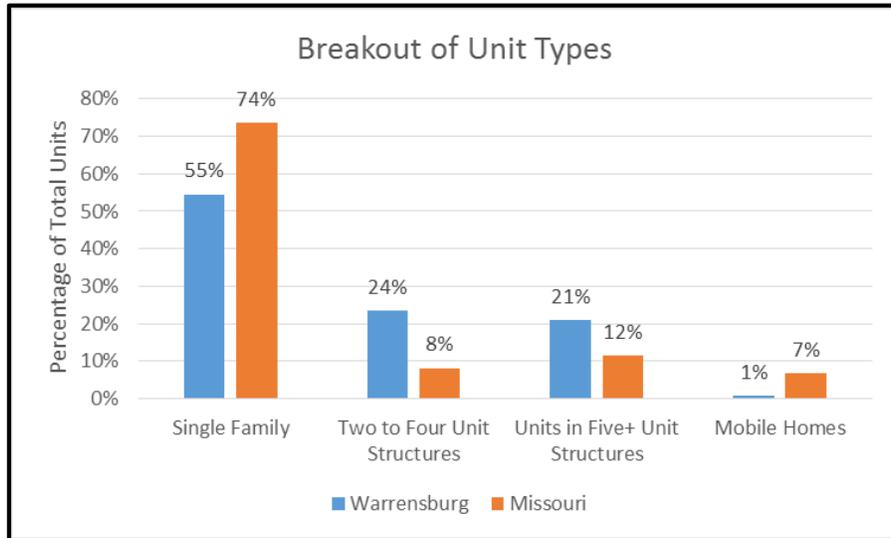
As can be seen, Warrensburg has a much higher percentage of teenagers and young adults than the state as a whole, which can be partially attributed to the University of Central Missouri. The strong demand for multifamily housing can be largely attributed to the University of Central Missouri, which is a campus of roughly 12,000 students. The chart below shows the enrollment for the past seven years, according to the Missouri Department of Higher Education. As can be seen, the University has been growing at an average annual rate of 2.1% per year over the past seven years.



The last population characteristic of Warrensburg is the proximity to Whiteman Air Force Base. The air force base has an impact on Warrensburg as it is located roughly ten miles from Whiteman Air Force Base. According to the *Whiteman Air Force Base Economic Impact Report* for the fiscal year 2012, the number of airmen stationed at the base was 6,073, with additional family members and dependents of 5,843 persons. Therefore, this brings 11,916 people to the area. At the end of September 2012, 8,034 of these people lived off base. However, Warrensburg is not the only option for airmen to live off base, as Sedalia is also a popular destination for airmen stationed at the base.

According to a recent article in the *Kansas City Star* on February 25, 2014, the total workforce on Whiteman Air Force Base fluctuates between 7,000 and 8,000. There is future risk that actions by the federal government could scale back the military, which has the possibility to reduce the workforce at the base.

According to the U.S. Census Bureau, there are 7,688 housing units in Warrensburg. As can be seen, Warrensburg has a larger percentage of multifamily units than Missouri as a whole. As can be seen, roughly 45% of the total units in Warrensburg are in multifamily structures, as opposed to Missouri that only has 20% of units in multifamily structures.



Additionally, the US Census Bureau indicates that 6,987 of the 7,688 housing units are occupied, or roughly 91%. Of these, 2,837 units are owner occupied, and 4,150 units are rented.

	Total Units	Percent
Owner Occupied Units	2,837	40.6%
Rented Units	4,150	59.4%
Total Units	6,987	100%

This is opposite of the State of Missouri as a whole. Missouri consists of roughly 69% owners, and 31% renters.

Next, the appraisers looked at the new construction in residential market over the past ten years.

Residential					
	Single Family	Duplex Units	3-4 Plex Units	5+ Units	Total
2004	103	10	68	17	198
2005	131	2	10	20	163
2006	126	16	58	24	224
2007	66	4	40	176	286
2008	34	2	0	0	36
2009	60	16	0	8	84
2010	55	14	12	24	105
2011	48	36	0	12	96
2012	51	10	0	34	95
2013	49	2	0	46	97
Total	723	112	188	361	1384
Last Ten Years					
Min	34	2	0	0	36
Max	131	36	68	176	286
Average	72.3	11.2	18.8	36.1	138.4
Median	57.5	10	5	22	101
Last Five Years					
Min	48	2	0	8	84
Max	60	36	12	46	105
Average	52.6	15.6	2.4	24.8	95.4
Median	51	14	0	24	96

Source: City of Warrensburg

As can be seen, the demand for new single family houses was highest from 2004 to 2006, but has been generally consistent over the last seven years. In fact, over the past five years, the number of single-family permits issued has ranged from 48 to 60 permits per year, with an average of just under 53 permits per year. This is fairly strong when compared to the demand of other similarly sized markets.

There have been 78 new duplex units added to the market over the past five years, or just over 15 units per year. There has only been 12 three and four-plex units added to the market over the past five years. There have also been 124 units in apartments added to the market over the past five years, or roughly 25 units per year. Therefore, there was an average of roughly 42 multifamily units added per year from 2009 to 2013.

A conversation with city officials indicated that the University of Central Missouri is currently building 324 student apartment units, which are not accounted for on the above chart.

Therefore, it can be concluded that the residential demand has been fairly stable, and can be projected to be fairly stable going forward. There is a strong multifamily market in Warrensburg, which is due primarily to the University of Central Missouri.

Supply

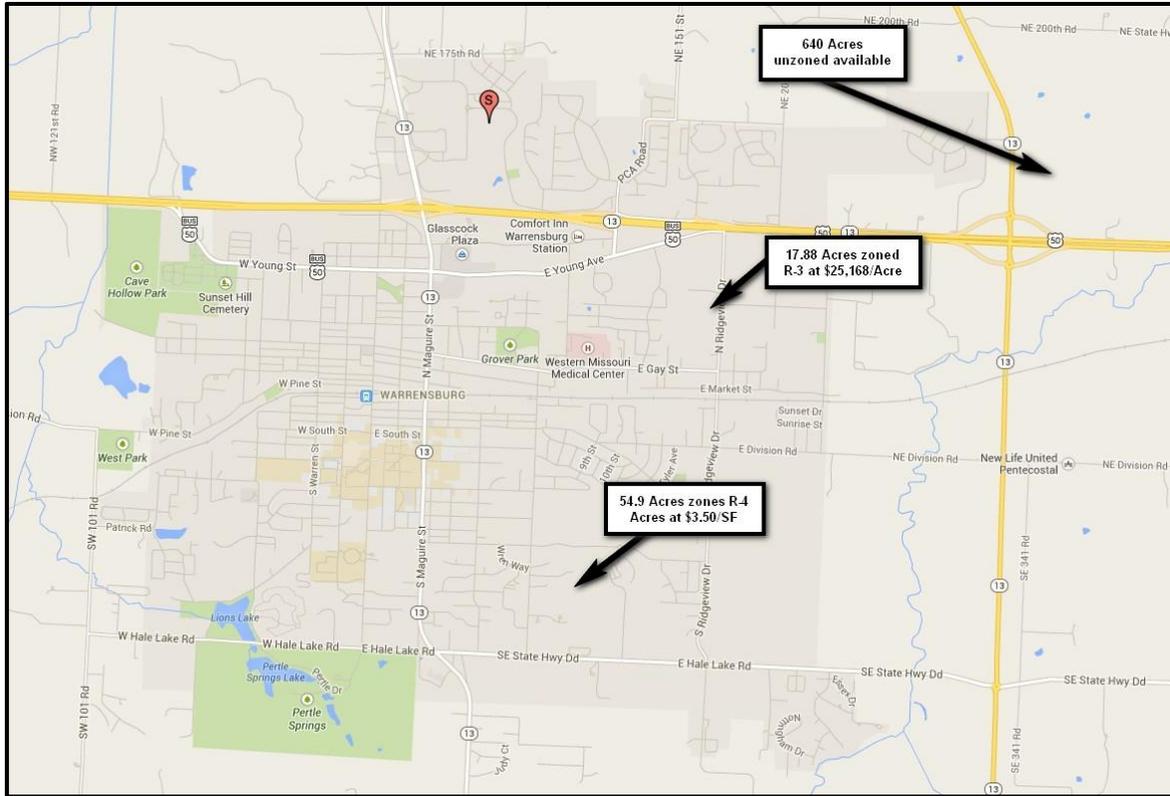
Next, the appraisers looked at the available supply of lots in Warrensburg. There does not appear to be an over-supply of available lots. Shown below are the active subdivisions in Warrensburg, and the number of remaining lots in each subdivision. This information was provided by the City of Warrensburg.

City of Warrensburg Residential Lot Inventory As of December 31, 2013			
Subdivision	Total Lots	Developed Lots	Vacant Lots
Cayhill (lots 1-66)	66	60	6
Cayhill (lots 67-117)	51	39	12
Clover Creek	114	108	6
Countryview Addition	84	83	1
Eternity Village	55	54	1
Falcon Crest	35	31	4
Hawthorne Estates	48	5	43
Hawthorne Place	96	75	21
Hidden Pines	22	18	4
Hunter Hollow	5	0	5
Iron Horse	71	70	1
Maple Ridge	3	1	2
Oakmont	40	39	1
TOTAL	690	583	107

A visual inspection by the appraisers indicated a similar amount of vacant lots in these subdivisions. It is the appraisers understanding that all of the above lots are zoned for single-family use. Based on this analysis, there would appear to be a supply of roughly two years or single-family lots (107 vacant lots / 53 average permits per year).

This would indicate a need for new single-family lots in the near future. City officials indicated that the Cayhill subdivision is set to start its third phase in the next year. Therefore, there appears to be a need for new residential inventory in the near future.

The multifamily market also has limited available supply, but there appears to be some multifamily zoned ground available. There is currently roughly 72 acre of multifamily zoned land available for future development. However, there is also a large amount of vacant land owned by the University of Central Missouri for future development.



Conclusions

The residential market in Warrensburg has been fairly active in recent years. There appears to be a roughly two year supply of permit ready single family residential lots. Warrensburg also has a younger population than the state as a whole, which can be largely attributed to the University of Central Missouri. This leads to a larger percentage of renters in Warrensburg than in the state as a whole. This has led to a fairly active multifamily market. However, the demand for multifamily land is more difficult to predict given the amount of land the university controls.

Commercial Market

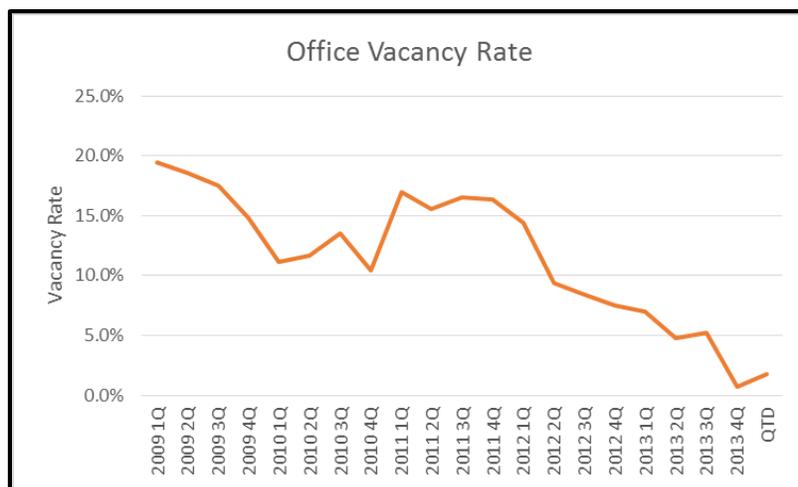
Office

Demand for office space is generated by job growth. The chart below is data from the Bureau of Labor Statistics. This chart is for Johnson County, Missouri, as the Bureau of Labor Statistics does not break out cities individually if they have a population under 25,000 such as Warrensburg.

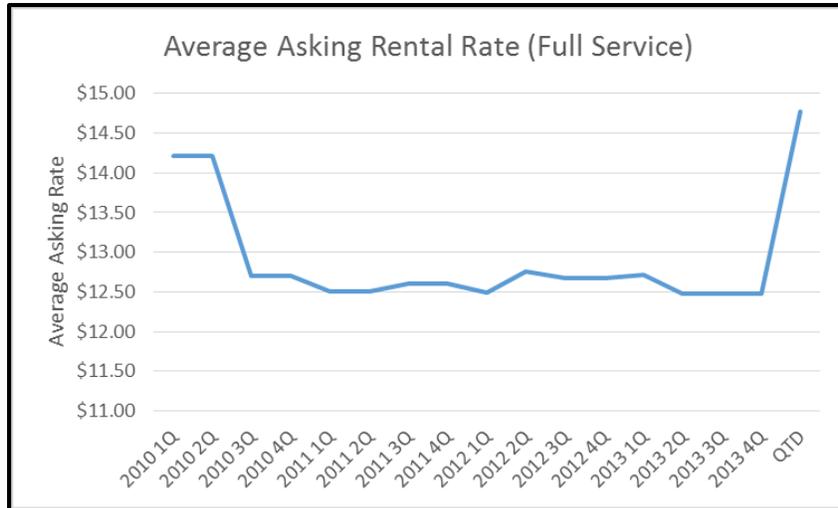
Johnson County, Missouri					
Year	Labor Force	Employment	Job Growth	Population Growth	Unemployment Rate
2003	24,769	23,614			4.7%
2004	25,101	23,860	1.0%	1.8%	4.9%
2005	25,842	24,664	3.4%	0.5%	4.6%
2006	26,634	25,576	3.7%	0.6%	4.0%
2007	26,395	25,186	-1.5%	0.5%	4.6%
2008	26,685	25,326	0.6%	0.3%	5.1%
2009	26,340	24,080	-4.9%	0.9%	8.6%
2010	25,762	23,515	-2.3%	0.5%	8.7%
2011	25,430	23,314	-0.9%	0.2%	8.3%
2012	25,088	23,355	0.2%	1.5%	6.9%
2013	25,323	23,722	-0.6%		6.3%
Total Growth			0.5%	6.9%	

As can be seen above, there has been virtually no job growth over the previous eleven years in Johnson County, Missouri. Job growth has not kept pace with population growth. However, the unemployment rate has largely remained in check over the period shown above. Additionally, the former BOMAG industrial building was recently purchased by Janesville Acoustics, and is expected to create 164 new full time jobs.

According to CoStar, the vacancy rate for office properties in Warrensburg is currently at 1.8%. Discussions with active real estate agents in the market indicated a low vacancy at the current time. There has been no significant supply added to the market in recent years, with CoStar showing 125,270 square feet of office space in 20 properties.

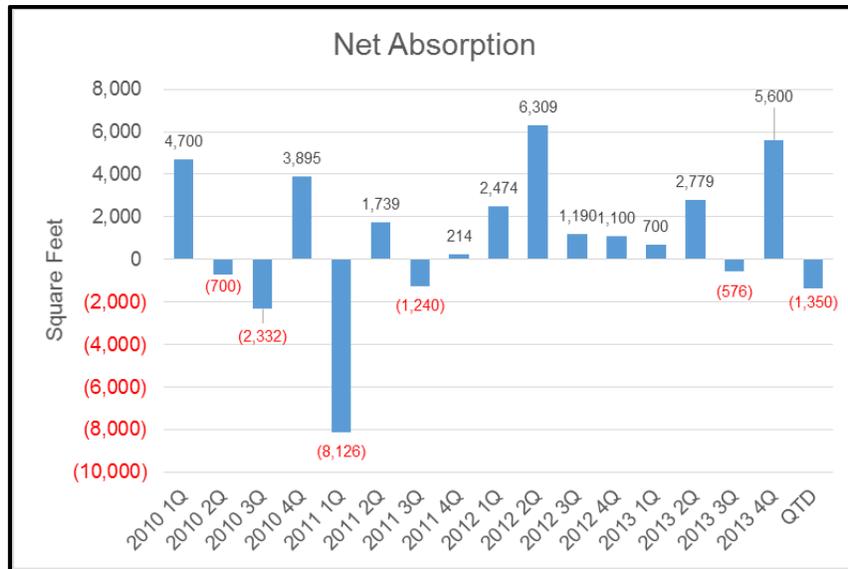


The average asking rental rate has been fairly stable over the past four years, with a spike noted so far in the first quarter of 2014. The average rental rate over the period is \$12.92 per square foot, on a full service basis. These rates do not support the cost of new construction.



Source: CoStar

CoStar indicates a positive absorption since 2010 of 16,376 square feet. Absorption in 2013 was a positive 8,503 square feet.



Source: CoStar

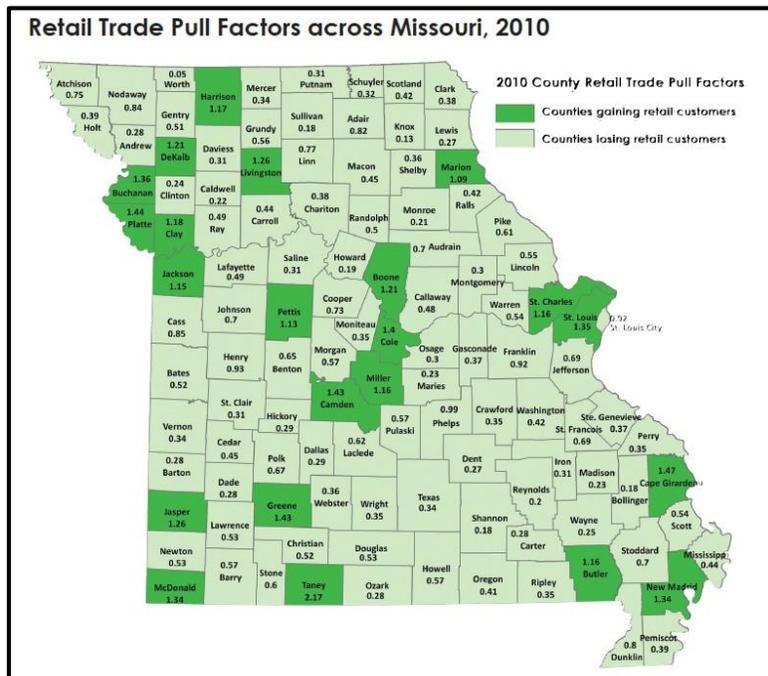
Retail

As can be seen in the chart below, the retail market for Warrensburg has experienced positive growth in nine of the past ten years. There was a 6.5% increase in retail sales in 2013, which was a large improvement over the previous four years.

Taxable Retail Sales		
Year	Retail Sales	Percent Change
2003	\$212,686,931	
2004	\$226,472,439	6.5%
2005	\$241,062,484	6.4%
2006	\$263,874,875	9.5%
2007	\$267,895,182	1.5%
2008	\$273,408,555	2.1%
2009	\$268,065,037	-2.0%
2010	\$269,751,554	0.6%
2011	\$272,536,632	1.0%
2012	\$276,976,328	1.6%
2013	\$295,006,500	6.5%

Source: Missouri Department of Revenue

Additionally, the appraisers considered the pull factor for Johnson County, Missouri. The most recent information the appraisers could obtain, indicated a pull factor of 0.70 for Johnson County in 2010. A discussion with Tracy Brantner with the Johnson County Economic Development Corporation indicated this number is still reflective of current conditions. A pull factor is the relationship between the amount of sales tax collected per person in a community and the amount of sales tax collected per person in the state. If the number is above one, the community has a greater amount of sales per person in the community than the state. Therefore, the county is losing retail dollars to other counties.



Source: Missouri Department of Economic Development

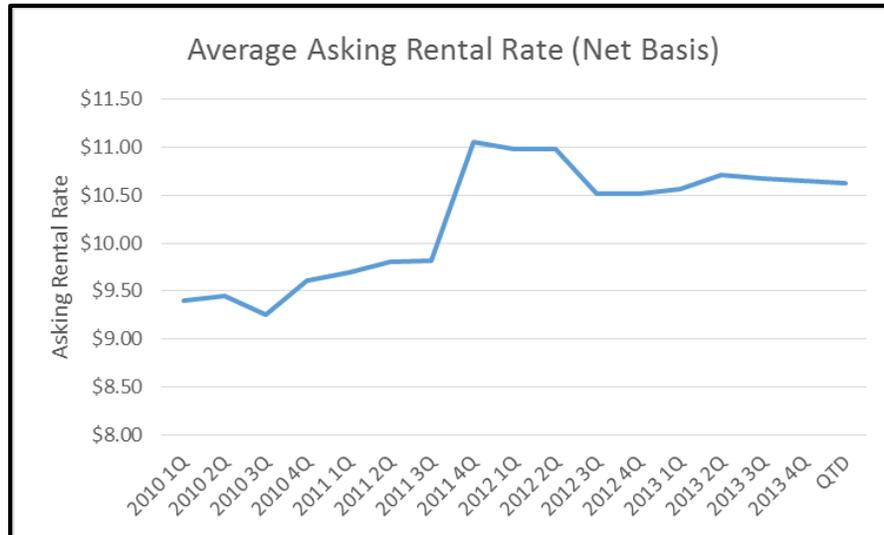
Additionally, information from CoStar indicates that there is 1,102,301 square feet of retail space in Warrensburg. This equates to roughly 60 square feet of retail space per person. In comparison, CoStar indicates there are 118,544,902 square feet of retail space in the Kansas City Metropolitan area, with an estimated 2012 population of 2,064,630, equating to roughly 57 square feet of retail space. Therefore, Warrensburg has more retail space per capita than the Kansas City Metropolitan area. Considering the pull factor and square feet of retail space per capita, there appears to be a limited demand for new retail development.

According to information from CoStar, the vacancy rate in the first quarter of 2014 is 8.5%, and this is the lowest vacancy since the fourth quarter of 2010. There has been limited new supply added to the market in recent years.



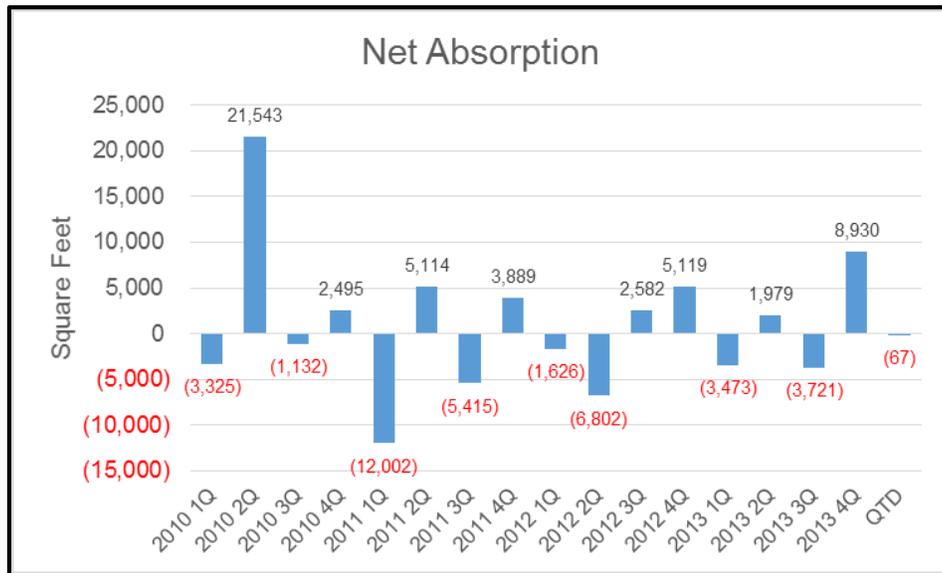
Source: CoStar

The average asking rental rate has been generally increasing over the past four years, with the current average asking rental rate being \$10.62 per square foot, on a net basis. The average rental rate over the period is \$10.25 per square foot, on a net basis.



Source: CoStar

CoStar indicates a positive absorption since 2010 of 14,088 square feet. Absorption in 2013 was a positive 3,715 square feet.



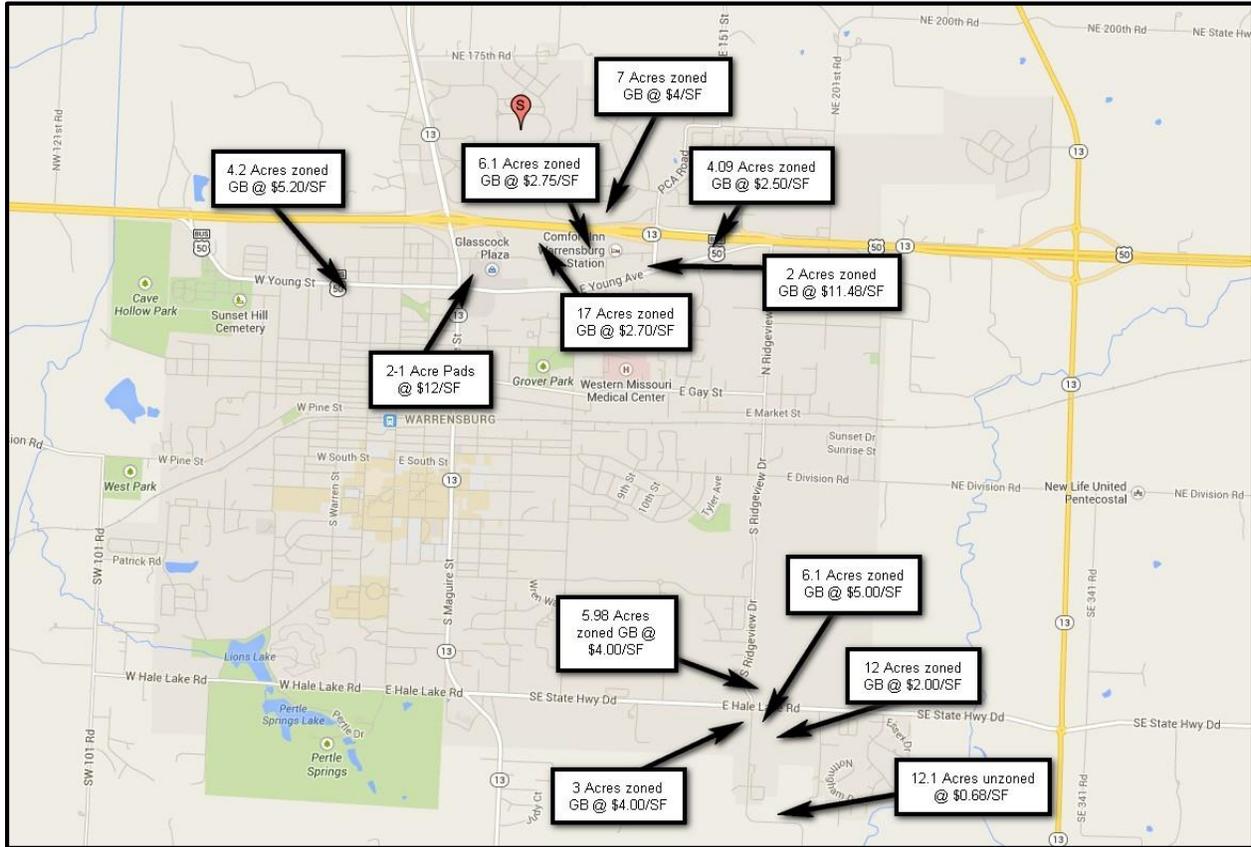
Source: CoStar

New Construction

There has been limited new development in recent years. According to the City of Warrensburg Planning Department, there were three permits issued in 2013, which were for two new bank branches. Prior to that, there had been no new office development since 2008. Retail construction has also been limited with a new retail permit issued in 2012, but none in 2011 or 2013.

Commercial						
	Retail	Office	Industrial	Hotel	Church	Total
2004	4	0	0	0	5	9
2005	6	2	0	0	0	8
2006	9	0	1	0	5	15
2007	14	5	0	0	3	22
2008	5	3	2	0	1	11
2009	5	0	1	1	2	9
2010	2	0	0	0	1	3
2011	0	0	0	0	0	0
2012	1	0	1	0	0	2
2013	0	3	0	0	0	3
Total	46	13	5	1	17	82
Last Ten Years						
Min	0	0	0	0	0	0
Max	14	5	2	1	5	22
Average	4.6	1.3	0.5	0.1	1.7	8.2
Median	4.5	0	0	0	1	8.5
Last Five Years						
Min	0	0	0	0	0	0
Max	5	3	1	1	2	9
Average	1.6	0.6	0.4	0.2	0.6	3.4
Median	1	0	0	0	0	3

Shown below is the commercial land that is currently listed for sale in Warrensburg. This information comes from the Central Missouri Economic Development Alliance as well as Crown Commercial Realty. As can be seen, there is roughly 81.5 acres available for future development that is currently listed. The subject is not included in this amount. Given the recent activity in the market, this appears to be enough supply for future development.



Conclusions

The overall vacancy for the combined office/retail market in Warrensburg is at a healthy level. Using the numbers from CoStar, there is 1,227,571 total building area of office and retail properties, which has a combined vacancy rate of 7.8%. There has been limited new development in recent years. The most recent development has been two new bank branches. The appraisers are aware of two proposed projects in 2013, but there appears to be a large amount of vacant commercial land in the market. However, the lack of employment growth, leakage factor, and the amount of existing retail space per capita would suggest limited demand for new commercial construction.

PROPERTY DATA

Site Description – Entire Site

Location	Hawthorne Boulevard, Warrensburg, Johnson County, Missouri
Legal Description	Lots 4, 6-9 and Tracts D, E, F, G, H, I J, L, N, and O Hawthorne Development recorded in the Johnson County Recorder's Office at Book 12, Pages 116-123, and Tract A Hawthorne Plaza, Lots 1-9 and Tract A recorded in the Johnson County Recorder's Office at Book 12, Page 252.
Size	Approximately 61.40 acres, or 2,674,795 square feet (non-contiguous)
Configuration	Irregular (see following parcel map)
Topography	The topography ranges from general rolling to very steep grade changes, and is considered to be an obstacle with the future development of the site. See the topography maps at the end of this section. Due to the topography, a large amount of the site area is not considered usable.
Drainage	Appears Adequate
Flood Plain	The subject is partially (1.00%) located in the floodplain. The area in the flood plain is limited to Lot 9.
Flood Zone	X
Flood Map #	29101C0240E, effective July 4, 2011
Frontage	There is adequate road frontage. The roads running through the development are residential streets with curbs and gutters.
Access	There is sufficient access. Hawthorne Boulevard provides access to PCA Road to the east, and connects with Simpson Drive and Cooper Boulevard to provide access to Missouri Highway 13 to the west.
Traffic Count	Light
Zoning	GB and R 3, General Business and Low Density Multifamily
Conformance	There only improvements are two monument signs on two sign tracts, which are legally conforming.
Utilities	Adequate utilities, including water, sewer, electricity and gas are available and in place at the site.
Easements, Encumbrances, Moratoriums	We were not provided a current title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search be completed to determine whether any adverse conditions exist.
Entitlements	The entire subject is located in a Neighborhood Improvement District. This district was created to fund the infrastructure improvements including roads and utility extension. This is effectively a special assessments district with 17 years remaining on the specials for the land inside this district. If any of the tracts in the NID are developed with retail uses, the city will reimburse sales tax for up to the amount of special assessments paid for the year, for up to ten years. The commercially zoned land, including Lots 6, 7 and 8, is located in a Transportation Development District (TDD). This adds a ½ cent sales tax to be imposed on all retail sales in the district. Restrictions that go along with the TDD include no discount stores or grocery stores over 45,000 square feet.

Site Description – Lot 4

Lot 4 consists of a 5.26 acre, or 229,075 square foot site that is irregular to almost “L” shaped parcel. It is below street grade. There are topography issues with this site, and it will likely require atypical site work. Access to the site will likely be from Poplar Street. The site is zoned R 3, Low Density Multifamily. This lot is not located in the flood plain.

Site Description – Lot 6

Lot 6 consists of a 10.90 acre, or 474,949 square foot site that is rectangular in configuration. This site has frontage along two sides, with GB, General Business Zoning. According to the topography map there is a sanitary sewer easement bisecting the southern portion of the site. In addition, this site has major topographical issues. The topography map shows the adjacent Wal-Mart lot ranging from 814 to 818 feet of elevation along Wal-Mart’s west edge. This elevation declines severely along the west portion of the subject site, hitting a low point of 780 feet of elevation, an elevation change of over 30’ below the Wal-Mart lot. These topographical issues will make future development of the site impractical.

Site Description – Lot 7

Lot 7 consists of a 29.33 acre, or 1,277,762 square foot site that is generally rectangular to irregular in configuration at the northeast corner of the site. There is road frontage along three sides. There is a sanitary sewer and storm sewer easement along the northern portion of the site. The topography of this site is generally rolling. Large portions of this site are heavily wooded.

Site Description – Lot 8

Lot 8 consists of an 11.27 acre, or 491,049 square foot site that is rectangular to slightly irregular in configuration. There is road frontage along Hawthorne Boulevard as well as US Highway 50. There is no access from US Highway 50. There is a sanitary sewer easement bisecting the site. The topography of this site is generally rolling. The majority of this site is heavily wooded.

Site Description – Lot 9

Lot 9 consists of a 4.17 acre, or 181,520 square foot site that is irregular in configuration. There is road frontage along Hawthorne Boulevard as well as visibility from US Highway 50, although there is no direct road frontage. There is no access from US Highway 50. There are two sanitary sewer easements along the western portion of the site. The topography of this site is generally rolling, and the northern portion of the site has a steep grade. The southern portion of the site is below grade. The majority of this site is heavily wooded. Additionally, the very southwest corner of the site is located in the 100-year flood plain.

Sign Tracts

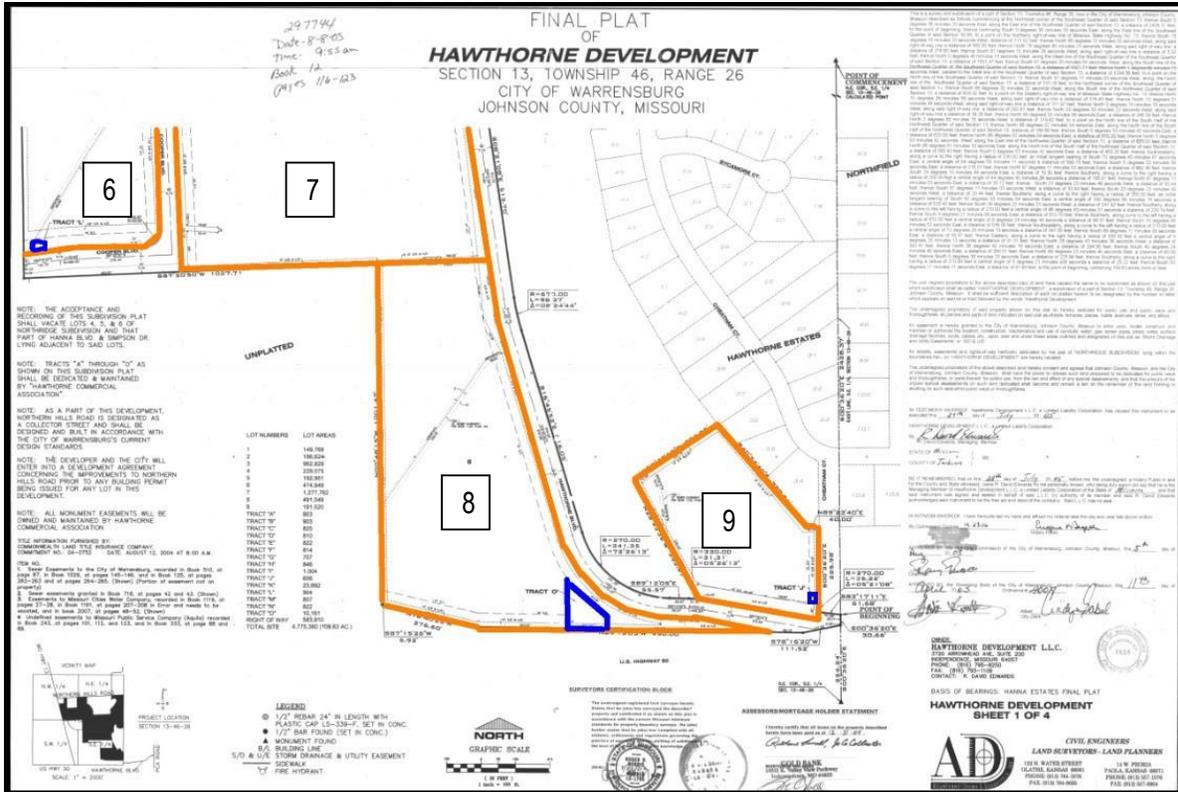
There are eleven sign tracts, which combined 20,440 square feet of non-contiguous area. Tract O is improved with a monument sign, which was estimated to cost \$45,000 when it was constructed in 2006. Tract A is located along Missouri Highway 13, and is also improved with a monument sign that was estimated to cost \$40,000 when it was constructed in 2008. The other nine tracts are unimproved.

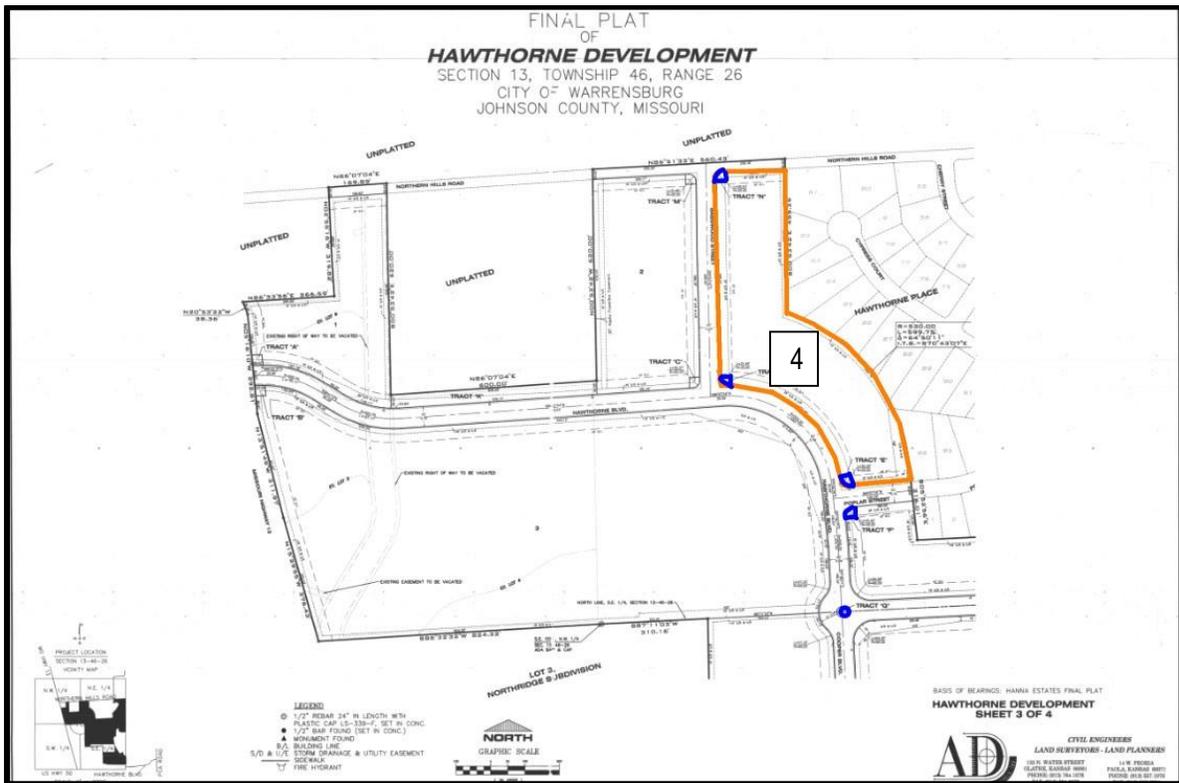
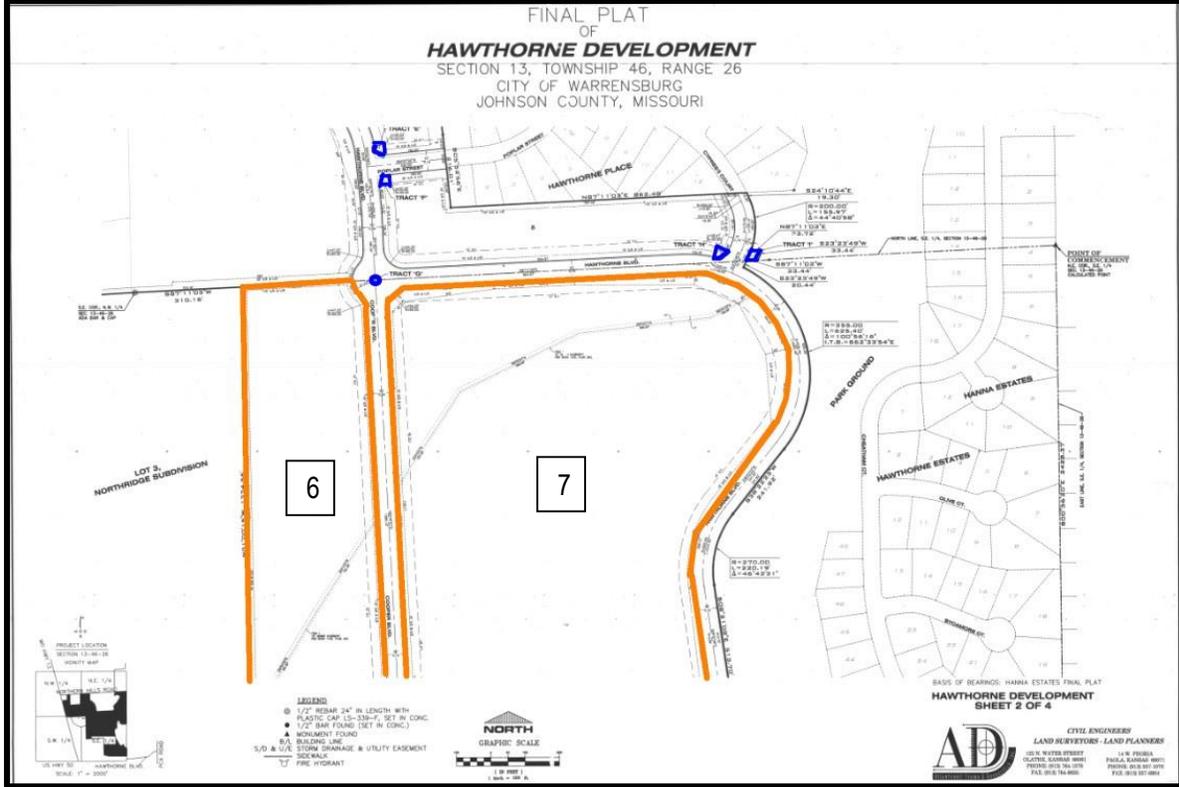
Tract	Parcel ID	SF	Acres
D	12-60-13-04-001-0020.04	810	0.02
E	12-60-13-04-001-0020.05	822	0.02
F	12-60-13-04-001-0020.08	814	0.02
G	12-60-13-04-001-0020.06	707	0.02
H	12-60-13-04-001-0020.14	846	0.02
I	12-60-13-04-001-0020.15	1,004	0.02
J	12-60-13-04-001-0020.07	606	0.01
L	12-60-13-04-001-0020.10	904	0.02
N	12-60-13-04-001-0020.12	822	0.02
O	12-60-13-04-001-0020.13	10,161	0.23
A	12-60-13-02-007-0001.10	2,944	0.07
Total		20,440	0.47

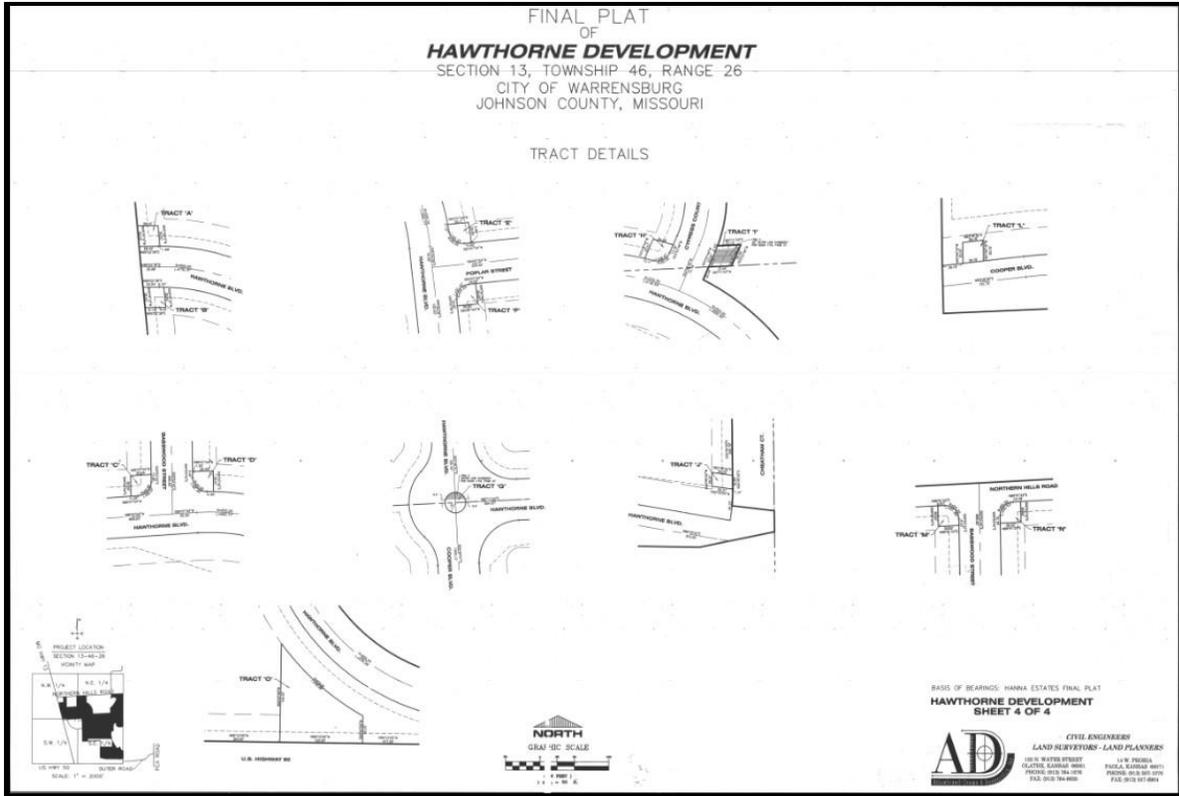
Tracts D, E, and N are adjacent to Lot 4. Tract L is adjacent to Lot 6. Tract J is adjacent to Lot 9. Tracts F, G, H, and I are not adjacent to any other subject tracts.

Plat Maps

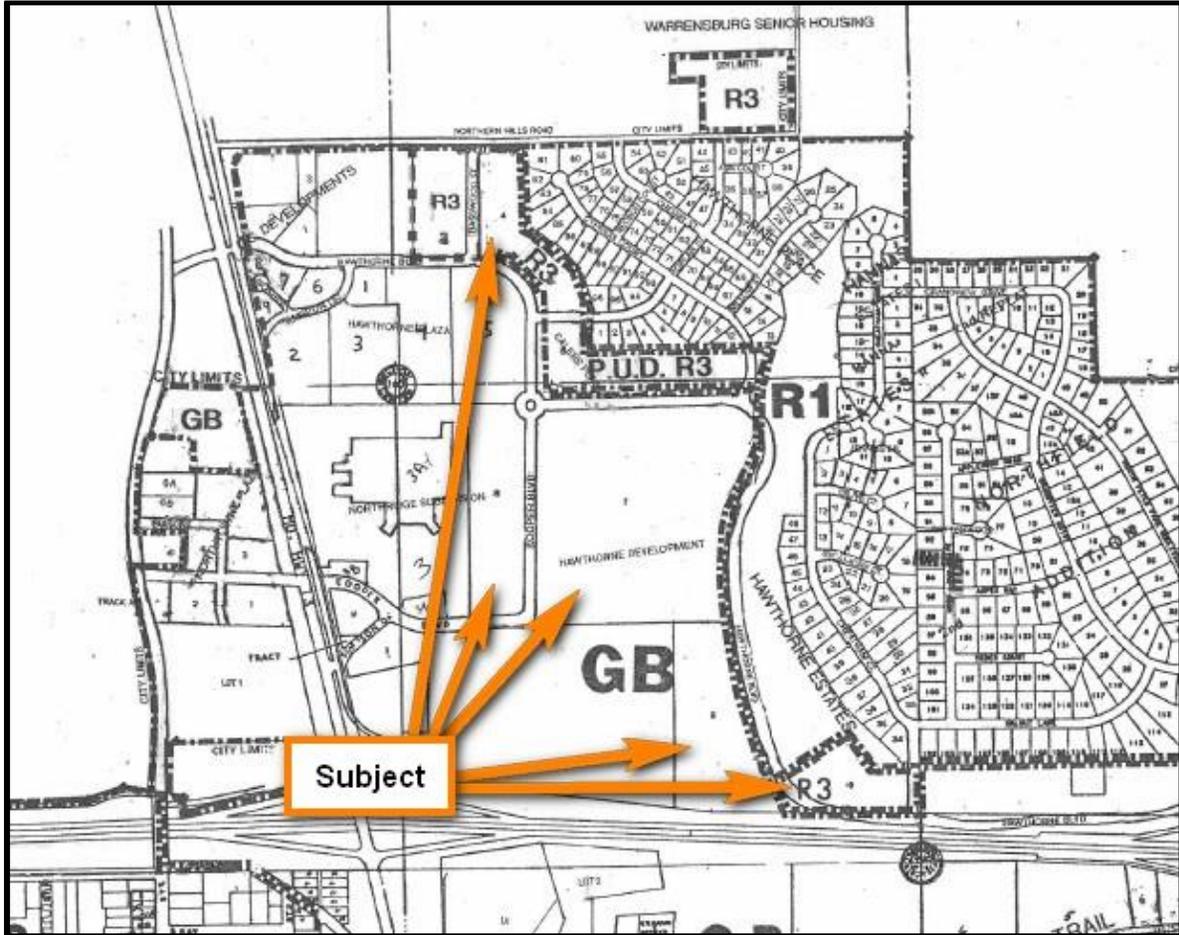
Subject lots outlined in orange, and sign tracts outlined in blue.



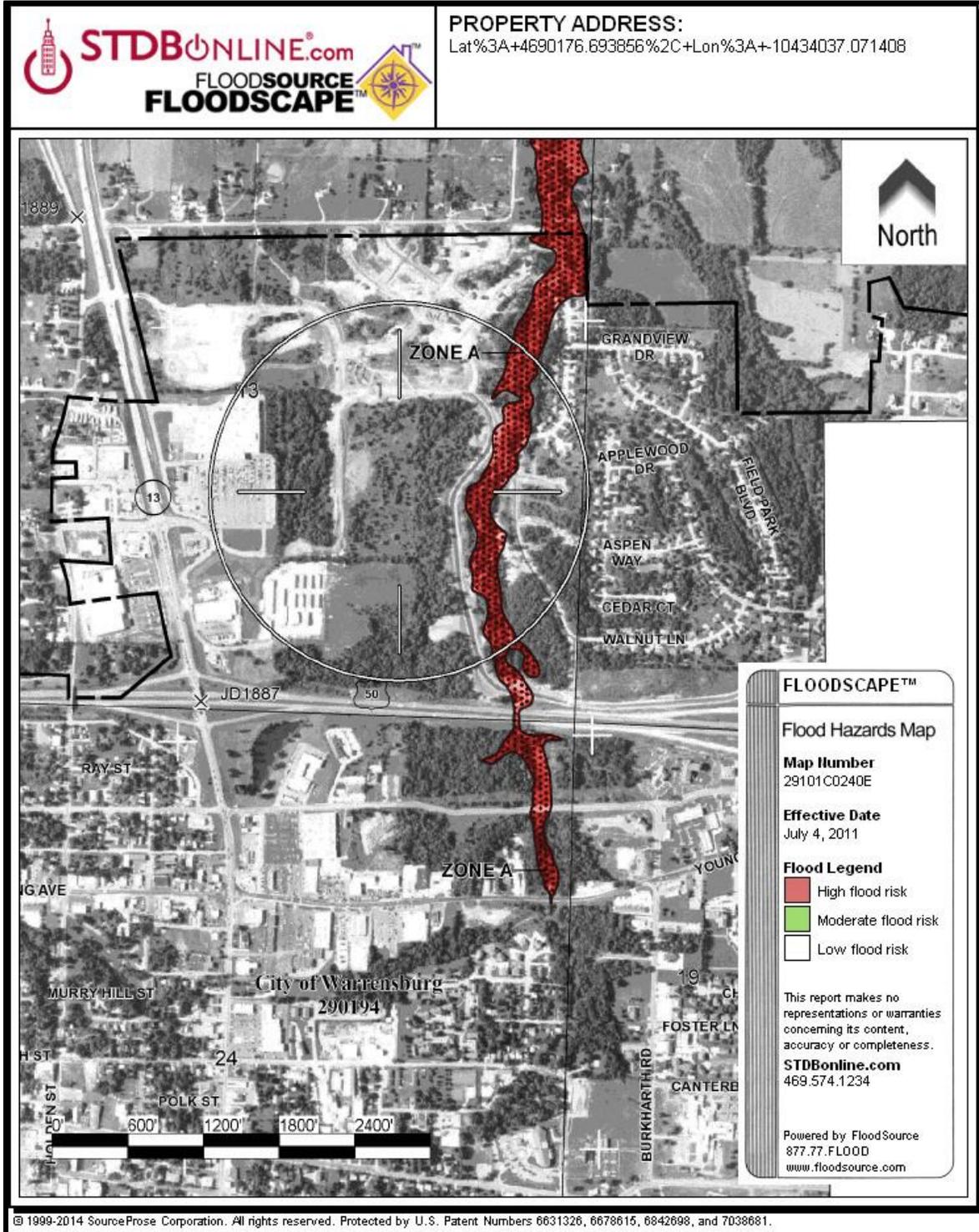




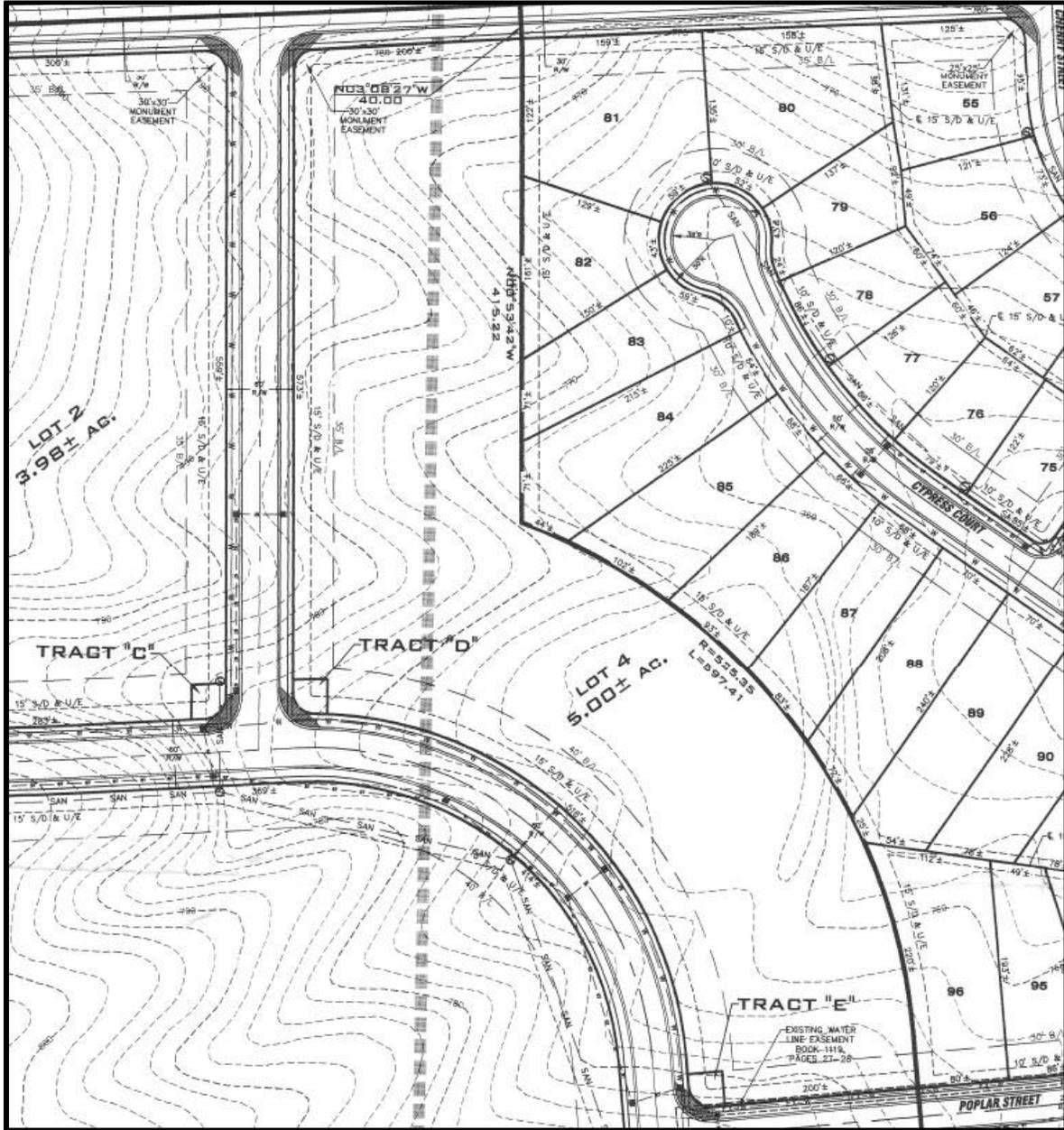
Zoning Map



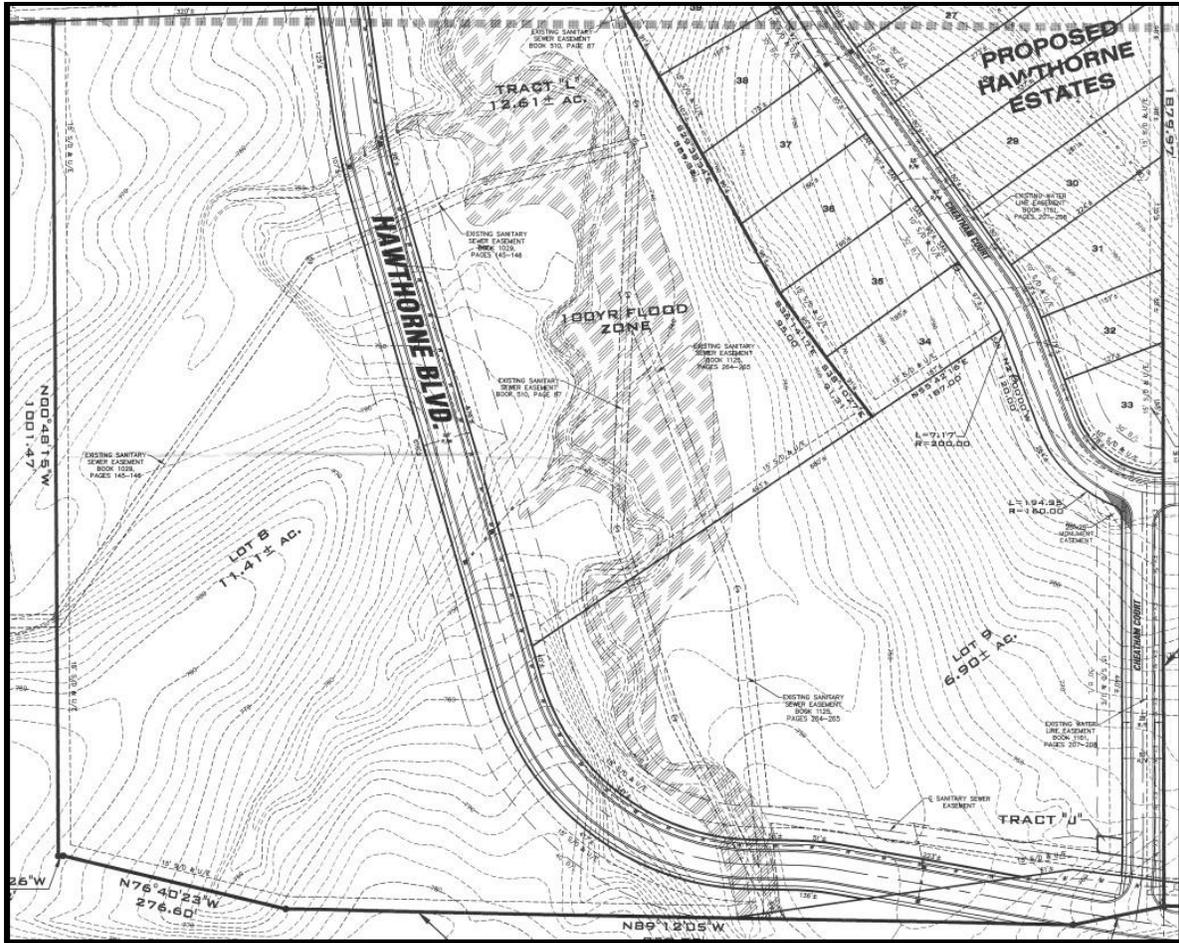
Flood Plain Map



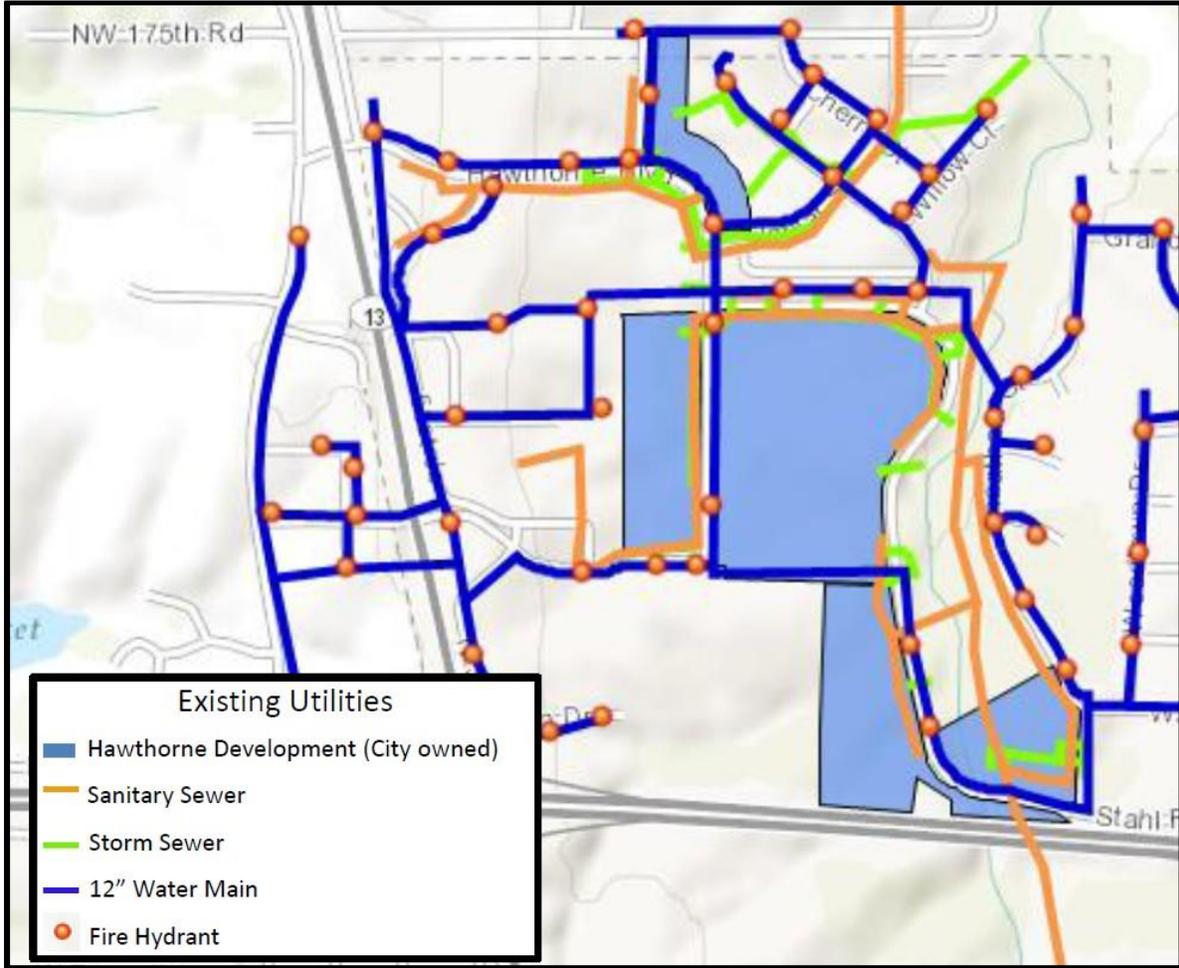
Topography Maps



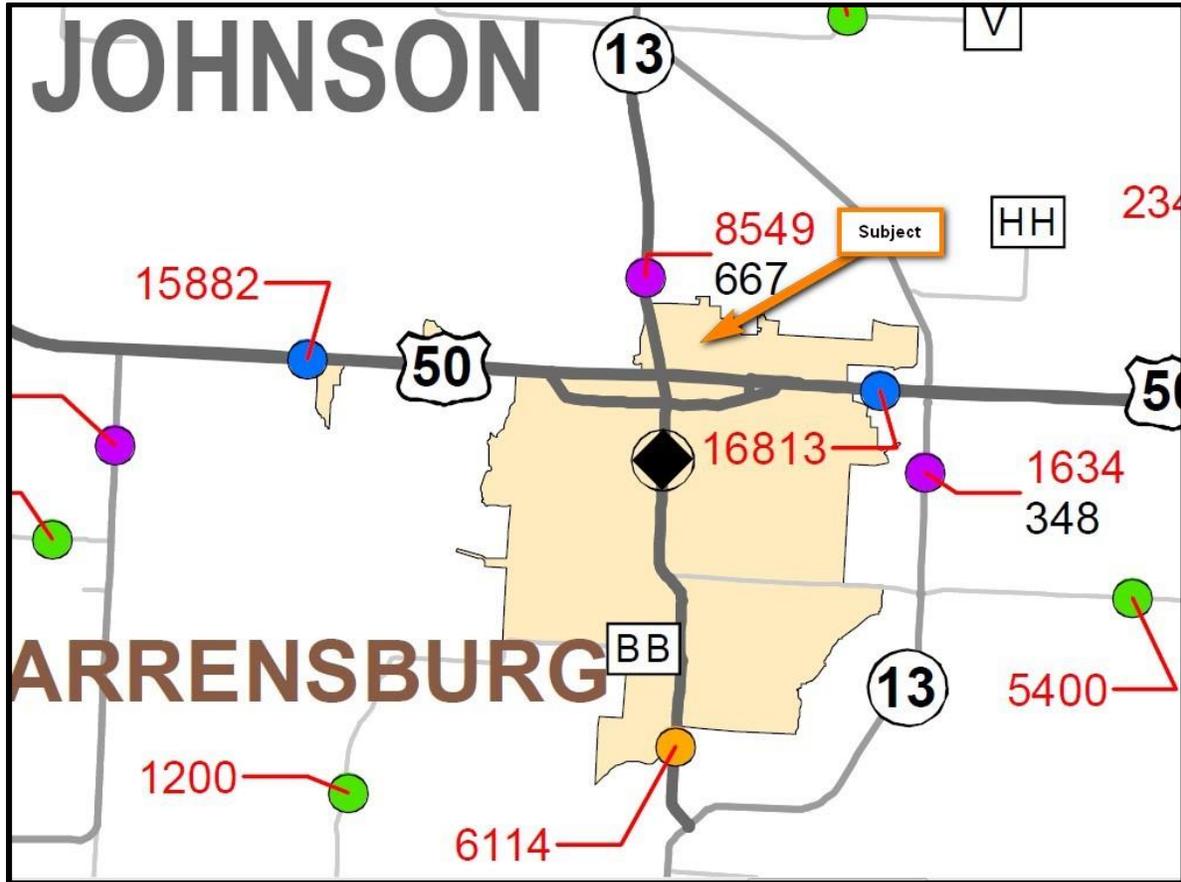




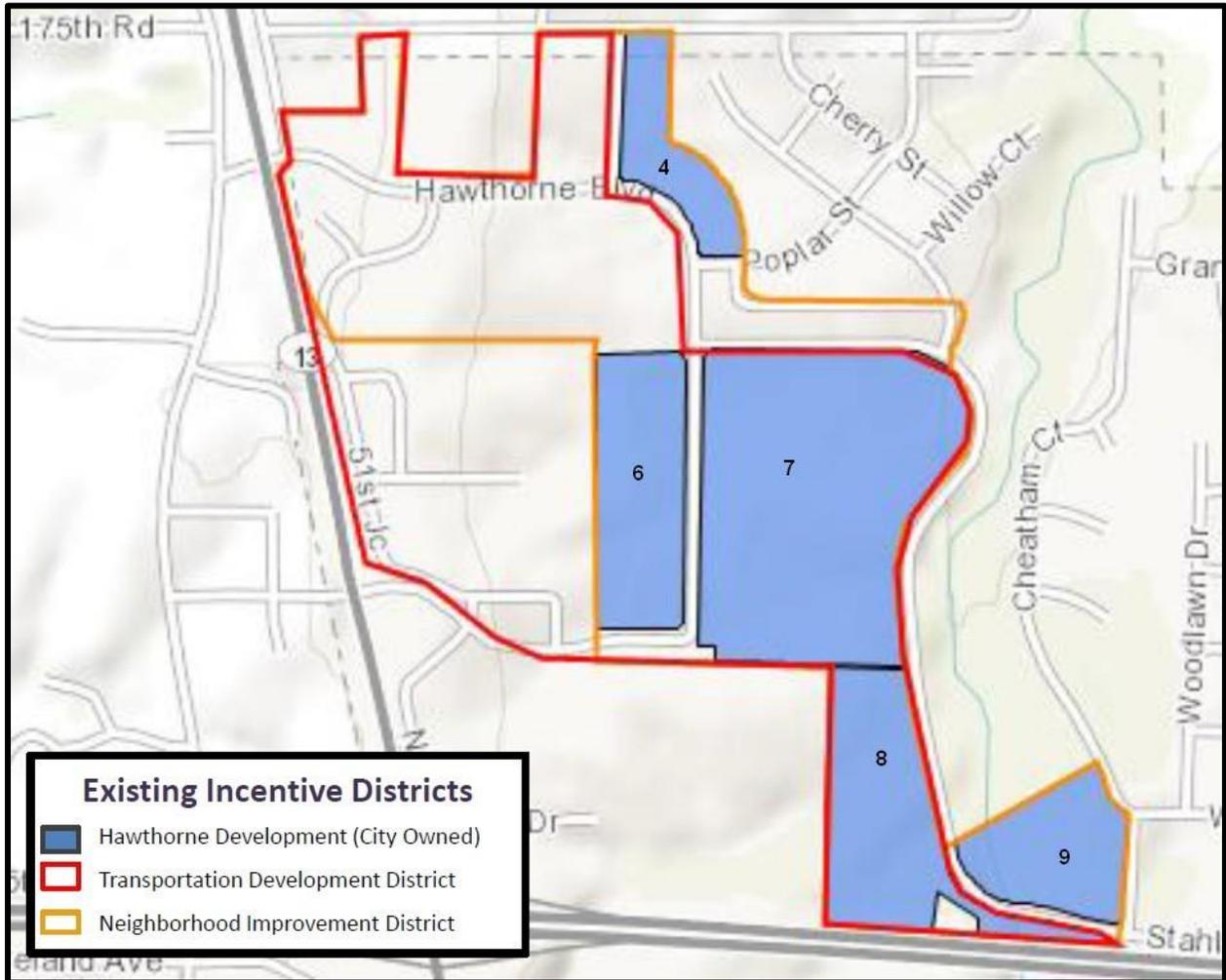
Utility Map



Traffic Count Map



Incentive District Map



Subject Photos



Lot 4



Lot 4



Lot 4



Lot 4



Lot 4



Lot 4



Lot 6



Lot 6



Lot 6



Lot 6



Lot 6



Lot 6



Lot 7



Lot 7



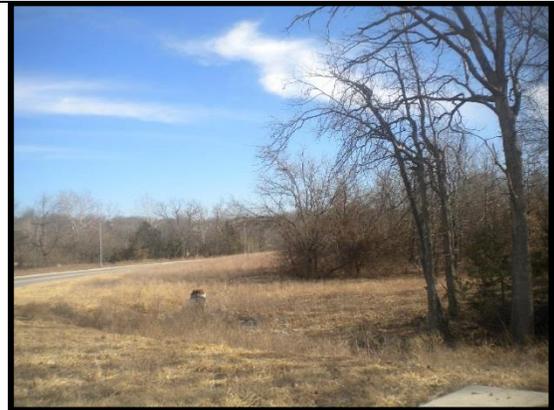
Lot 7



Lot 7



Lot 7



Lot 7



Lot 8



Lot 8



Lot 8



Lot 9



Lot 9



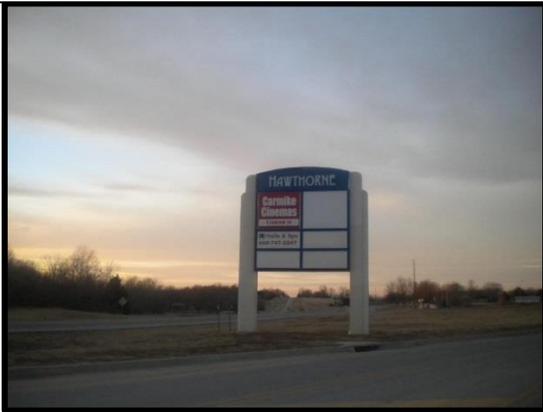
Lot 9



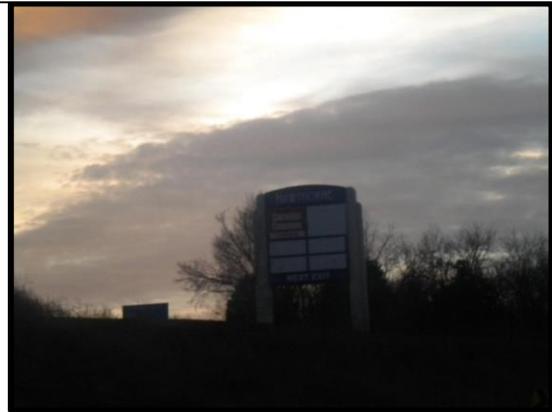
Lot 9



Lot 9



Sign on Tract A



Sign on Tract O

HIGHEST AND BEST USE

Process – The highest and best use of the property must be determined for both the subject site as though vacant and for the property as currently improved (if applicable). The highest and best use is:

1. Physically possible for the site.
2. Permitted or reasonably probable under the zoning laws and deed restrictions that apply to the site.
3. Economically feasible.
4. The use which will produce the highest net return on investment (i.e. highest value) from among the possible, permissible, and economically feasible uses.

Highest and Best Use

Permissible Use – The subject includes zoning designations for both GB and R 3, General Business and Low Density Multifamily. According to the Warrensburg zoning regulations, the R 3 district is “designed to allow low-rise, low density residential development with the commingling of compatible single-family and multiple-family dwellings, home occupations, certain community facilities and special uses, yet retaining the basic residential qualities of a quiet living environment and limited vehicular traffic.” Permissible uses include but are not limited to residential uses, including both single family and multifamily uses. The minimum lot area for residential uses in this zoning designation are shown below:

Dwelling Units	Minimum Lot Area (SF)
One	7,000
Two	4,250
Three or More	3,500

Other permissible uses are public uses such as schools and libraries, and churches are also permissible.

According to the Warrensburg zoning regulations, the GB district is “designed to allow general trades and commercial services on major thoroughfares outside of central or neighborhood business districts. To promote in-fill and sustain the mix of residential development within the community, certain residential uses are allowed in the CB district subject to conditions.” Permissible uses include but are not limited to most office, retail, and other commercial uses. Residential uses are also allowed on a conditional basis.

Physically Possible Use – As detailed in the site description, the subject consists of generally rolling topography with some steep grade changes. The topography is considered to be a large obstacle to future development on some of the tracts. The site, in total, consists of approximately 61.40 non-contiguous acres. The subject consists of five lots, and eleven sign tracts.

Lot 4 is irregularly shaped, with a rolling topography. Atypical site work will be required prior to development. The majority of the site is below street grade. *Lot 4* is roughly 5.26 acres. There is frontage along three sides. Access would most likely be from either the north or south side of the tract. The site is not located in the flood plain. Adequate utilities, including water, sewer, electricity and gas are available and in place at the site.

Lot 6 is a rectangular shaped, with a steep topography. The topography inclines sharply along the west edge of the site. Atypical site work will be required prior to development. The majority of the site is at to below street grade. *Lot*

6 is roughly 10.90 acres. There is frontage along two sides. Access is considered to be adequate. The site is not located in the flood plain. Adequate utilities, including water, sewer, electricity and gas are available and in place at the site.

Lot 7 is irregular to nearly rectangular in shape, with a rolling topography. The majority of the site is at street grade, with some sections above and some sections below grade. *Lot 7* is roughly 29.33 acres. There is frontage along three sides. Access is considered to be adequate. The site is not located in the flood plain. Adequate utilities, including water, sewer, electricity and gas are available and in place at the site.

Lot 8 is irregular in shape, with a rolling topography. The majority of the site is at street grade, with some sections above and some sections below grade. *Lot 8* is roughly 11.27 acres, and abuts *Lot 7* to the north. There is frontage along the east side from Hawthorne Boulevard, as well as frontage along US Highway 50 on the south side of the tract. There is no direct access from US Highway 50. Access is considered to be adequate. The site is not located in the flood plain. Adequate utilities, including water, sewer, electricity and gas are available and in place at the site.

Lot 9 is irregular in shape, with a rolling topography. The topography slopes upwards fairly sharply to the north of the site. The majority of the site is at street grade, with some sections above and some sections below grade. *Lot 9* is roughly 4.17 acres. There is frontage along two sides. Access is considered to be adequate. The southwestern portion of the site is located in the 100-year flood plain, surrounding a creek. This area is also bisected by two sanitary sewer easements (See topography map). Adequate utilities, including water, sewer, electricity and gas are available and in place at the site.

There are also eleven sign tracts. These tracts are generally located along the road frontages, and were set aside for signs at future commercial developments. Two of the sign tracts have been improved with commercial signs. The other nine tracts are currently vacant.

Feasible Use – Lots 6, 7, and 8 are zoned for commercial uses. While Lots 4 and 9 are zoned for multifamily use. As was discussed in the market overview section of this report, the single family market has been fairly stable over the past several years, as new construction continues. The multifamily market has been active, with much of the demand coming from the University of Central Missouri.

The commercial market appears to be healthy, but there has been limited new supply added to the market in recent years. There also appears to be a large amount of vacant land available for smaller commercial developments.

There has been both new commercial and new residential activity in the immediate area. The commercial activity on the east side of Missouri Highway 13 is anchored by a Wal-Mart Supercenter. Other development includes a movie theater, and a 28,000 strip shopping center, which has struggled with occupancy and remains largely vacant. In between the movie theater and strip center is a pad site poured for a bowling alley that stalled several years ago. In a discussion with a real estate agent familiar with the project, it is unknown whether this pad could be reused for a new project or would need to be demolished and re-poured. There is also a vacant strip center north of Hawthorne Boulevard. A 911 call center is currently under construction next to this shopping center, and a 36-unit senior housing complex is anticipated to start construction in the near future. A pad site in front of Wal-Mart also has sold in recent years, with intentions of building a strip center, but there has been no construction on the site as of this writing.

The residential development includes two subdivisions. The first subdivision is Hawthorne Place, consisting of 96 lots, with 21 vacant lots remaining at the end of 2013. The second subdivision is Hawthorne Estates. This project is bank owned, but lots are currently being marketed. There were 43 out of 48 lots remaining at the end of 2013.

Issues that must be considered for the highest and best use of the subject include the subject's access, visibility, and topography. The subject is considered to have adequate access, with new roads installed within the past ten years. However, the visibility is limited from primary arterials. There is no visibility from Missouri Highway 13. Lot 8 has visibility from US Highway 50, but no direct access. From a physical standpoint, the biggest issue in development of the subject is likely the topography of the site. All of the lots include topography issues.

Lot 4 is zoned for multifamily use. The most likely use for the lot would be a small multifamily development such as in place immediately south of this lot. There is a 46 unit townhome complex located on this site. This site has similar configuration issues, being narrow and "L" shaped. There is a private drive running along the interior property line, which provides access to all of the units. A small single family development would also be possible, but a development such as the townhouse complex would take advantage of the allowable density.

Lot 6 includes major topographical issues, and is below the grade of the adjacent Wal-Mart tract. It is also heavily treed, which will have to be removed prior to development. The site is zoned for commercial use. However, there is limited, to no, visibility from Missouri Highway 13. Given this lack of visibility and grade change with the adjacent tract, the site would likely be limited to secondary commercial uses such as office use. However, there has been limited demand for new office use in recent years. There have been two bank branches constructed in the past year, and a new VA Office is also set to be constructed. Prior to 2013, no new building permits for office use had been issued since 2008. Residential use would also be possible on the site, if the zoning were changed. However, the topography of the site is considered to be very prohibitive to development of the site. As can be seen in the topography map, the site is very uneven. A large amount of site work will be required prior to the site being developed. The majority of the site is below street grade.

Lots 7 and 8 are contiguous sites. They have a rolling topography. These sites are zoned for commercial use. There is no visibility from Missouri Highway 13. The lack of visibility likely limits the site to secondary commercial such as office, or more likely some kind of mixed use residential development with multifamily and single family uses. The rolling topography is not as prohibitive for residential use. There are also some level areas that could be possible building sites.

Lot 9 is zoned for multifamily use. This site has visibility from US Highway 50, but no direct access. Access is also restrictive. It also has topographical issues. A small portion of the site is located in the flood plain. Most of the site is below grade along Hawthorne Boulevard, and the ground inclines significantly to the north. The topography of the site will likely make development of the site difficult.

It is of note that there is roughly 7 acres of land directly east of Lot 9, which is zoned commercial. This site is currently listed for \$4 per square foot, according to the listing broker. This land has been on the market, according to Heartland MLS, since March 2009, or roughly five years. This site also has topographical issues, similar to the subject. The listing agent indicated he had interest in the site, but nothing was imminent. The asking price was recently reduced from \$6 to \$4 per square foot. The asking price is also for 1 acre pads. The listing agent indicated that for the right user, they would give away a portion of the land if it would attract other tenants to the remainder of the site. The fact that the agent has contemplated giving away land speaks to the weakness of this area as a commercial area.

The appraisers are aware of several smaller commercial sales in recent years, which are summarized below:

Property	Location	Size	Sale Date	Price per SF
Proposed Aldi Site	Hawthorne Boulevard	119,398	PENDING	\$5.86
Proposed VA Site	Young and PCA	87,120	Dec 2013	Unknown
F & C Bank Site	Young & Burkarth	63,598	May 2013	\$5.13
Wal-Mart Pad	E Cooper Street	69,260	Jan 2011	\$5.78
Repair Shop Site	E Young	16,000	Sep 2009	\$3.66
Former Hardee's	N Maguire	48,125	Jul 2009	\$12.36

Therefore, the appraisers are aware of roughly 403,501 square feet of land or roughly 9.25 acres that has sold in the past five years, or an average of 1.85 acres per year. According to our market overview section, there is currently 81.5 acres of commercial land listed for sale in Warrensburg. This would imply that there is a roughly 44 year supply of vacant commercial land available (not including the subject).

On the other hand, one may assume that 2013 is the new normal, with roughly 270,116 square feet of land or 6.2 acres of land sold in 2013. Even assuming that this is the new normal, there would still be a roughly 13 year supply of land. This does not include the subject. If the subject's 51.51 commercially zoned acres were included in the supply, there would be a roughly 21 year supply of vacant land.

Given this large supply of vacant commercially zoned land, as well as the issues noted above on the subject tracts including access, visibility, and most notably topography, it is unlikely that the subject would be developed as commercial land. Additionally, given the topography of the site any development with a large building footprint including institutional and educational uses would also be unlikely.

In addition, to the lots there are eleven sign tracts. Nine of these sign tracts are currently vacant, and average roughly 815 square feet per tract. Given that the highest and best use of the site is not considered to be commercial use, there is limited utility to these tracts on a standalone basis. There will not be tenants wanting to pay for use of signs for residential use. The tracts that are adjacent to the current Lots in the subject property could be combined with the adjacent lot. The signs not adjacent to the current lots are considered to have minimal to negligible contributory value, as they cannot be developed on a standalone basis, and there will not be demand for signs.

There are two sign tracts that are currently improved with commercial signs. The signs have a combined potential gross income of \$12,900 per year, according to Barbara Carroll with the City of Warrensburg.

Maximum Profitability – The highest and best use of the site is to hold for future development. The most likely ultimate use of the subject is considered to be some mix of single family and multifamily use. The holding period would be anticipated to be relatively short prior to development, say five years or less. As has been stated, there is a roughly two year supply of available single family lot inventory, and developers will be needing to develop new residential sites over the next several years. In fact, one developer indicated that he would be interested in a portion of the subject property for residential development today if it were free and clear, with no special assessments.

It would be possible for the subject to sell to one buyer, or sold off in several pieces. In speaking with market participants, the most attractive tracts appear to be Lots 7 and 8, as they lay well for future residential development.

It appears that the market could absorb more residential development, but there could be a lengthy period prior to all of the subject being absorbed. The total time period prior to development is difficult to determine at this time, but something along a ten year period would not be out of the question given the topography issues noted with most of the subject.

The vacant sign tracts are considered to have negligible contributory value on a standalone basis. Therefore, Tracts F, G, H, I have not been given any value in this report. The most likely use would be to deed these tracts over to adjoining land owners or create some kind of business association to pay for the property taxes on these sites. Tracts D, E, L, J, and N could be included with the larger lots, as shown below:

Current Lot Size				New Lot Size with Sign Tracts			
Tract	Parcel ID	SF	Acres	Sign Tracts	Sign Tracts Size	New SF	New Acres
Lot 4	12-60-13-01-010-0027.00	229,075	5.26	D, E, N	2,454	231,529	5.32
Lot 6	12-60-13-04-005-0001.00	474,949	10.90	L	904	475,853	10.92
Lot 7	12-60-13-04-004-0001.00	1,277,762	29.33	None		1,277,762	29.33
Lot 8	12-60-13-04-004-0002.00	491,049	11.27	None		491,049	11.27
Lot 9	12-60-13-04-001-0019.00	181,520	4.17	J	606	182,126	4.18
Total		2,654,355	60.94			2,658,319	61.03

Therefore, this 61.03 acres will be used in our valuation of the subject property. Tracts O and A are improved with signs, and could sell separately, and are considered to have contributory value to the subject property. The most likely buyer for the two improved sign tracts would be one of the owners of the commercial property in the area such as the strip center in the Hawthorne Plaza. However, if it can be proven that there is demand for the signs, an investor may be interested in the signs.

Real Estate Taxes

Real estate taxes in the State of Missouri are assessed at 19.00% for residential and 32.00% of appraised value for commercial properties. Vacant land is assessed at 19.00% of appraised value. Agricultural land is assessed at 12.00% of the appraised value. In this case, the subject property is owned by the City of Warrensburg, and is currently tax exempt. There are however significant special assessments in place from the extension of roads and utilities through the area. A Neighborhood Improvement District (NID) was created to fund these city improvements. The appraisers have reviewed the NID documents. The special assessments are to be paid off over a 20 year period. If any of the tracts in the NID are developed with retail uses, the city will reimburse sales tax for up to the amount of special assessments paid for the year, for up to ten years. However, since it is considered unlikely that the subject is developed with retail use, this is not anticipated to impact the subject.

There are currently 17 years remaining on the specials. A table summarizing the specials on each lot is shown below:

City of Warrensburg Hawthorne Properties Owned By City As of March 2014					
Tax parcel ID #	Subdivision Name	Lot / Tract	Annual NID Assessment	Remaining Years	Total Remaining Assessments
12-60-13-01-010-0027.00	Hawthorne Development	4	\$ 15,041.11	17	\$ 255,698.87
12-60-13-04-005-0001.00	Hawthorne Development	6	\$ 31,185.26	17	\$ 530,149.42
12-60-13-04-004-0001.00	Hawthorne Development	7	\$ 83,898.15	17	\$ 1,426,268.55
12-60-13-04-004-0002.00	Hawthorne Development	8	\$ 32,242.39	17	\$ 548,120.63
12-60-13-04-001-0019.00	Hawthorne Development	9	\$ 11,918.64	17	\$ 202,616.88
12-60-13-04-001-0020.04	Hawthorne Development	D	\$ 53.18	17	\$ 904.06
12-60-13-04-001-0020.05	Hawthorne Development	E	\$ 53.97	17	\$ 917.49
12-60-13-04-001-0020.08	Hawthorne Development	F	\$ 53.45	17	\$ 908.65
12-60-13-04-001-0020.06	Hawthorne Development	G	\$ 46.42	17	\$ 789.14
12-60-13-04-001-0020.14	Hawthorne Development	H	\$ 55.55	17	\$ 944.35
12-60-13-04-001-0020.15	Hawthorne Development	I	\$ 65.93	17	\$ 1,120.81
12-60-13-04-001-0020.07	Hawthorne Development	J	\$ 39.78	17	\$ 676.26
12-60-13-04-001-0020.10	Hawthorne Development	L	\$ 59.35	17	\$ 1,008.95
12-60-13-04-001-0020.12	Hawthorne Development	N	\$ 53.96	17	\$ 917.32
12-60-13-04-001-0020.13	Hawthorne Development	O	\$ 667.17	17	\$ 11,341.89
12-60-13-02-007-0001.10	Hawthorne Plaza	A	\$ 193.29	17	\$ 3,285.93
Totals			\$175,627.60		\$ 2,985,669.20

Therefore, the annual debt obligation is roughly \$2,860 per acre (\$175,627.60/ 61.40 acres) for the next 17 years stemming from the Neighborhood Improvement District. Next, the appraisers have calculated the present value of the special assessments using a discount rate of 6%. This is shown below:

Special Assessments									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual Assessments	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60
	2023	2024	2025	2026	2027	2028	2029	2030	
Annual Assessments	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60	\$175,627.60
Present Value Using 6% Discount Rate			\$1,840,096						
Rounded			\$1,840,000						
Present Value of Assessments per Acre			\$29,965						
Present Value of Assessments per Square Foot			\$0.69						

As can be seen above, the present value of the special assessments stemming from the Neighborhood Improvement District is roughly \$1,840,000, or \$29,965 per acre.

A portion of the subject (Lots 6, 7, and 8) is also located in a Transportation Development District. This district uses sales taxes collected to pay down bonds issued for the infrastructure improvements. However, since the subject is not currently collecting any sales taxes, and is not anticipated to collect any sales taxes, this does not impact the subject property.

SALES COMPARISON APPROACH

The appraisers have performed the sales comparison approach using two different scenarios. We have also ignored the remaining specials resulting from Neighborhood Improvement District in these two scenarios. In the first scenario, we valued each lot individually based on the sizes shown below, which were described at the end of the Highest and Best Use section of this report.

Lot Sizes with Added Sign Tracts			
Tract	Parcel ID	SF	Acres
Lot 4	12-60-13-01-010-0027.00	231,529	5.32
Lot 6	12-60-13-04-005-0001.00	475,853	10.92
Lot 7	12-60-13-04-004-0001.00	1,277,762	29.33
Lot 8	12-60-13-04-004-0002.00	491,049	11.27
Lot 9	12-60-13-04-001-0019.00	182,126	4.18
Total		2,658,319	61.03

In the second scenario the appraisers valued the subject in its entirety, assuming that one investor would purchase the entire property.

In evaluating the comparable sales, we selected price Acre as the primary unit of comparison. This is the unit of comparison most commonly used for this type of property in the marketplace. Shown below is a summary of all of the sales used in our analysis. Not every sale was used to value each lot.

Land Sales

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6	Sale # 7	Sale # 8	Sale # 9	Sale # 10
CompID	610686	610229	307750	610230	608652	610763	608651	610275	610759	610780	610776
Name	Haw thorne Development	Vacant Land	The Woods at Shoal Creek	Vacant Land	Vacant Land	Oakmont Subdivision	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Address	Haw thorne Boulevard	Buckner Tarsney Rd & Sni-A-Bar Boulevard	West Side of Maple Woods C.C.	27310 Wyatt Road	SE Bailey Road	Spring Ridge Road	4700 S. Seymour Road	Stacey Lane	960 Mitchell Road	US Highway 40	401 N Scott Avenue
City	Warrensburg	Grain Valley	Kansas City	Blue Springs	Lees Summit	Warrensburg	Grain Valley	Sedalia	Sedalia	Independence	Belton
Sale Price	NA	\$350,000	\$2,000,000	\$280,000	\$775,000	\$345,000	\$125,000	\$160,000	\$395,200	\$65,000	\$105,000
Date of Sale	NA	5/13/2013	12/14/2009	12/17/2013	12/28/2012	10/28/2010	11/3/2011	11/29/2012	4/3/2012	7/22/2013	7/30/2013
Adjusted Sale Price	NA	\$350,000	\$2,000,000	\$280,000	\$775,000	\$345,000	\$125,000	\$160,000	\$395,200	\$65,000	\$105,000
Land Sq Ft	2,674,795	3,710,565	3,508,758	2,648,863	2,255,212	667,775	708,848	409,464	264,845	689,817	445,183
Price / SF of Land	NA	\$0.09	\$0.57	\$0.11	\$0.34	\$0.52	\$0.18	\$0.39	\$1.49	\$0.09	\$0.24
Land Acres	61.405	85.183	80.550	60.810	51.773	15.330	16.273	9.400	6.080	15.836	10.220
Price / Acre	NA	\$4,109.00	\$24,829.00	\$4,605.00	\$14,969.00	\$22,505.00	\$7,681.00	\$17,021.00	\$65,000.00	\$4,105.00	\$10,274.00
Zoning Code	GB and R3	AG	URD	SF-7 & GB	R	R-1, R-2, R-3,	R-1	C-1, C-3, R-1 Local	C-3	HDR/C	C-2 and R-3
Zoning Description	General Business and Low Density Multifamily	Agriculture	Mixed-retail, office, residential	Single Family and General Business	Residential	Residential	Single Family Residential	Business, Commercial, Single Family Residential	Commercial	High Density Residential/Commercial	General Commercial and Multiple Family

*It is of note that Sale 6 included 12.083 acres of undeveloped land that sold for \$145,000, and 8 finished lots that sold for \$200,000. In this analysis, we are only including the \$145,000 transaction for the 12.083 acres.

Lot 4

In evaluating Lot 4 the appraisers analyzed Sales 5 through 10, as are shown above. Sale 5 is located in Warrensburg, while the other comparables represent multifamily development land.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices. Sale 6 was a bank sale, and was adjusted upwards.

The ten sales transacted between October 2010 and July 2013. Available market data does not indicate any significant change in land prices during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Location/Access

The subject is located on the north side of Warrensburg, adjacent to a single-family subdivision. Sale 5 is located in southwestern Warrensburg, and was considered similar. Sale 6 is located in Grain Valley, a smaller market, and was adjusted upwards. Sale 7 is located in nearby Sedalia, with access through a residential subdivision. It was considered similar. Sale 8 is located in Sedalia, just south of a main arterial with commercial development surrounding it. It was considered superior. Sale 9 is located on US 40 Highway in Independence. This is a larger market, but the access is inferior due to a narrow road frontage. It was considered similar, overall. Sale 10 is located in western Belton, adjacent to a mobile home park. It was considered inferior.

Zoning/Density

The subject is zoned for Low Density Multifamily use. The portion of Sale 5 that is being analyzed is single family zoning. Sale 6 is also zoned form single family use. They were adjusted upwards. Sale 4 was zoned for commercial use, and was adjusted downwards. The other comparable properties all have similar zoning, and no adjustments were necessary.

Topography/Flood Plain

The subject is below grade, and has a rolling topography, but is not located in the flood plain. Roughly 50% of Sale 6 is in the flood plain. It was adjusted upwards. All of the other comparables are considered superior, and were adjusted downwards.

Utilities

The subject has access to all necessary utilities for development. All of the comparables were considered similar.

Configuration

The subject is irregular in shape. Sale 9 has a long and narrow rectangular configuration. Given the narrow configuration of the site it will be difficult to efficiently develop the site. It was adjusted upwards as inferior.

Size

Typically, larger sites tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small sites. Sale 4 was considered similar. The other comparables are larger than the subject, and were adjusted upwards.

Land Sale Adjustments - Lot 4

	Subject	Sale # 5	Sale # 6	Sale # 7	Sale # 8	Sale # 9	Sale # 10
Property Name	Lot 4	Oakmont Subdivision	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Address	Haw thorne Boulevard	Spring Ridge Road	4700 S. Seymour Road	Stacey Lane	960 Mitchell Road	US Highw ay 40	401 N Scott Avenue
City	Warrensburg	Warrensburg	Grain Valley	Sedalia	Sedalia	Independence	Belton
Land Area in Acres	5.32	12.083	16.273	9.400	6.080	15.836	10.220
Ratio - Comp to Subject	N/A	2.27	3.06	1.77	1.14	2.98	1.92
Zoning	R3	R-1, R-2, R-3,	R-1	C-1, C-3, R-1	C-3	HDR/C	C-2 and R-3
Sale Price	N/A	\$145,000	\$125,000	\$160,000	\$395,200	\$65,000	\$105,000
Land Acres	5.32	12.083	16.273	9.400	6.080	15.836	10.220
Unadjusted Price/Acre	N/A	\$12,000	\$7,681	\$17,021	\$65,000	\$4,105	\$10,274
Property Rights		Similar	Similar	Similar	Similar	Similar	Similar
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Conditions of Sale		Similar	Inferior	Similar	Similar	Similar	Similar
% Adjustment		0.0%	20.0%	0.0%	0.0%	0.0%	0.0%
\$ Adjustment		\$0	\$1,536	\$0	\$0	\$0	\$0
Time/Market Conditions		Oct-10	Nov-11	Nov-12	Apr-12	Jul-13	Jul-13
Time Adjusted Price/Acre		\$12,000	\$9,217	\$17,021	\$65,000	\$4,105	\$10,274
Location/Access		Similar	Inferior	Similar	Superior	Similar	Inferior
% Adjustment		0.0%	10.0%	0.0%	-20.0%	0.0%	10.0%
\$ Adjustment		\$0	\$922	\$0	-\$13,000	\$0	\$1,027
Zoning/Density		Inferior	Inferior	Similar	Superior	Similar	Similar
% Adjustment		10.0%	10.0%	0.0%	-5.0%	0.0%	0.0%
\$ Adjustment		\$1,200	\$922	\$0	-\$3,250	\$0	\$0
Topography/Flood Plain		Superior	Inferior	Superior	Superior	Superior	Superior
% Adjustment		-10.0%	40.0%	-10.0%	-10.0%	-5.0%	-10.0%
\$ Adjustment		-\$1,200	\$3,687	-\$1,702	-\$6,500	-\$205	-\$1,027
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Configuration		Similar	Similar	Similar	Similar	Similar	Inferior
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	10.0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0	\$1,027
Size		Inferior	Inferior	Inferior	Similar	Inferior	Inferior
% Adjustment		10.0%	20.0%	10.0%	0.0%	20.0%	10.0%
\$ Adjustment		\$1,200	\$1,843	\$1,702	\$0	\$821	\$1,027
Total Adjustments							
Net % Adjustments		10.0%	116.0%	0.0%	-35.0%	15.0%	20.0%
Net \$ Adjustments		\$1,200	\$8,910	\$0	-\$22,750	\$616	\$2,055
Total % Adjustments		30.0%	116.0%	20.0%	35.0%	25.0%	40.0%
Total \$ Adjustments		\$3,600	\$8,910	\$3,404	\$22,750	\$1,026	\$4,110
Adjusted Price/Acre		\$13,200	\$16,591	\$17,021	\$42,250	\$4,721	\$12,329
Adjusted Price Indications			Concluded Value				
Minimum Adjusted Price / Acre	\$4,721		\$40,000/Acre				
Maximum Adjusted Price / Acre	\$42,250		\$212,607				
Average Adjusted Price / Acre	\$17,685		\$210,000				

Value Conclusion – Lot 4

The adjustments are summarized in the following "Summary Grid of Adjustments". The five sales provide an adjusted range of value indications from \$4,721 to \$42,250 per Acre with an average of \$17,685 per Acre. Sale 4 sold to an end user multifamily developer. This is considered the most comparable sale to Lot 4. Additionally, the appraisers are aware of a 5.27 confidential pending sale in Sedalia of multifamily land for roughly \$41,000 per acre. The appraisers are also aware of a 2010 multifamily land sale in Lansing, Kansas, which was roughly 5 acres and sold for \$45,000 per acre. Based on the above information, a value near the high end of the range was selected for Lot 4. Based on the preceding analysis, we have estimated the value for the subject site to be \$40,000 per Acre. The estimated value for the subject land is calculated as follows:

$$5.32 \text{ Acres} \times \$40,000 \text{ per Acre} = \$212,607$$

Or \$210,000 (*Rounded*)

Lot 6

In evaluating Lot 6 the appraisers analyzed Sales 5 through 10, as are shown above. Sale 5 is located in Warrensburg, while the other comparables represent multifamily development land.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices. Sale 6 was a bank sale, and was adjusted upwards.

The ten sales transacted between October 2010 and July 2013. Available market data does not indicate any significant change in land prices during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Location/Access

The subject is located on the north side of Warrensburg, adjacent to a single-family subdivision. Sale 5 is located in southwestern Warrensburg, and was considered similar. Sale 6 is located in Grain Valley, a smaller market, and was adjusted upwards. Sale 7 is located in nearby Sedalia, with access through a residential subdivision. It was considered similar. Sale 8 is located in Sedalia, just south of a main arterial with commercial development surrounding it. It was considered superior. Sale 9 is located on US 40 Highway in Independence. This is a larger market, but the access is inferior due to a narrow road frontage. It was considered similar, overall. Sale 10 is located in western Belton, adjacent to a mobile home park. It was considered inferior.

Zoning/Density

The subject is zoned for commercial use, but based on our highest and best use it is considered unlikely that commercial development will occur on the site. The comparable properties were considered similar.

Topography/Flood Plain

The subject has a steep topography, and is well below the grade of the commercial property adjacent to the west. This is considered to severely limit the development potential of the site. Roughly 50% of Sale 6 is in the flood plain. It was considered similar. All of the other comparables are considered superior, and were adjusted downwards by 50%.

Utilities

The subject has access to all necessary utilities for development. All of the comparables were considered similar.

Configuration

The subject is rectangular in shape. Sale 9 has a long and narrow rectangular configuration. Given the narrow configuration of the site it will be difficult to efficiently develop the site. It was adjusted upwards as inferior.

Size

Typically, larger sites tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small sites. Sale 8 is smaller than

the subject, and was adjusted downwards. Sales 6 and 9 are larger than the subject, and adjusted upwards. The other comparables were considered similar.

Land Sale Adjustments - Lot 6

	Subject	Sale # 5	Sale # 6	Sale # 7	Sale # 8	Sale # 9	Sale # 10
Property Name	Lot 6	Oakmont Subdivision	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Address	Haw thorne Boulevard	Spring Ridge Road	4700 S. Seymour Road	Stacey Lane	960 Mitchell Road	US Highway 40	401 N Scott Avenue
City	Warrensburg	Warrensburg	Grain Valley	Sedalia	Sedalia	Independence	Belton
Land Area in Acres	10.92	12.083	16.273	9.400	6.080	15.836	10.220
Ratio - Comp to Subject	N/A	1.11	1.49	0.86	0.56	1.45	0.94
Zoning	GB	R-1, R-2, R-3,	R-1	C-1, C-3, R-1	C-3	HDR/C	C-2 and R-3
Sale Price	N/A	\$145,000	\$125,000	\$160,000	\$395,200	\$65,000	\$105,000
Land Acres	10.92	12.083	16.273	9.400	6.080	15.836	10.220
Unadjusted Price/Acre	N/A	\$12,000	\$7,681	\$17,021	\$65,000	\$4,105	\$10,274
Property Rights		Similar	Similar	Similar	Similar	Similar	Similar
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Conditions of Sale		Similar	Inferior	Similar	Similar	Similar	Similar
% Adjustment		0.0%	20.0%	0.0%	0.0%	0.0%	0.0%
\$ Adjustment		\$0	\$1,536	\$0	\$0	\$0	\$0
Time/Market Conditions		Oct-10	Nov-11	Nov-12	Apr-12	Jul-13	Jul-13
Time Adjusted Price/Acre		\$12,000	\$9,217	\$17,021	\$65,000	\$4,105	\$10,274
Location/Access		Similar	Inferior	Similar	Superior	Similar	Inferior
% Adjustment		0.0%	10.0%	0.0%	-20.0%	0.0%	10.0%
\$ Adjustment		\$0	\$922	\$0	-\$13,000	\$0	\$1,027
Zoning/Density		Similar	Similar	Similar	Similar	Similar	Similar
Topography/Flood Plain		Superior	Similar	Superior	Superior	Superior	Superior
% Adjustment		-50.0%	0.0%	-50.0%	-50.0%	-50.0%	-50.0%
\$ Adjustment		-\$6,000	\$0	-\$8,511	-\$32,500	-\$2,053	-\$5,137
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Configuration		Similar	Similar	Similar	Similar	Similar	Inferior
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	10.0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0	\$1,027
Size		Similar	Inferior	Similar	Superior	Inferior	Similar
% Adjustment		0.0%	10.0%	0.0%	-10.0%	10.0%	0.0%
\$ Adjustment		\$0	\$922	\$0	-\$6,500	\$411	\$0
Total Adjustments							
Net % Adjustments		-50.0%	44.0%	-50.0%	-80.0%	-40.0%	-30.0%
Net \$ Adjustments		-\$6,000	\$3,380	-\$8,511	-\$52,000	-\$1,642	-\$3,082
Total % Adjustments		50.0%	44.0%	50.0%	80.0%	60.0%	70.0%
Total \$ Adjustments		\$6,000	\$3,380	\$8,511	\$52,000	\$2,463	\$7,192
Adjusted Price/Acre		\$6,000	\$11,061	\$8,511	\$13,000	\$2,463	\$7,192
Adjusted Price Indications	Concluded Value						
Minimum Adjusted Price / Acre	\$2,463	\$6,000/Acre					
Maximum Adjusted Price / Acre	\$13,000	\$65,544					
Average Adjusted Price / Acre	\$8,038	\$65,000					

Value Conclusion – Lot 6

The adjustments are summarized in the following "Summary Grid of Adjustments". The five sales provide an adjusted range of value indications from \$2,463 to \$13,000 per Acre with an average of \$8,038 per Acre. Eliminating the high and low sales indicates a range of value of \$6,000 to \$11,061 per acre. The topography of the subject site is considered to be a major hurdle with regards to future development. The appraisers adjusted for topography, but the true magnitude of the topography issue is difficult to estimate. Therefore, a value on the low end of the range was selected. Based on the preceding analysis, we have estimated the value for the subject site to be \$6,000 per Acre. The estimated value for the subject land is calculated as follows:

$$10.92 \text{ Acres} \times \$6,000 \text{ per Acre} = \$65,544$$

Or \$65,000 (*Rounded*)

Lot 7

In evaluating Lot 7 the appraisers analyzed Sales 1 through 6, as are shown above. Sale 5 is located in Warrensburg, while the other comparables represent large tract development land.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices. Sales 1, 2, 3 and 6 were bank sales, and were adjusted upwards.

The ten sales transacted between December 2009 and December 2013. Available market data does not indicate any significant change in land prices during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Location/Access

The subject is located in the north portion of Warrensburg, immediately east of newer commercial development along Missouri Highway 13. However, the subject's visibility and access limits the commercial potential of the site. Sales 1 and 6 are located in Grain Valley, a smaller market. They were adjusted upwards. Sale 2 is located in Kansas City, Missouri, north of the Missouri River. It was considered superior. Sale 3 is located on the far southeast portion of Blue Springs, with limited development surrounding it. It was adjusted upwards. Sale 4 is located in Lee's Summit, and backs to a recently developed residential subdivision. It was considered superior. Sale 5 is located in southwest Warrensburg, and was considered similar.

Zoning/Entitlements

The subject is zoned for commercial use, but based on our highest and best use it is considered unlikely that commercial development will occur on the site. The comparable properties were considered similar with respect to zoning. However, Sale 2 had also been platted. It was considered superior with respect to entitlements.

Topography/Flood Plain

The subject has a rolling topography, and is not located in the flood plain. Sale 1 includes roughly 30% flood plain land, while Sale 6 includes roughly 50% flood plain land. They were considered inferior. The other comparables are level without flood plain influence, and were adjusted downwards.

Utilities

The subject has access to all necessary utilities for development. All of the comparables were considered similar.

Configuration

All of the comparables were considered similar with respect to configuration.

Size

Typically, larger sites tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small sites. Sales 5 and 6 are

smaller than the subject, and were adjusted downwards. The other comparables are larger than the subject, and were adjusted upwards.

Land Sale Adjustments - Lot 7

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6
Property Name	Lot 7	Vacant Land	The Woods at Shoal Creek	Vacant Land	Vacant Land	Oakmont Subdivision	Vacant Land
Address	Haw thorne Boulevard	Buckner Tarsney Rd & Sni-A-Bar Boulevard	West Side of Maple Woods C.C.	27310 Wyatt Road	SE Bailey Road	Spring Ridge Road	4700 S. Seymour Road
City	Warrensburg	Grain Valley	Kansas City	Blue Springs	Lees Summit	Warrensburg	Grain Valley
Land Area in Acres	29.33	85.183	80.550	60.810	51.773	12.083	16.273
Ratio - Comp to Subject	N/A	2.90	2.75	2.07	1.76	0.23	0.55
Zoning	GB	AG	URD	SF-7 & GB	R	R-1, R-2, R-3,	R-1
Sale Price	N/A	\$350,000	\$2,000,000	\$280,000	\$775,000	\$145,000	\$125,000
Land Acres	29.33	85.183	80.550	60.810	51.773	12.083	16.273
Unadjusted Price/Acre	N/A	\$4,109	\$24,829	\$4,605	\$14,969	\$12,000	\$7,681
Property Rights		Similar	Similar	Similar	Similar	Similar	Similar
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Conditions of Sale		Inferior	Inferior	Inferior	Similar	Similar	Inferior
% Adjustment		20.0%	20.0%	20.0%	0.0%	0.0%	20.0%
\$ Adjustment		\$822	\$4,966	\$921	\$0	\$0	\$1,536
Time/Market Conditions		May-13	Dec-09	Dec-13	Dec-12	Oct-10	Nov-11
Time Adjusted Price/Acre		\$4,931	\$29,795	\$5,526	\$14,969	\$12,000	\$9,217
Location/Access		Inferior	Superior	Inferior	Superior	Similar	Inferior
% Adjustment		10.0%	-25.0%	10.0%	-10.0%	0.0%	10.0%
\$ Adjustment		\$493	-\$7,449	\$553	-\$1,497	\$0	\$922
Zoning/Entitlements		Similar	Superior	Similar	Similar	Similar	Superior
% Adjustment		0.0%	-10.0%	0.0%	0.0%	0.0%	-10.0%
\$ Adjustment		\$0	-\$2,979	\$0	\$0	\$0	-\$922
Topography/Flood Plain		Inferior	Superior	Superior	Superior	Superior	Inferior
% Adjustment		20.0%	-10.0%	-10.0%	-10.0%	-10.0%	40.0%
\$ Adjustment		\$986	-\$2,979	-\$553	-\$1,497	-\$1,200	\$3,687
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Configuration		Similar	Similar	Similar	Similar	Similar	Similar
Size		Inferior	Inferior	Inferior	Inferior	Superior	Superior
% Adjustment		10.0%	10.0%	5.0%	5.0%	-10.0%	-10.0%
\$ Adjustment		\$493	\$2,979	\$276	\$748	-\$1,200	-\$922
Total Adjustments							
Net % Adjustments		68.0%	-22.0%	26.0%	-15.0%	-20.0%	56.0%
Net \$ Adjustments		\$2,794	-\$5,462	\$1,197	-\$2,245	-\$2,400	\$4,301
Total % Adjustments		68.0%	86.0%	50.0%	25.0%	20.0%	104.0%
Total \$ Adjustments		\$2,794	\$21,353	\$2,303	\$3,742	\$2,400	\$7,988
Adjusted Price/Acre		\$6,903	\$19,367	\$5,802	\$12,724	\$9,600	\$11,982
Adjusted Price Indications	Concluded Value						
Minimum Adjusted Price / Acre	\$5,802	\$12,000/Acre					
Maximum Adjusted Price / Acre	\$19,367	\$352,001					
Average Adjusted Price / Acre	\$11,063	\$350,000					

Value Conclusion – Lot 7

The adjustments are summarized in the following "Summary Grid of Adjustments". The five sales provide an adjusted range of value indications from \$5,802 to \$19,367 per Acre with an average of \$11,063 per Acre. Sales 1, 2, 3, and 6 are bank sales, often selling on the lower end of the range. Sales 4 and 5 are future single-family development tracts. Based on the preceding analysis, we have estimated the value for the subject site to be \$12,000 per Acre. The estimated value for the subject land is calculated as follows:

$$29.33 \text{ Acres} \times \$12,000 \text{ per Acre} = \$352,001$$

Or \$350,000 (*Rounded*)

Lot 8

In evaluating Lot 8 the appraisers analyzed Sales 1 through 6, as are shown above. Sale 5 is located in Warrensburg, while the other comparables represent large tract development land.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices. Sales 1, 2, 3 and 6 were bank sales, and were adjusted upwards.

The ten sales transacted between December 2009 and December 2013. Available market data does not indicate any significant change in land prices during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Location/Access

The subject is located in the north portion of Warrensburg, immediately east of newer commercial development along Missouri Highway 13. However, the subject's visibility and access limits the commercial potential of the site. Sales 1 and 6 are located in Grain Valley, a smaller market. They were adjusted upwards. Sale 2 is located in Kansas City, Missouri, north of the Missouri River. It was considered superior. Sale 3 is located on the far southeast portion of Blue Springs, with limited development surrounding it. It was adjusted upwards. Sale 4 is located in Lee's Summit, and backs to a recently developed residential subdivision. It was considered superior. Sale 5 is located in southwest Warrensburg, and was considered similar.

Zoning/Entitlements

The subject is zoned for commercial use, but based on our highest and best use it is considered unlikely that commercial development will occur on the site. The comparable properties were considered similar with respect to zoning. However, Sale 2 had also been platted. It was considered superior with respect to entitlements.

Topography/Flood Plain

The subject has a rolling topography, and is not located in the flood plain. Sale 1 includes roughly 30% flood plain land, while Sale 6 includes roughly 50% flood plain land. They were considered inferior. The other comparables are level without flood plain influence, and were adjusted downwards.

Utilities

The subject has access to all necessary utilities for development. All of the comparables were considered similar.

Configuration

All of the comparables were considered similar with respect to configuration.

Size

Typically, larger sites tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small sites. Sale 5 was considered similar, while the other comparables were adjusted upwards for being larger than the subject.

Land Sale Adjustments - Lot 8

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6
Property Name	Lot 8	Vacant Land	The Woods at Shoal Creek	Vacant Land	Vacant Land	Oakmont Subdivision	Vacant Land
Address	Haw thorne Boulevard	Buckner Tarsney Rd & Sni-A-Bar Boulevard	West Side of M-1, South of Maple Woods C.C.	27310 Wyatt Road	SE Bailey Road	Spring Ridge Road	4700 S. Seymour Road
City	Warrensburg	Grain Valley	Kansas City	Blue Springs	Lees Summit	Warrensburg	Grain Valley
Land Area in Acres	11.27	85.183	80.550	60.810	51.773	12.083	16.273
Ratio - Comp to Subject	N/A	7.56	7.15	5.39	4.59	0.23	1.44
Zoning	GB	AG	URD	SF-7 & GB	R	R-1, R-2, R-3	R-1
Sale Price	N/A	\$350,000	\$2,000,000	\$280,000	\$775,000	\$145,000	\$125,000
Land Acres	11.27	85.183	80.550	60.810	51.773	12.083	16.273
Unadjusted Price/Acre	N/A	\$4,109	\$24,829	\$4,605	\$14,969	\$12,000	\$7,681
Property Rights		Similar	Similar	Similar	Similar	Similar	Similar
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Conditions of Sale		Inferior	Inferior	Inferior	Similar	Similar	Inferior
% Adjustment		20.0%	20.0%	20.0%	0.0%	0.0%	20.0%
\$ Adjustment		\$822	\$4,966	\$921	\$0	\$0	\$1,536
Time/Market Conditions		May-13	Dec-09	Dec-13	Dec-12	Oct-10	Nov-11
Time Adjusted Price/Acre		\$4,931	\$29,795	\$5,526	\$14,969	\$12,000	\$9,217
Location/Access		Inferior	Superior	Inferior	Superior	Similar	Inferior
% Adjustment		10.0%	-25.0%	10.0%	-10.0%	0.0%	10.0%
\$ Adjustment		\$493	-\$7,449	\$553	-\$1,497	\$0	\$922
Zoning/Entitlements		Similar	Superior	Similar	Similar	Similar	Superior
% Adjustment		0.0%	-10.0%	0.0%	0.0%	0.0%	-10.0%
\$ Adjustment		\$0	-\$2,979	\$0	\$0	\$0	-\$922
Topography/Flood Plain		Inferior	Superior	Superior	Superior	Superior	Inferior
% Adjustment		20.0%	-10.0%	-10.0%	-10.0%	-10.0%	40.0%
\$ Adjustment		\$986	-\$2,979	-\$553	-\$1,497	-\$1,200	\$3,687
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Configuration		Similar	Similar	Similar	Similar	Similar	Similar
Size		Inferior	Inferior	Inferior	Inferior	Similar	Inferior
% Adjustment		20.0%	20.0%	10.0%	10.0%	0.0%	5.0%
\$ Adjustment		\$986	\$5,959	\$553	\$1,497	\$0	\$461
Total Adjustments							
Net % Adjustments		80.0%	-10.0%	32.0%	-10.0%	-10.0%	74.0%
Net \$ Adjustments		\$3,287	-\$2,483	\$1,474	-\$1,497	-\$1,200	\$5,684
Total % Adjustments		80.0%	98.0%	56.0%	30.0%	10.0%	98.0%
Total \$ Adjustments		\$3,287	\$24,332	\$2,579	\$4,491	\$1,200	\$7,527
Adjusted Price/Acre		\$7,396	\$22,346	\$6,079	\$13,472	\$10,800	\$13,365
Adjusted Price Indications			Concluded Value				
Minimum Adjusted Price / Acre	\$6,079		\$12,000/Acre				
Maximum Adjusted Price / Acre	\$22,346		\$135,275				
Average Adjusted Price / Acre	\$12,243		\$140,000				

Value Conclusion – Lot 8

The adjustments are summarized in the following "Summary Grid of Adjustments". The five sales provide an adjusted range of value indications from \$6,079 to \$22,346 per Acre with an average of \$12,243 per Acre. Sales 1, 2, 3, and 6 are bank sales, often selling on the lower end of the range. Sales 4 and 5 are future single-family development tracts. Based on the preceding analysis, we have estimated the value for the subject site to be \$12,000 per Acre. The estimated value for the subject land is calculated as follows:

$$11.27 \text{ Acres} \times \$12,000 \text{ per Acre} = \$135,275$$

Or \$140,000 (*Rounded*)

Lot 9

In evaluating Lot 9 the appraisers analyzed Sales 5 through 10, as are shown above. Sale 5 is located in Warrensburg, while the other comparables represent multifamily development land.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices. Sale 6 was a bank sale, and was adjusted upwards.

The ten sales transacted between October 2010 and July 2013. Available market data does not indicate any significant change in land prices during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Location/Access

The subject is located on the north side of Warrensburg, adjacent to a single-family subdivision. Sale 5 is located in southwestern Warrensburg, and was considered similar. Sale 6 is located in Grain Valley, a smaller market, and was adjusted upwards. Sale 7 is located in nearby Sedalia, with access through a residential subdivision. It was considered similar. Sale 8 is located in Sedalia, just south of a main arterial with commercial development surrounding it. It was considered superior. Sale 9 is located on US 40 Highway in Independence. This is a larger market, but the access is inferior due to a narrow road frontage. It was considered similar, overall. Sale 10 is located in western Belton, adjacent to a mobile home park. It was considered inferior.

Zoning/Density

The subject is zoned for Low Density Multifamily use. The portion of Sale 5 that is being analyzed is single family zoning. Sale 6 is also zoned form single family use. They were adjusted upwards. Sale 4 was zoned for commercial use, and was adjusted downwards. The other comparable properties all have similar zoning, and no adjustments were necessary.

Topography/Flood Plain

The subject has a steep topography, and is well below the grade of the commercial property adjacent to the west. This is considered to severely limit the development potential of the site. Roughly 50% of Sale 6 is in the flood plain. It was considered similar. All of the other comparables are considered superior, and were adjusted downwards by 50%.

Utilities

The subject has access to all necessary utilities for development. All of the comparables were considered similar.

Configuration

The subject is irregular in shape. Sale 9 has a long and narrow rectangular configuration. Given the narrow configuration of the site it will be difficult to efficiently develop the site. It was adjusted upwards as inferior.

Size

Typically, larger sites tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small sites. Sale 4 was considered similar. The other comparables are larger than the subject, and were adjusted upwards.

Land Sale Adjustments - Lot 9

	Subject	Sale # 5	Sale # 6	Sale # 7	Sale # 8	Sale # 9	Sale # 10
Property Name	Lot 9	Oakmont Subdivision	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Address	Haw thorne Boulevard	Spring Ridge Road	4700 S. Seymour Road	Stacey Lane	960 Mitchell Road	US Highway 40	401 N Scott Avenue
City	Warrensburg	Warrensburg	Grain Valley	Sedalia	Sedalia	Independence	Belton
Land Area in Acres	4.18	12.083	16.273	9.400	6.080	15.836	10.220
Ratio - Comp to Subject	N/A	2.89	3.89	2.25	1.45	3.79	2.44
Zoning	R 3	R-1, R-2, R-3,	R-1	C-1, C-3, R-1	C-3	HDR/C	C-2 and R-3
Sale Price	N/A	\$145,000	\$125,000	\$160,000	\$395,200	\$65,000	\$105,000
Land Acres	4.18	12.083	16.273	9.400	6.080	15.836	10.220
Unadjusted Price/Acre	N/A	\$12,000	\$7,681	\$17,021	\$65,000	\$4,105	\$10,274
Property Rights		Similar	Similar	Similar	Similar	Similar	Similar
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Conditions of Sale		Similar	Inferior	Similar	Similar	Similar	Similar
% Adjustment		0.0%	20.0%	0.0%	0.0%	0.0%	0.0%
\$ Adjustment		\$0	\$1,536	\$0	\$0	\$0	\$0
Time/Market Conditions		Oct-10	Nov-11	Nov-12	Apr-12	Jul-13	Jul-13
Time Adjusted Price/Acre		\$12,000	\$9,217	\$17,021	\$65,000	\$4,105	\$10,274
Location/Access		Similar	Inferior	Similar	Superior	Similar	Inferior
% Adjustment		0.0%	10.0%	0.0%	-20.0%	0.0%	10.0%
\$ Adjustment		\$0	\$922	\$0	-\$13,000	\$0	\$1,027
Zoning/Density		Inferior	Inferior	Similar	Superior	Similar	Similar
% Adjustment		10.0%	10.0%	0.0%	-5.0%	0.0%	0.0%
\$ Adjustment		\$1,200	\$922	\$0	-\$3,250	\$0	\$0
Topography/Flood Plain		Superior	Similar	Superior	Superior	Superior	Superior
% Adjustment		-50.0%	0.0%	-50.0%	-50.0%	-50.0%	-50.0%
\$ Adjustment		-\$6,000	\$0	-\$8,511	-\$32,500	-\$2,053	-\$5,137
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Configuration		Similar	Similar	Similar	Similar	Similar	Inferior
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	10.0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0	\$1,027
Size		Inferior	Inferior	Inferior	Similar	Inferior	Inferior
% Adjustment		10.0%	20.0%	10.0%	0.0%	20.0%	10.0%
\$ Adjustment		\$1,200	\$1,843	\$1,702	\$0	\$821	\$1,027
Total Adjustments							
Net % Adjustments		-30.0%	68.0%	-40.0%	-75.0%	-30.0%	-20.0%
Net \$ Adjustments		-\$3,600	\$5,223	-\$6,808	-\$48,750	-\$1,232	-\$2,055
Total % Adjustments		70.0%	68.0%	60.0%	75.0%	70.0%	80.0%
Total \$ Adjustments		\$8,400	\$5,223	\$10,213	\$48,750	\$2,874	\$8,219
Adjusted Price/Acre		\$8,400	\$12,904	\$10,213	\$16,250	\$2,874	\$8,219
Adjusted Price Indications			Concluded Value				
Minimum Adjusted Price / Acre	\$2,874		\$8,500/Acre				
Maximum Adjusted Price / Acre	\$16,250		\$35,539				
Average Adjusted Price / Acre	\$9,810		\$35,000				

Value Conclusion – Lot 9

The adjustments are summarized in the following "Summary Grid of Adjustments". The five sales provide an adjusted range of value indications from \$2,874 to \$16,250 per Acre with an average of \$9,810 per Acre. Eliminating the high and low sale indicates a range from \$8,219 to \$12,904 per acre. The topography of the subject site is considered to be a major hurdle with regards to future development. The appraisers adjusted for topography, but the true magnitude of the topography issue is difficult to estimate. Therefore, a value on the low end of the range was selected. Based on the preceding analysis, we have estimated the value for the subject site to be \$8,500 per Acre. The estimated value for the subject land is calculated as follows:

$$4.18 \text{ Acres} \times \$8,500 \text{ per Acre} = \$35,539$$

Or \$35,000 (*Rounded*)

Improved Sign Tracts

As has been mentioned, there are also two sign tracts improved with commercial signs.

The appraisers have used two methods to estimate the value of the signs. The first is to look at the cost of the signs. According to the City of Warrensburg, the signs were estimated to cost a combined \$85,000 (\$45,000 for the sign on Tract O and \$40,000 for the sign on Tract A).

Marshall Valuation Services estimate the effective life of signs to be 8 to 14 years, depending on the quality. Assuming that the two signs have an effective age of 7 years (One sign was constructed in 2006 and one in 2008), indicated depreciation of 50% (7 / 14).

Next we estimated the value of the underlying land. Given that the signs are being used to advertise for commercial purposes, we have used commercial land sales to estimate the underlying value. Shown below is the same table that was in the highest and best use section:

Property	Location	Size	Sale Date	Price per SF
Proposed Aldi Site	Hawthorne Boulevard	119,398	PENDING	\$5.86
Proposed VA Site	Young and PCA	87,120	Dec 2013	Unknown
F & C Bank Site	Young & Burkarth	63,598	May 2013	\$5.13
Wal-Mart Pad	E Cooper Street	69,260	Jan 2011	\$5.78
Repair Shop Site	E Young	16,000	Sep 2009	\$3.66
Former Hardee's	N Maguire	48,125	Jul 2009	\$12.36

The three most recent sales range from \$5.13 to \$5.86 per square foot. These sites are too small to develop on a standalone basis, and would need to be assemble with neighboring parcels. Therefore, we have used an amount of roughly 1/2 this amount. We selected \$3.00 per square foot for the underlying land.

13,104 square feet x \$3.00 per square foot = \$39,312
Or Rounded (\$40,000)

We then added the depreciated value of the signs to the underlying land value.

Cost Approach	
Replacement Cost New	\$85,000
Less Depreciation (7 / 14 or 50%)	<u>\$42,500</u>
Depreciated Cost of Improvements	\$42,500
Add Site Value	<u>\$40,000</u>
Indicated Value	\$82,500
Rounded	\$80,000

Next, the appraisers looked at the sign tracts based on their income potential. This is considered to be speculative, as there is limited operating history. The appraisers were told by the City of Warrensburg that the signs can generate up to \$12,900 per year.

Given the lack of history, and the large amount of vacancy currently on the signs, a 20% vacancy rate has been estimated.

Estimated expenses include a 5% management fee, which is typical of what a third party management company would charge. We have also estimated \$500 for maintenance and landscaping. Insurance was also estimated at \$500. Taxes for 2013 are shown below:

	Assessed Value	Taxes
Tract O	\$800	\$105.32
Tract A	\$1,440	\$189.54
Total	\$2,240	\$294.86

The appraisers have estimated taxes of \$500 per year, which is above the counties value, but considerably below our estimate of value.

Stabilized Income & Expense Summary		
	Totals	% of EGI
Gross Potential Rent	\$12,900	125.0%
Less Vacancy & Collection Loss (20.0%)	(\$2,580)	-25.0%
Effective Gross Income	\$10,320	100.0%
Less Expenses	Totals	% of EGI
Management Fees	\$516	5.0%
Repairs & Maintenance	\$500	4.8%
Real Estate Taxes	\$500	4.8%
Insurance	\$500	4.8%
Total Expenses	\$2,016	19.5%
Net Operating Income	\$8,304	80.5%

As can be seen, this projects a net operating income of \$8,304, or just over 80% of the effective gross income. This is considered reasonable. Most property types expense ratios range from 30% to 50%, but given that the subject is not labor intensive with low taxes, this is considered to be reasonable.

The appraisers are not aware of any sales of signs similar to the subject, but capitalization rates from the sale of billboards is shown below:

Location	Sale Date	Capitalization Rate
I-35/Rainbow Blvd, Kansas City	April 2011	8.74%
Kansas City	October 2010	9.48%
N. Sid of I-70/Madison, Kansas City	May 2002	7.82%
I-70/Kaw, I-35/Roe	June 2002	13.08%

Based on the above information, the appraisers have selected a 10% capitalization rate.

Direct Capitalization Summary	
Net Operating Income	\$8,304
Divided By Overall Rate	10.00%
Capitalized Value Indication	\$83,040
Rounded	\$80,000

Therefore, based on these two approaches we have estimated a market value of \$80,000 for the two sign tracts.

Subject in its Entirety

Finally, we have valued the subject in its entirety, which includes the following:

Current Lot Size				New Lot Size with Sign Tracts			
Tract	Parcel ID	SF	Acres	Sign Tracts	Sign Tracts Size	New SF	New Acres
Lot 4	12-60-13-01-010-0027.00	229,075	5.26	D, E, N	2,454	231,529	5.32
Lot 6	12-60-13-04-005-0001.00	474,949	10.90	L	904	475,853	10.92
Lot 7	12-60-13-04-004-0001.00	1,277,762	29.33	None		1,277,762	29.33
Lot 8	12-60-13-04-004-0002.00	491,049	11.27	None		491,049	11.27
Lot 9	12-60-13-04-001-0019.00	181,520	4.17	J	606	182,126	4.18
Total		2,654,355	60.94			2,658,319	61.03

The remaining sign tracts have not been included in our analysis, and are not considered to contribute any value to the subject property.

In evaluating the subject in its entirety, the appraisers analyzed Sales 1 through 6, as are shown above. Sale 5 is located in Warrensburg, while the other comparables represent multifamily development land.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices. Sales 1, 2, 3 and 6 were bank sales, and were adjusted upwards.

The ten sales transacted between December 2009 and December 2013. Available market data does not indicate any significant change in land prices during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Location/Access

The subject is located in the north portion of Warrensburg, immediately east of newer commercial development along Missouri Highway 13. However, the subject's visibility and access limits the commercial potential of the site. Sales 1 and 6 are located in Grain Valley, a smaller market. They were adjusted upwards. Sale 2 is located in Kansas City, Missouri, north of the Missouri River. It was considered superior. Sale 3 is located on the far southeast portion of Blue Springs, with limited development surrounding it. It was adjusted upwards. Sale 4 is located in Lee's Summit, and backs to a recently developed residential subdivision. It was considered superior. Sale 5 is located in southwest Warrensburg, and was considered similar.

Zoning/Entitlements

The subject is zoned for commercial use, but based on our highest and best use it is considered unlikely that commercial development will occur on the site. The comparable properties were considered similar with respect to zoning. However, Sale 2 had also been platted. It was considered superior with respect to entitlements.

Topography/Flood Plain

The subject has a rolling to steep topography, with a minimal portion of the property located in the flood plain. Sale 1 includes roughly 30% flood plain land, while Sale 6 includes roughly 50% flood plain land. They were considered inferior. The other comparables are level without flood plain influence, and were adjusted downwards.

Utilities

The subject has access to all necessary utilities for development. All of the comparables were considered similar.

Configuration

All of the comparables were considered similar with respect to configuration.

Size

Typically, larger sites tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small sites. Sales 5 and 6 are smaller than the subject, and were adjusted downwards. The other comparables are considered similar with respect to size.

Sign Tracts

As has been discussed previously, the subject includes two tracts improved with signs. As has been shown, the contributory value was been estimated at \$80,000. None of the comparables include signs. We have adjusted all of the comparables upwards by this amount on a per acre basis (\$80,000 / 61.03 acres).

Land Sale Adjustments - Subject in its Entirety (Lots, 4, 6, 7, 8, and 9, Tracts O and A)

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6
Property Name	Property in Entirety	Vacant Land	The Woods at Shoal Creek	Vacant Land	Vacant Land	Oakmont Subdivision	Vacant Land
Address	Haw thorne Boulevard	Buckner Tarsney Rd & Sni-A-Bar Boulevard	West Side of M-1, South of Maple Woods C.C.	27310 Wyatt Road	SE Bailey Road	Spring Ridge Road	4700 S. Seymour Road
City	Warrensburg	Grain Valley	Kansas City	Blue Springs	Lees Summit	Warrensburg	Grain Valley
Land Area in Acres	61.03	85.183	80.550	60.810	51.773	12.083	16.273
Ratio - Comp to Subject	N/A	1.40	1.32	1.00	0.85	0.20	0.27
Zoning	R 3	AG	URD	SF-7 & GB	R	R-1, R-2, R-3,	R-1
Sale Price	N/A	\$350,000	\$2,000,000	\$280,000	\$775,000	\$145,000	\$125,000
Land Acres	61.03	85.183	80.550	60.810	51.773	12.083	16.273
Unadjusted Price/Acre	N/A	\$4,109	\$24,829	\$4,605	\$14,969	\$12,000	\$7,681
Property Rights		Similar	Similar	Similar	Similar	Similar	Similar
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Conditions of Sale		Inferior	Inferior	Inferior	Similar	Similar	Inferior
% Adjustment		20.0%	20.0%	20.0%	0.0%	0.0%	20.0%
\$ Adjustment		\$822	\$4,966	\$921	\$0	\$0	\$1,536
Time/Market Conditions		May-13	Dec-09	Dec-13	Dec-12	Oct-10	Nov-11
Time Adjusted Price/Acre		\$4,931	\$29,795	\$5,526	\$14,969	\$12,000	\$9,217
Location/Access		Inferior	Superior	Inferior	Superior	Similar	Inferior
% Adjustment		10.0%	-25.0%	10.0%	-10.0%	0.0%	10.0%
\$ Adjustment		\$493	-\$7,449	\$553	-\$1,497	\$0	\$922
Zoning/Entitlements		Similar	Superior	Similar	Similar	Similar	Similar
% Adjustment		0.0%	-10.0%	0.0%	0.0%	0.0%	0.0%
\$ Adjustment		\$0	-\$2,979	\$0	\$0	\$0	\$0
Topography/Flood Plain		Inferior	Superior	Superior	Superior	Superior	Inferior
% Adjustment		10.0%	-20.0%	-20.0%	-20.0%	-20.0%	30.0%
\$ Adjustment		\$493	-\$5,959	-\$1,105	-\$2,994	-\$2,400	\$2,765
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Configuration		Similar	Similar	Similar	Similar	Similar	Similar
Size		Similar	Similar	Similar	Similar	Superior	Superior
% Adjustment		0.0%	0.0%	0.0%	0.0%	-20.0%	-20.0%
\$ Adjustment		\$0	\$0	\$0	\$0	-\$2,400	-\$1,843
Sign Tracts		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
% Adjustment		26.6%	4.4%	23.7%	8.8%	10.9%	14.2%
\$ Adjustment		\$1,311	\$1,311	\$1,311	\$1,311	\$1,311	\$1,311
Total Adjustments							
Net % Adjustments		75.9%	-40.7%	36.5%	-21.2%	-29.1%	61.1%
Net \$ Adjustments		\$3,119	-\$10,110	\$1,679	-\$3,180	-\$3,489	\$4,691
Total % Adjustments		75.9%	91.3%	84.5%	38.8%	50.9%	109.1%
Total \$ Adjustments		\$3,119	\$22,664	\$3,890	\$5,802	\$6,111	\$8,377
Adjusted Price/Acre		\$7,228	\$14,719	\$6,284	\$11,789	\$8,511	\$12,372
Adjusted Price Indications		Concluded Value					
Minimum Adjusted Price / Acre	\$6,284	\$10,000/Acre					
Maximum Adjusted Price / Acre	\$14,719	\$610,266					
Average Adjusted Price / Acre	\$10,150	\$610,000					

Value Conclusion – Entire Subject

The adjustments are summarized in the following "Summary Grid of Adjustments". The five sales provide an adjusted range of value indications from \$6,284 to \$14,719 per Acre with an average of \$10,150 per Acre. Eliminating the high and low sales indicates a range from \$8,511 to \$12,372 per acre. Sales 1, 2, 3, and 6 are bank sales, often selling on the lower end of the range. Sales 4 and 5 are future single-family development tracts. Based on the preceding analysis, we have estimated the value for the subject site to be \$10,000 per Acre. The estimated value for the subject land is calculated as follows:

$$61.03 \text{ Acres} \times \$10,000 \text{ per Acre} = \$610,266$$

Or \$610,000 (*Rounded*)

Note that the subject's value in its entirety is less than the value of the sum of the individual tracts. This is to be expected, as an investor would be taking additional risk with a longer anticipated holding period.

Final Estimate of Value

The appraisers valued the subject both as individual tracts and as a whole. It is of note that value of the subject in its entirety is less than the sum of the individual tracts. This is to be expected, as an investor would be taking on additional risk to purchase the entire property.

The appraisers reviewed ten comparable sales in this analysis, but did not review each sale in every analysis. Due to the lack of recent activity in Warrensburg, the appraisers have had to expand the search for comparables to surrounding communities. This is considered a good indication of value.

Our conclusions are shown below in the following table:

Indications of Value - No Specials				
Tract	Indicated Value per Acre	Acres	Indicated Value	
Lot 4	\$40,000	5.32	\$210,000	
Lot 6	\$6,000	10.92	\$65,000	
Lot 7	\$12,000	29.33	\$350,000	
Lot 8	\$12,000	11.27	\$140,000	
Lot 9	\$8,500	4.18	\$35,000	
Improved Sign Tracts	N/A	N/A	\$80,000	
Entirety of Subject	\$10,000	61.03	\$610,000	
Implied Bulk Discount			31%	

Finally, the values above do not include the impact of the outstanding special assessments. As was stated in the real estate tax section, there is a significant amount of outstanding specials resulting from infrastructure improvements. The City of Warrensburg supplied us with the amount outstanding for each tract, which is summarized below:

Present Value of Outstanding Specials		
Tract(s)	Annual Assessment	Present Value (6%)
Lot 4 and Tracts D, E, and N	\$15,202.22	(\$159,278)
Lot 6 and Tract L	\$31,244.61	(\$327,358)
Lot 7	\$83,898.15	(\$879,023)
Lot 8	\$32,242.39	(\$337,812)
Lot 9 and Tract J	\$11,958.42	(\$125,291)
Tracts O and A	\$860.46	(\$9,015)
Subject in its Entirety	\$175,627.60	(\$1,840,096)

Therefore, we have subtracted the present value of the outstanding specials from our estimates of value shown above:

Indications of Value with Specials					
Tract	Indicated Value	Less PV of Specials		Difference	Rounded
Lot 4	\$210,000	-	\$159,278	\$50,722	\$50,000
Lot 6	\$65,000	-	\$327,358	(\$262,358)	(\$260,000)
Lot 7	\$350,000	-	\$879,023	(\$529,023)	(\$530,000)
Lot 8	\$140,000	-	\$337,812	(\$197,812)	(\$200,000)
Lot 9	\$35,000	-	\$125,291	(\$90,291)	(\$90,000)
Improved Sign Tracts	\$80,000	-	\$9,015	\$70,985	\$70,000
Entirety of Subject	\$610,000	-	\$1,840,096	(\$1,230,096)	(\$1,230,000)
Implied Bulk Discount	31%				

As can be seen above, the outstanding specials for the subject property outweigh the estimated market value of the subject in the case of all of the tracts except Lot 4 and the Improved Sign Tracts.

Marketing Time and Exposure Period

Shown below is the historical exposure period for the comparable sales included in this report.

Exposure Period

Sale No.	Project City	Sale Date YOC	Time on Market
# 2	The Woods at Shoal Creel Kansas City, Missouri	Dec-09	5 years
# 3	Vacant Land Blue Springs, Missouri	Dec-13	12 months
# 4	Vacant Land Lees Summit, Missouri	Dec-12	14 months
# 9	Vacant Land Independence, Missouri	Jul-13	10 years
# 10	Vacant Land Belton, Missouri	Jul-13	3 years

Based on the above sales, the exposure period for similar properties in the market is consistent with an exposure period of 5 years or less. Additionally, market conditions are anticipated to remain stable. Based on this information, we have concluded the market value for the subject property is consistent with a marketing period of 5 years or less.

ADDENDA

APPRAISER QUALIFICATIONS

GLOSSARY

AREA DATA

LAND SALES

PERTINENT INFORMATION

CLIENT'S LETTER OF ENGAGEMENT

Keller & Associates, Inc.

APPRAISER QUALIFICATIONS

MATT SPEER

*120 E 9th Street, Suite 201
Lawrence, Kansas 66044
Phone: (785) 841-0110 Fax: (785) 841-0148
mspeer@kellerappraisal.com*

Real estate appraiser

WORK EXPERIENCE

*Keller & Associates, Lawrence, Kansas, appraiser
since 2009*

EDUCATION

University of Kansas, BS in Business Administration, 2009

Successful Completion of over 300 hours of pre-licensure appraisal courses including Basic Appraisal Principles, Basic Appraisal Procedures, National USPAP, Business Practices and Ethics, General Appraiser Sales Comparison Approach, General Appraiser Site Valuation and Cost Approach, General Appraiser Report Writing and Case Studies, General Appraiser Income Approach Parts I and II, General Appraiser Market Analysis and Highest and Best Use, Real Estate Finance Statistics and Valuation Marketing

Recipient of the 2012 Thavis Arnote Scholarship through the Kansas City Chapter of the Appraisal Institute

APPRAISAL EXPERIENCE

Commercial properties including retail, office, industrial, and apartments.

Land including commercial land, rural/urban development land, and large acreage tracts.

Residential properties including single family and multi-family properties.

Before and After Appraisals for Eminent Domain proceedings

Current Director on Board for Kansas City Chapter of the Appraisal Institute

CERTIFICATIONS

Certified General Real Property Appraiser, Kansas (G-2925)

TIMOTHY J. KELLER, MAI

120 E 9th, Suite 201

Lawrence, Kansas 66044

Phone: (785) 841-0110

Fax: (785) 841-0148

tkeller@kellerappraisal.com

real estate appraiser . consultant
property developer. expert witness. instructor

WORK EXPERIENCE

Keller & Associates, Lawrence, Kansas, appraiser
since 1996

Nunnink & Associates, Westwood, Kansas appraiser
1989-1996

Four Farmers, Miami, Florida general manager
1987-89

Keller Leopold Insurance, Garden City, Kansas controller
1984-87

Koch Industries, Wichita, Kansas accountant for special projects
1982-83

US Department of the Treasury, Comptroller of the
Currency, Kansas City, Missouri financial intern
1978-81

SPECIAL ASSIGNMENTS

Various Kansas Department of Transportation Projects

Various Douglas County Public Work Projects

Various City of Lawrence and Eudora Projects

Douglas County Court Appointed Appraiser

Kansas Supreme Court Appointed Appraiser

Bulk Active Pilot Plant, Kansas

Topeka State Hospital & Grounds, Kansas

Security Benefit Tower, Kansas

Regional shopping malls in Kansas, Missouri, Colorado,

Indiana, Florida, Texas, Nevada, South Carolina,

Montana, Ohio, Virginia, and Maryland

Industrial parks in Kansas, Missouri, Colorado

Shopping centers in Kansas, Missouri and Illinois

Office towers in Kansas, Ohio, Nebraska and Missouri

Big Box Retailers in Kansas, Missouri, Michigan and Maryland

PROFESSIONAL DESIGNATIONS/CERTIFICATIONS

Member of the Appraisal Institute (MAI 10473)
Certified General Real Property Appraiser, Kansas (G-911); Missouri (RA
002814);
Successful completion, Certified Public Accountant Examination, 1984

EDUCATION

University of Notre Dame, MBA, 1984
Fort Hays State University, BS in Accounting, cum laude, 1982

CIVIC GROUPS

Kansas Real Estate Appraisal Board, former board member and former chair
Greater Kansas City Chapter, Appraisal Institute,
past chapter president, past board chair
Wakarusa Valley Development, Inc.,
current board member
Sertoma Club of Lawrence,
past president, past board chair
Leadership Northeast Johnson County,
past board member
Fort Hays State Alumni Association
University of Notre Dame Alumni Association

Keller & Associates, Inc.

GLOSSARY

GLOSSARY

Unless otherwise noted, the following definitions are taken from The Dictionary of Real Estate Appraisal, Fifth Edition, published by the Appraisal Institute in 2010.

Appraisal

The act or process of developing an opinion of value; an opinion of value. (p. 10)

Depreciation

In appraising, the loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvements on the same date. (p. 56)

Exposure Time

Estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP)

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. (USPAP)

Fee Simple Estate

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. (p. 78)

Furniture, Fixtures and Equipment (FF&E)

The movable property of a business enterprise not classified as stock or inventory or leasehold improvements; frequently found in the ownership of hotels or motels, restaurants, assisted-living facilities, service stations, car washes, greenhouses and nurseries, and other service-intensive properties. Furniture, fixtures, and equipment frequently wears out much more rapidly than other components of those properties.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternately, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value. (p. 93)

Hypothetical Condition

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

Investment Value

The value of a property interest to a particular investor or class of investors based on the investors specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (p. 105)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e. a lease) held by a landlord with the rights of use and occupancy conveyed by lease to others. (p. 111)

Leasehold Interest

The tenant's possessory interest created by a lease. (p. 112)

Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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. (p. 115-116)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 or the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) (p. 121)

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. 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 interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in US 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. (p. 123)

Neighborhood

A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. (p. 133)

Replacement Cost

The estimated cost to construct, at current prices, as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (p. 168)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (p. 169)

Use Value

In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal. (p. 204)

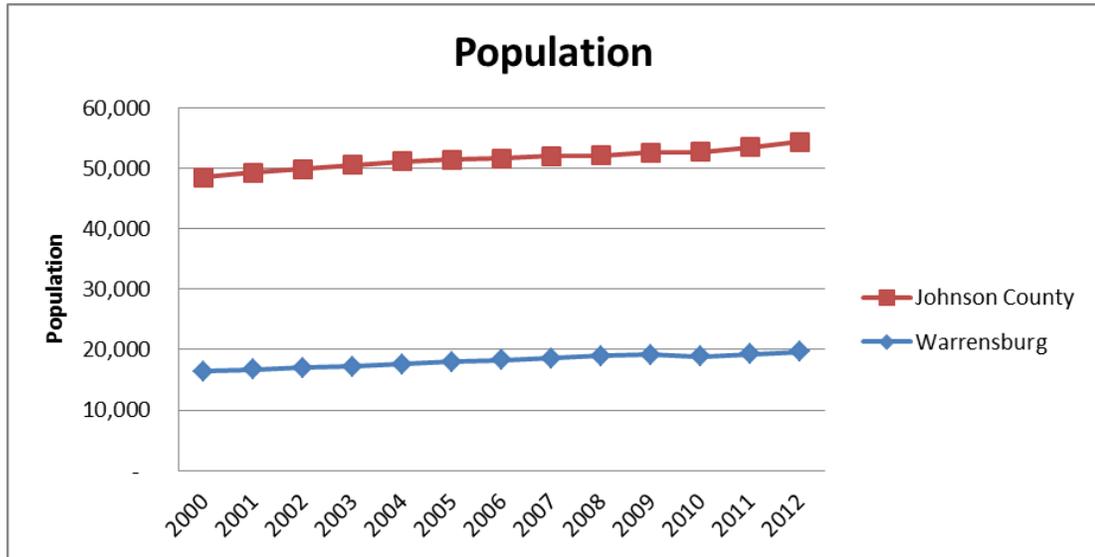
Keller & Associates, Inc.

AREA DATA

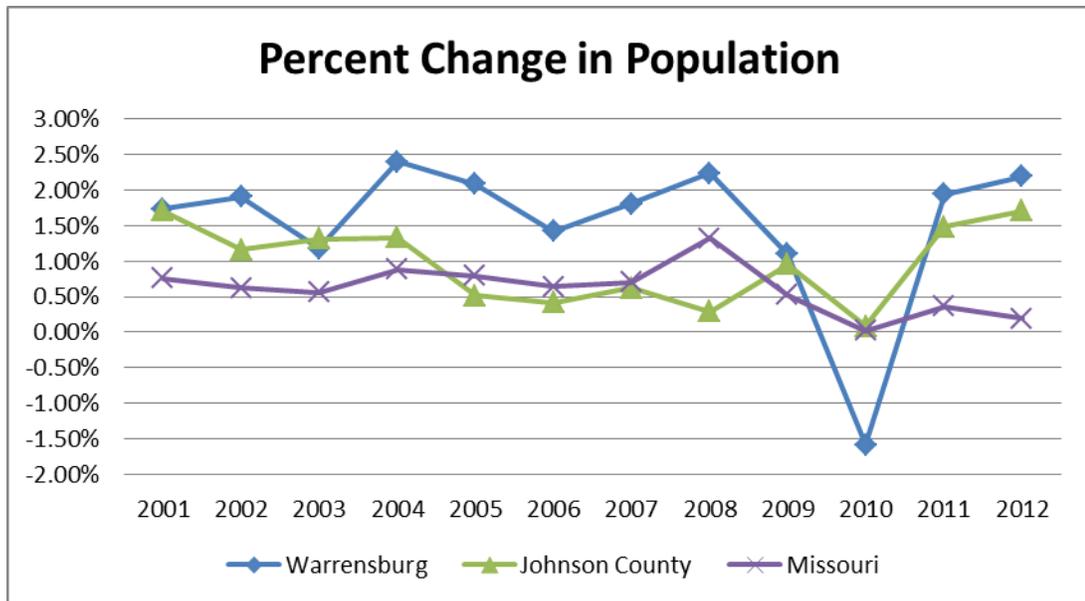
AREA DEFINED

The subject is located in the city of Warrensburg, the county seat of Jonson County, Missouri. Warrensburg is located on US Route 50. Warrensburg lies 58 miles east of Kansas City and 217 miles west of St. Louis.

Demographics



Source: 2012 US Census Bureau

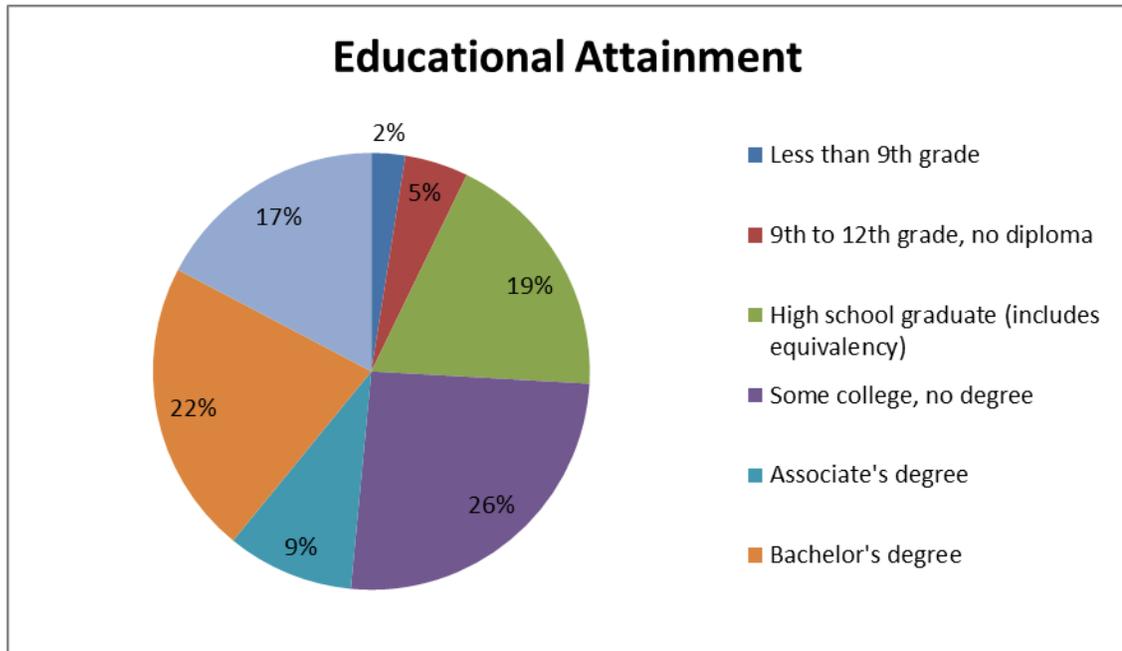


Source: 2012 US Census Bureau

Warrensburg has averaged a yearly population increase of 1.53% since 2000. Johnson County has grown at a slower yearly rate of 0.97%. Currently 54,394 people live in Johnson County, with the majority, 19,687 living in Warrensburg.

Education

Five elementary schools, one pre-secondary school, one high school, and one private school serve the Warrensburg community. Total enrollment is around 3,200 students. The University of Central Missouri is located in Warrensburg and has approximately 11,000 students. The University offers an array of undergraduate and graduate programs.

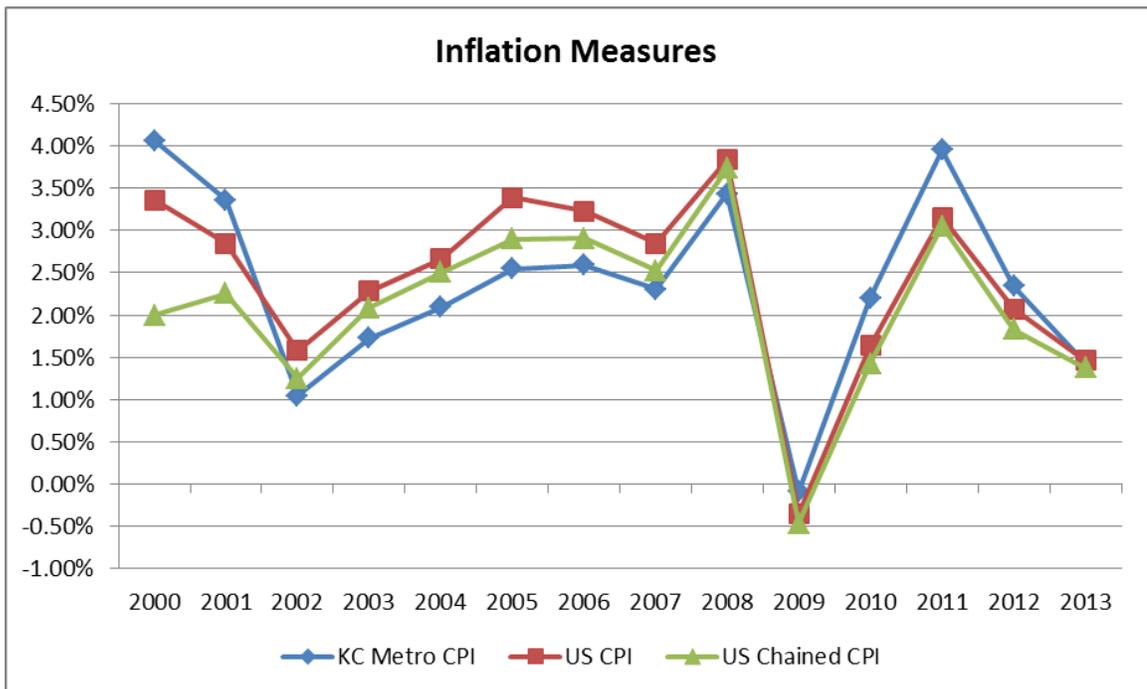
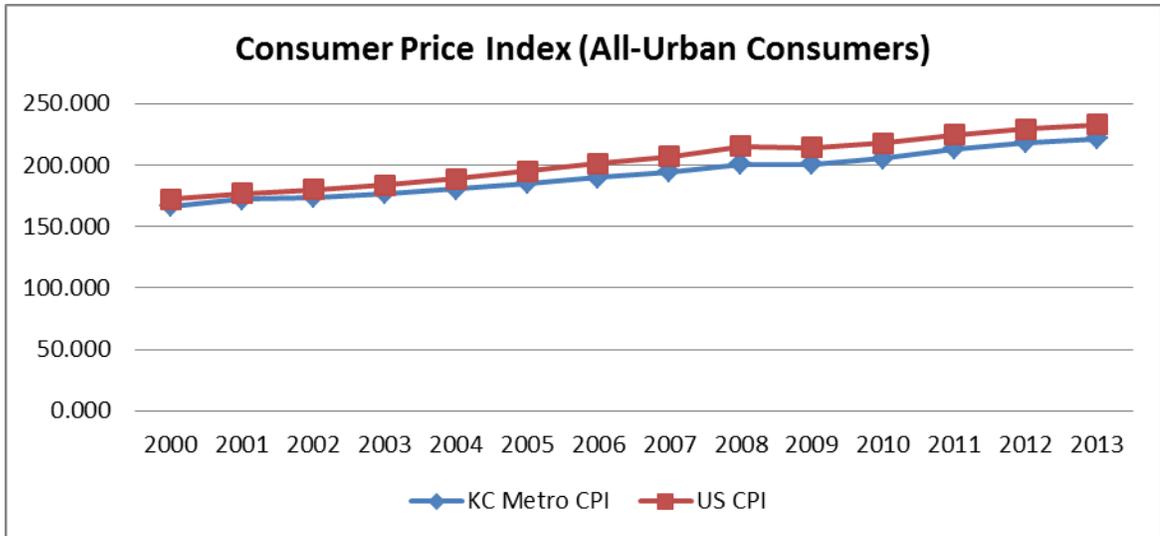


Source: 2012 American Community Survey

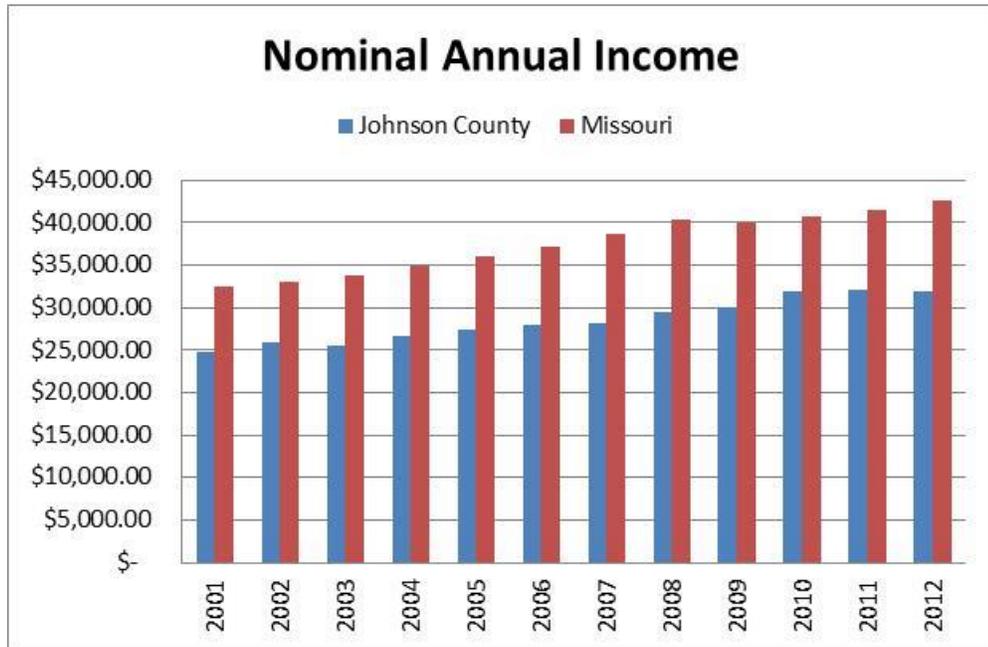
Educational attainment for Warrensburg is slightly better than the rest of the state and nation. Roughly 93% of residents have a high school education or higher and 39% of residents has completed a 4-year degree or more. State and national percentages for people earning a bachelor's degree or higher are roughly 30%. The number of residents holding high school degrees or greater is 3% better than the Missouri average and 7% better than the national average.

Income and Expenses

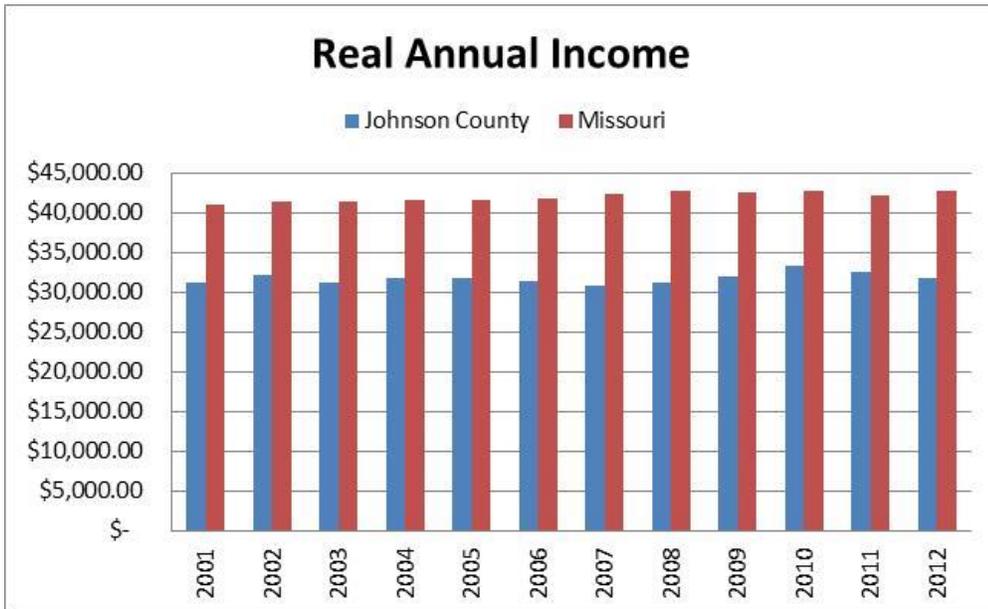
In 2009, the nation and the Kansas City area experienced slight deflation for the first time in decades, with Kansas City experiencing deflation of -0.09% and the nation at -0.36%. Still, Kansas City has had an average inflation rate of 2.43% per year since 2000. As shown in the chart below, the nation and the Kansas City area seem to have recovered from the downturn of 2009. Kansas City experienced inflation of 3.95% in 2011, 2.34% in 2012, and 1.42% in 2013 while the US City average was 3.16% in 2011, 2.07% in 2012, and 1.46% in 2013. The Bureau of Labor Statistics encourages the use of large, regional metropolitan area CPI data over smaller metropolitan statistical area data. These larger areas are more accurately measured and less susceptible to large measurement swings caused by anomalous price fluctuations.



The nominal annual income for Johnson County in 2012 was \$31,820. Johnson County's income is 25.5% less than the nominal annual income for the state. The difference is also shown when comparing real annual income, which accounts for the effects of inflation. Since 2001, the average annual growth rate for Johnson County has been 0.19% compared to a statewide average of 0.38%.

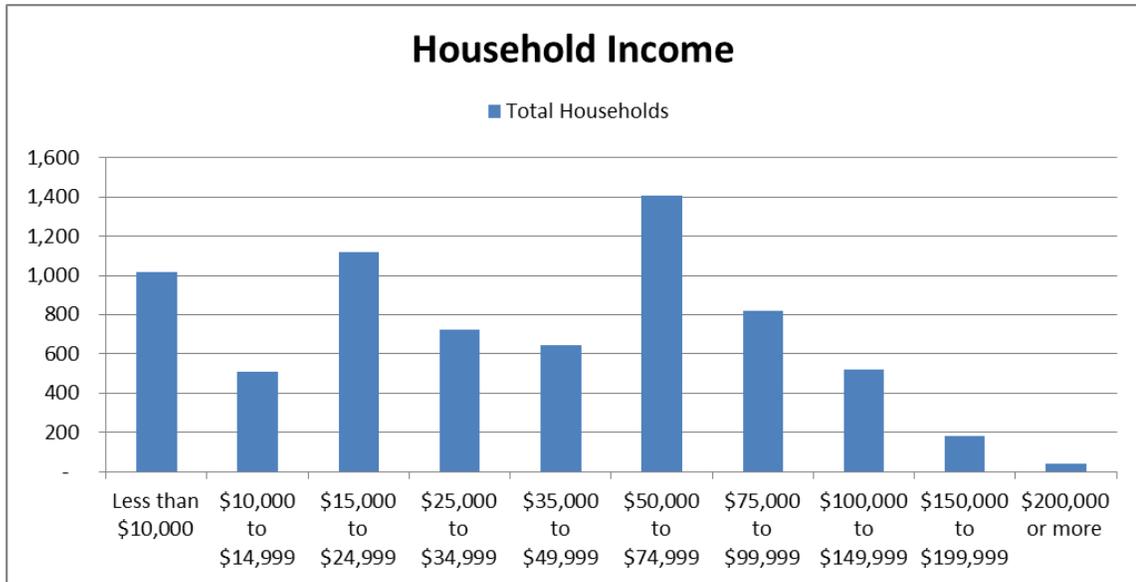


Source: 2012 Bureau of Labor Statistics



Source: 2012 Bureau of Labor Statistics, calculations made by Keller & Associates

Income and benefits in Warrensburg have an abnormal distribution. 38% of households in Warrensburg have incomes below \$25,000. This is significantly higher than the state rate of 27.2%. The majority of households in Warrensburg (20.1%) have incomes from \$15,000 to \$24,999. The majority of the state of Missouri earns incomes in the \$50,000 to \$74,999 range.



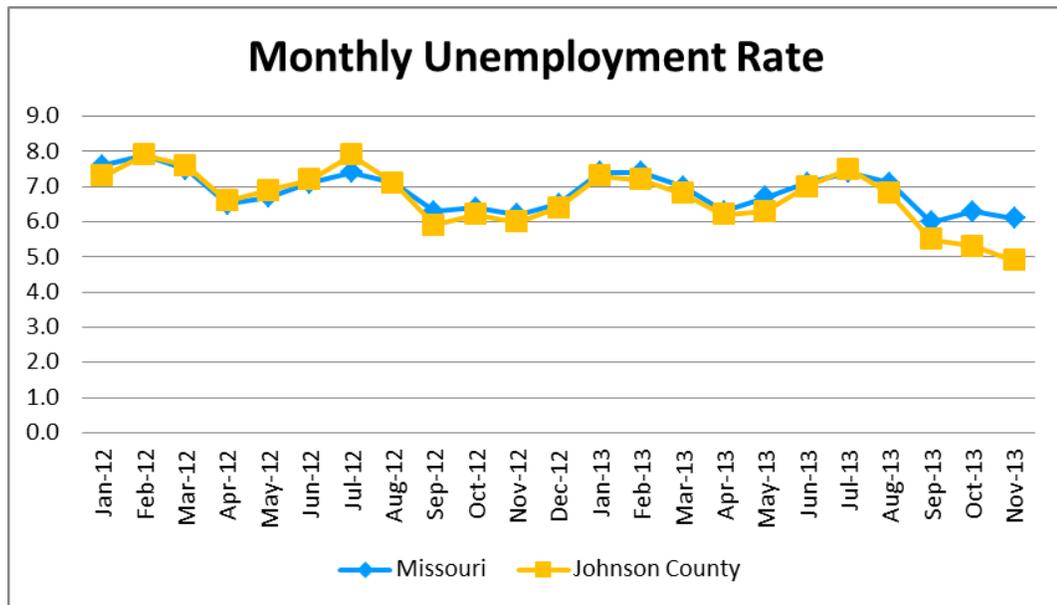
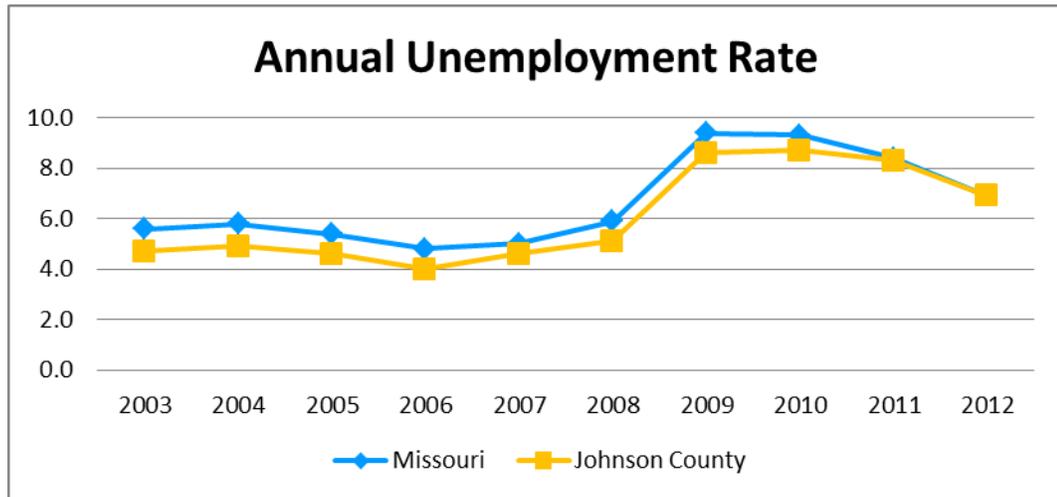
Source: 2012 American Community Survey

Compared to other Midwestern cities, it is very inexpensive to live in Pittsburg. Cost of living calculations are based off of the US average of 100. Anything below 100 is cheaper than the national average, and anything above 100 is more expensive.

ACCRA Cost of Living Index 3rd Quarter 2013: A Sampling of Midwest Cities	
Chicago, IL	117.4
Denver, CO	104.0
Houston, TX	99.0
Kansas City, MO-KS Metro	98.0
Little Rock, AR	97.6
Dallas, TX	95.7
Topeka, KS	95.1
Manhattan, KS	94.1
Des Moines, IA	90.2
Oklahoma City, OK	90.1
Springfield, MO	88.6
Omaha, NE	87.4
Columbus, OH	86.7
Warrensburg, MO	83.6

Source: 2013 Greater Topeka Chamber of Commerce & 2012 city-data.com

Employment and Industry



Unemployment in Johnson County has been lower than the Missouri unemployment rates for all years studied. Annual unemployment in Johnson County dropped from 8.3% in 2011 to 6.9% in 2012. The statewide rate also declined, dropping from 8.4% in 2011 to 6.9% in 2012. As of November 2013, monthly unemployment in Johnson County was at 4.9% compared to the state rate of 6.1%.

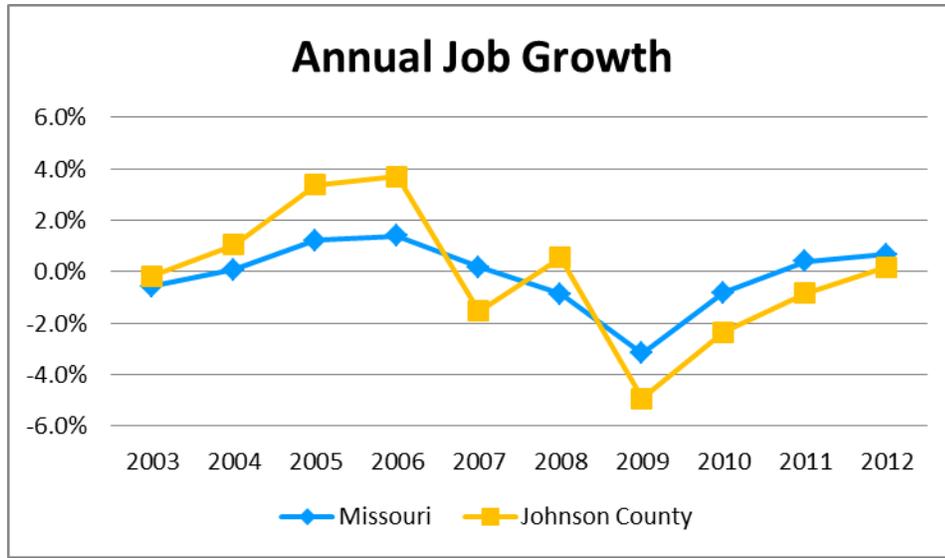
Industry	Employed	% Employed
Agriculture, forestry, fishing and hunting, and mining	94	1.1%
Construction	303	3.5%
Manufacturing	698	8.1%
Wholesale trade	124	1.4%
Retail trade	1,225	14.2%
Transportation and warehousing, and utilities	203	2.4%
Information	149	1.7%
Finance and insurance, and real estate and rental and leasing	267	3.1%
Professional, scientific, and management, and administrative and waste management	204	2.4%
Educational services, and health care and social assistance	3,012	35.0%
Arts, entertainment, and recreation, and accommodation and food services	1,229	14.3%
Other services, except public administration	206	2.4%
Public administration	889	10.3%

Source: 2012 American Community Survey

Largest Employers in Warrensburg, MO		
Company	Description	Employees
BOMAG	Compaction Technology	75
Carlyle Van Lines	Government & Military Movers	150
University of Central Missouri	Education	1,500
City of Warrensburg	Government	218
EnerSys Inc.	Stored Energy Solutions	461
GE Transportation Systems	Transportation Equipment	398
Swisher Mower and Machine	Lawn & Garden Power Equipment	340
Stahl Specialty Co.	Aluminum Foundry	900
Wal-Mart Super Center	Retail Sales	400
Warrensburg R-VI School District	Education	450
Western Missouri Medical Center	Health Care	575
Whiteman AFB	Military	7,400

Source: Pittsburg Chamber of Commerce

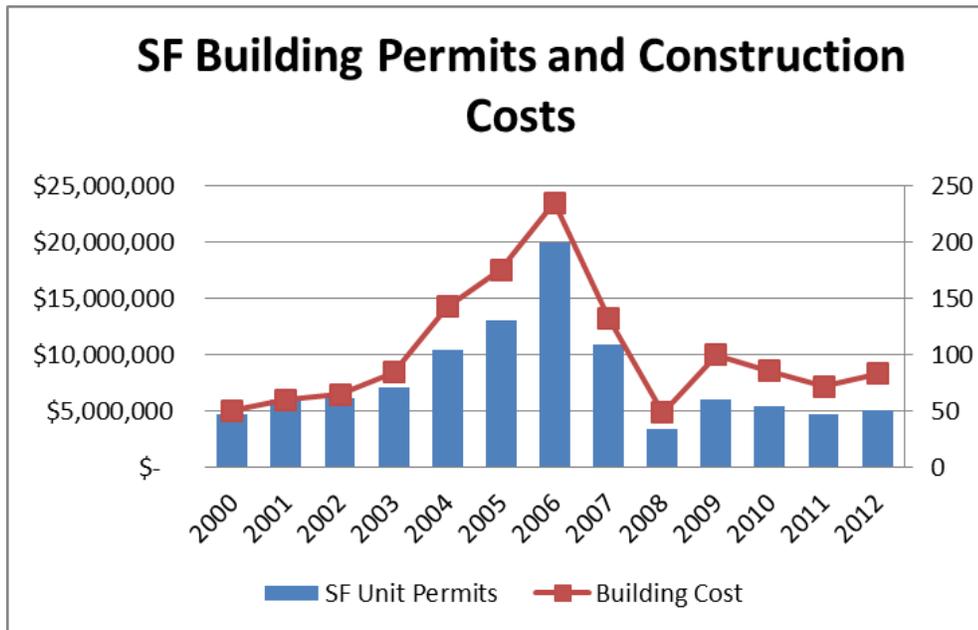
Employment by industry in Warrensburg lies heavily in the educational services and retail trade industries. There are also a significant number of Warrensburg residents employed in the arts, entertainment, and recreation industries.



Source: 2012 Bureau of Labor Statistics

As shown in the chart above, Johnson County's annual job growth has been improving the last 4 years. In 2012, jobs grew approximately 0.2%. In comparison, employment in Missouri grew 0.7% for 2012.

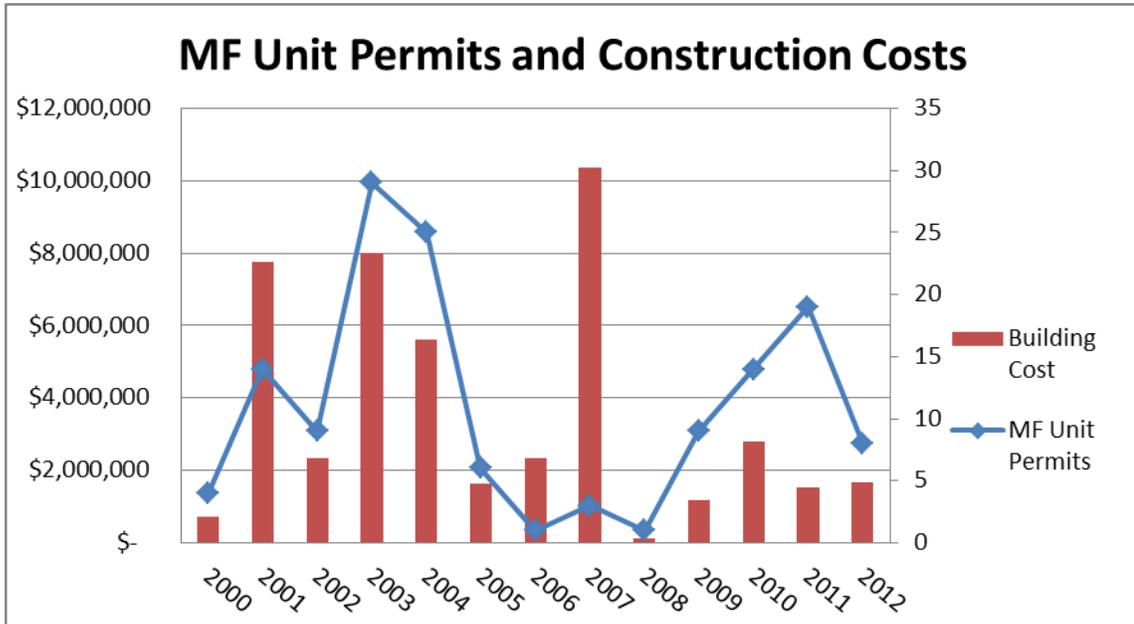
Residential Market



Source: US Census Bureau

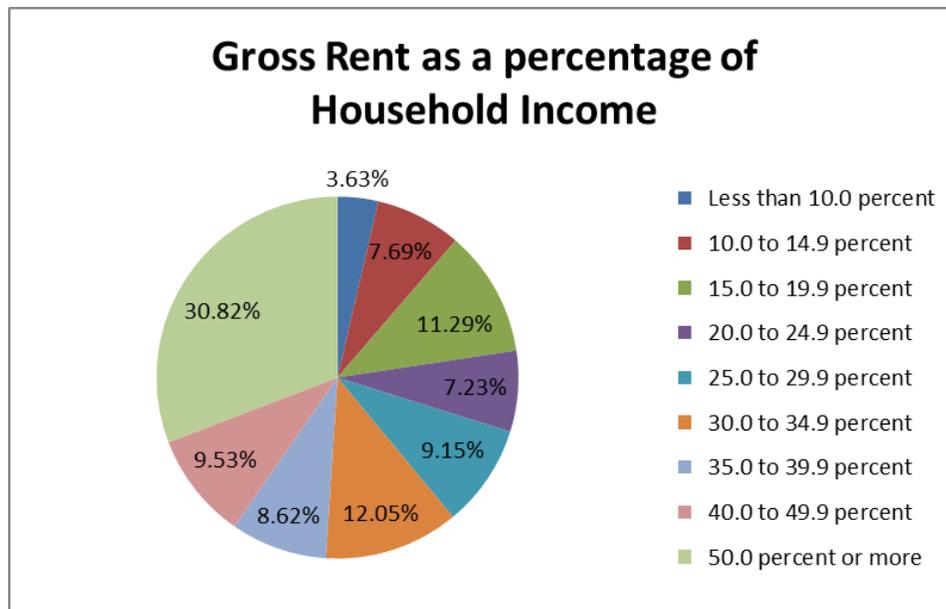
Single-family permit demand in Warrensburg had been steady through 2007. In the period between 2002 and 2007, there was an average of 113 permits issued per year. In the period that followed, the National Recession hit the country hard, and this caused much of the permit demand to fall. The cost of construction has been variable ranging from \$104,701 per unit in 2002 to \$162,961 per unit in 2012.

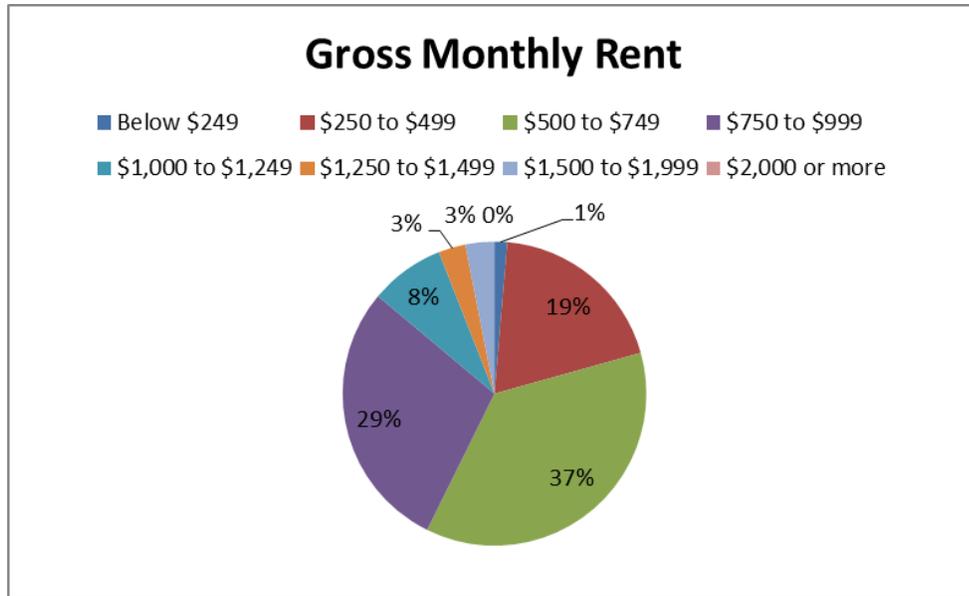
The supply of new multi-family units has varied a large amount over the period studied. The number of yearly units permitted has varied from only 1 in both 2006 and 2008 all the way up to 29 permits issued in 2009.



Gross Monthly Rent

The median gross monthly rent paid in Warrensburg is between \$750 and \$999 per month, but the majority of rent is in the \$500 to \$749 range. For 49% of households, monthly rent consumed 35% or more of their monthly income. This number is much higher than the statewide rate of 36.2%.





Source: 2012 American Community Survey

Cultural Attractions

Events that take place annually are the Downtown Arts and Crafts Festival, Performing Arts Series, Blind Boone Music Festival, and Festival of Butterflies. The University of Central Missouri’s Performing Arts Series and Oppenheimer Lecture Series bring in artists, entertainers, writers and political leaders.

Numerous parks are found inside the city along with the larger Knob Noster State Park, located minutes to the east. Truman Lake is located 30 miles to the south and the 50,000 acre reservoir is a destination for camping, fishing, and water sports.

Conclusion of Area Analysis

Warrensburg is a small city in Missouri that has been seeing relatively stable population growth in the past years. While the population is increasing, the nominal income in the area is significantly lower than that of the rest of the state. Educational attainment in the area is quite high however, partially due to the University of Central Missouri located in the city. Unemployment has remained below the Missouri levels for most of the periods studied which is a very positive factor. 49% of households in Warrensburg dedicate at least 35% of their incomes to monthly rent. This statistic is not surprising however considering the low nominal income. Residential building permit demand has been recovering in recent years from the recession, and is showing positive signs for the future of the area.

Keller & Associates, Inc.

LAND SALES

Land Sale No. 1



Location

Property ID	610229	State	Missouri
Property Name	Vacant Land	Zip Code	64029
Address	Buckner Tarsney Rd & Sni-A-Bar Boulevard	MSA	Kansas City, MO-KS
City/Municipality	Grain Valley	Property Use	Residential (Single-Family) Land
County	Jackson		
Legal Description	<p>SNI-A-BAR CROSSING AT SNI-A-BAR FARMS 3RD PLAT---SNI-A-BAR CROSSING AT SNI-A-BAR FARMS 3RD PLAT & TR-A & NW 1/4 SEC-02 NE 1/4 SEC-3 TWP-48 RNG-30 DAF: BEG AT TH MOST NE COR OF LOT 39 SNI-A-BAR CROSSING @ SNI-A-BAR FARMS 2ND PLAT TH CONT N 05 DEG 41MIN 00 SEC E 11.26' TH N 02 DEG 23 MIN 36 SEC E 534.42' TO TRU POB TH N 02 DEG 26 MIN 33 SEC E 221.41' TH S 84 DEG 07 MIN 23 SEC E 340.08' TH S 87 DEG 31</p> <p>MIN 10 SEC E 522.87' TH S 73 DEG 41 MIN 00 SEC E 47.06' TH N 01 DEG 32 MIN 30 SEC E 951.07' TH N 70 DEG 00 MIN 06 SEC E 41.40' TH N 01 DEG 32 MIN 30 SEC E 378.60' TH S 88 DEG 06 MIN 28 SEC E 332.38' TH S 88 DEG 06 MIN 14 SEC E 59.57' TO TH SEC COR 02 & 03-48-30 TH S 88 DEG 06 MIN 42 SEC E 206.50' TH S 14 DEG 18 MIN 35 SEC E 68.64' TH N 70 DEG 15 MIN 53 SEC E 178.86' TH S 88 DEG 06 MIN 42 SEC E 822.78' TO TH W ROW LI OF BUCKNER TARSNEY ROAD TH S 06 DEG 50 MIN 18 SEC E 187.21' TH S 01 DEG 42 MIN 36 SEC W 128.52' TH S 88 DEG 07 MIN 41 SEC W 1721.79' TH N 88 DEG 07 MIN 41 W 16.00' TO TRU POB (KNOWN AS TR-2 CERT SUR T-39 PG-11)</p> <p>SNI-A-BAR CROSSING AT SNI-A-BAR FARMS 3RD PLAT---LOTS 1-12 & PT NE 1/4 SEC-03 TWP-48 RNG-30 DAF: BEG AT TH NE COR OF LOT 45 SNI-A-BAR CROSSING @ SNI-A-BAR FARMS 2ND PLAT TH N 87 DEG 29 MIN 45 SEC W 828.68' TO PT OF CURV TO TH LF RAD 250' ARC DIST 38.38' TH N 02 DEG 35 MIN 44 SEC E 54.22' TH N 87 DEG 28 MIN 38 SEC W 142.51' TH N 15 DEG 44 MIN 19 SEC W 71.13' TH N 05 DEG 41 MIN 00 SEC E 11.26' TH N 02 DEG 23 MIN 36 SEC E 555.79' TH S 88 DEG 07 MIN 41 SEC E 990.49' TO TH E LI OF LOT 6 OF SD PLAT SNI-A-BAR CROSSING AT SNI-A-BAR FARMS 3RD PLAT TH CONT SLY ALG SD E LI OF SD LOTS 1-6 OF SD SNI-A BAR CROSSING AT SNI-A-BAR FARMS 3RD PLAT TO TH NE COR OF SD LOT 45 SNI-A-BAR</p> <p>SEC-02 TWP-48 RNG-30---NW 1/4 DAF: BEG AT TH 1/4 COR T SEC-02 & 03 TWP-48 RNG-30 TH N 01 DEG 44 MIN 43 SEC E ALG TH SEC LI OF SD SEC-02 & 03 1061.38'TH S 88 DEG 07 MIN 41 SEC E 16' TO TRU POB TH N 47 DEG 09 MIN 35 SEC E 1721.79' TO TH W ROW LI OF BUCKNER-TARSNEY RD TH W 01 DEG 42 MIN 36 SEC W 286.57' TH S 88 DEG 22 MIN 38 SEC E 20' MOL TH S 02 DEG 03 MIN 21 SEC W 922.57' TH N 88 DEG 07 MIN 41 SEC W 1261.68' TO TRU POB (KNOWN AS TR-3 CERT SUR T-39 PG-11)</p>		

Land

Tax Parcel Number	40-200-02-16-00-0-00-000, 40-310-15-14-00-0-00-000, 40-200-02-17-00-0-00-000		
Land Acres	85.18285	Flood Area %	33.00%
Land Sq Ft	3,710,565	Flood Zone	High Risk
Zoning Code	AG	Flood Map Number	29095C0214F
Zoning Description	Agriculture	Flood Map Effective Date	09-29-2006
SF in Flood Plain	1,224,486		
Utilities Description	Adequate utilities, including water, sewer, electricity and gas are available and in place at the site.		

Land Sale No. 1

Sale Transaction

Sale Status	Recorded	Recording Number	2013E0049215
Seller	Great Southern Bank	Sale Confirmed By	Scott Walter
Buyer	City of Grain Valley	Sale Confirmed With	Ken Murphy, City of Grandview
Sale Date	05-13-2013	Sale ID	61688
Sale Price	\$350,000		

Analysis

Adjusted Sale Price	\$350,000		
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Adjusted Price Indices

Adjusted Price/Acre	\$4,109	Adjusted Price/SF of Land	\$.09
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UnAdjusted Price Indices

Unadjusted Price/Acre	\$4,109	Unadjusted Price/SF Land	\$.09
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Land Sale No. 2



Location

Property ID	307750	State	Missouri
Property Name	The Woods at Shoal Creek	Zip Code	64118
Address	West Side of M-1, South of Maple Woods C.C.	MSA	Kansas City, MO-KS
City/Municipality	Kansas City	Property Use	Land Other
County	Clay		
Legal Description	Part of Section 18, Township 51, Range 32, Kansas City, Clay County, Missouri.		
Additional Location Info	South side of Maple Woods College on the west side of M-1/Indiana		

Land

Tax Parcel Number	Multiple Parcels		
Land Acres	80.55000	Land Sq Ft	3,508,758
Primary Frontage Description	West side of M-1/Indiana		
Zoning Code	URD	Drainage	Appears adequate
Zoning Description	Mixed-retail, office, residential	Encumbrances Desc	TIF
Access	Good	Flood Map Number	290173 0045B
Shape	Irregular	Flood Map Effective Date	08-05-1986
Topography	Rolling		
Flood Plain Description	Flood hazard outside of property's west line		
Utilities Description	All available throughout site		
Additional Site Info	Almost all infrastructure in. Site graded. Signalized intersection with MO-152 allowing N & S ingress & egress.		

Building

Density (Units/Acre)	2.57	Proposed No. of Units	207
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Building Finish

Additional Building Info	Planned and zoned for 449,442 SF retail and office with 207 residential units. Developed in early 2000. Stalled.		
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Sale Transaction

Sale Status	Recorded	Book/Page	6326/76
Seller	M&I Marshall & Isley Bank	Recording Number	2009045234
Buyer	Parkway Holdings, LLC	Days on Market	1825
Sale Date	12-14-2009	Sale ID	58337
Sale Price	\$2,000,000		
Sale History	Foreclosed on in 9/2006. At time the indebtedness was \$10,850,000. Listed for sale in 11/2207. Initial asking price was \$9,690,000, placed under contract after two offers for \$8,00,000 but one buyer couldn't perform and the other buyer backed out. In 11/2008, out of state group placed under contract for \$6,000,000 (including impact fee credits of \$225,000), but buyers couldn't perform. Re-listed at \$5,900,000 in June 2009.		
Sale Remarks	Seller financing with the buyer responsible for completing remaining infrastructure.		

Land Sale No. 2

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$2,000,000
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Adjusted Price Indices

Adj Price per Proposed Unit	\$9,662	Adjusted Price/SF of Land	\$.57
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Adjusted Price/Acre	\$24,829
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UnAdjusted Price Indices

Unadjusted Price/Proposed Unit	\$9,662	Unadjusted Price/SF Land	\$.57
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Unadjusted Price/Acre	\$24,829
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Remarks

Property Remarks	The property is designed for about 60% commercial and 40% high density multifamily development.
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Land Sale No. 3



Location

Property ID	610230	State	Missouri
Property Name	Vacant Land	Zip Code	64014
Address	27310 Wyatt Road	MSA	Kansas City, MO-KS
City/Municipality	Blue Springs	Property Use	Agricultural Undeveloped Land
County	Jackson		
Legal Description	<p>SEC-17 TWP-48 RNG-30---PT NW 1/4 & SW 1/4 DAF: BEG SW COR SW TH N 01 DEG 42 MIN 21 SEC E 1227.03' TO TRU POB TH N 01 DEG 42 MIN 21 SEC E 412' MOL TH N 71 DEG 25 MIN 16 SEC E 112' MOL TH NLY ALG CURV TO LF RAD 530' DIST 179.94' TH N 51 DEG 58 MIN 07 SEC E 735.29' TH SLY ALG CURV TO RI RAD 1854.85' DIST 1117.76' TH N 87 DEG 38 MIN 54 SEC W 1419.16' TO TRU POB</p> <p>SEC-17 TWP-48 RNG-30---PT SW 1/4 DAF: BEG SW COR SW 1/4 TH N 1643' MOL TO TRU POB TH N 64' MOL TH N 71 DEG 25 MIN 16 SEC E 90' MOL TH NELY ALG CURV LF RAD 470' ARC DIST 159.57' TH N 51 DEG 58 MIN 07 SEC E 109.65' TH N 44 DEG 20 MIN 43 SEC W 220.18' TH N 07 DEG 07 MIN 45 SEC E 108.1' TH N 39 DEG 05 MIN 49 SEC E 143.67' TH N 71 DEG 48 MIN 11 SEC E 197.18' TH S 41 DEG 24 MIN 50 SEC E 260.21' TH N 51 DEG 58 MIN 07 SEC E 232.22' TH S 38 DEG 01 MIN 53 SEC E 60' TH S 51 DEG 58 MIN 07 SEC W 735.29' TH SWLY ALG CURV RI RAD 530' ARC DIST 179.94' TH S 71 DEG 25 MIN 16 SEC W 112' MOL TO TRU POB</p> <p>SEC-18 TWP-48 RNG-30---PT SE DAF: BEG SE COR SD SEC TH N 01 DEG 42 MIN 21 SEC E 1227.03' TO TRU POB TH N 87 DEG 38 MIN 54 SEC W 175.44' TH S 73 DEG 13 MIN 19 SEC W 14.26' TH N 09 DEG 50 MIN 46 SEC W 133.74' TH SWLY ALG CURV LF RAD 175' DIST 48.17' TH S 64 DEG 23 MIN 02 SEC W 5.68' TH N 25DEG 36 MIN 58 SEC W 187.32' TH N 71 DEG 25 MIN 16 SEC E 390' MOL TH SLY 412' MOL TO TRU POB</p> <p>SEC-18 TWP-48 RNG-30---PT SE DAF: BEG SE COR SE TH N 01 DEG 42 MIN 21 SEC E 20' TH N 88 DEG 09 MIN 53 SEC W 176.53' TO TRU POB TH N 88 DEG 09 MIN 53 SEC W 1150.45' TH N 01 DEG 44 MIN 58 SEC E 1270.17' TH S 88 DEG 05 MIN 42 SEC E 305.73' TH ELY ALG CURV LF RAD 530' DIST 188.47' TH N 71 DEG 25 MIN 16 SEC E 514.55' TH S 25 DEG 36 MIN 58 SEC E 187.32' TH N 64 DEG 23 MIN 02 SEC E 5.68' TH ELY ALG CURV RI RAD 175' DIST 48.17' TH S 09 DEG 50 MIN 46 SEC E 133.74' TH N 73 DEG 13 MIN 19 SEC E 14.26' TH S 01 DEG 45 MIN 27 SEC E 1208.61' TO TRU POB</p>		

Land

Tax Parcel Number	41-800-03-02-01-3-00-000, 41-800-03-02-01-6-00-000, 41-940-98-01-00-0-00-000, 41-940-98-02-00-0-00-000		
Land Acres	60.80953	Zoning Description	Single Family and General Business
Land Sq Ft	2,648,863	Utilities Description	All available
Zoning Code	SF-7 & GB		

Sale Transaction

Sale Status	Recorded	Sale Price/List Price Ratio	100%
Seller	HCB Winterberry Missouri & HCB Colonial Missouri (Bank Midwest)	Book/Page	2013E0128769
Buyer	Sallee Homes, Inc.	Days on Market	12 months
Sale Date	12-17-2013	Sale Confirmed With	County Records/MLS#1806426
Sale Price	\$280,000	Seller Broker Info	Bill McCoy, Keller Williams
Asking Price	\$280,000	Sale ID	61689
Sale Remarks	This was a bank sale.		

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$280,000
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Land Sale No. 3

Adjusted Price Indices

Adjusted Price/Acre	\$4,605	Adjusted Price/SF of Land	\$.11
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UnAdjusted Price Indices

Unadjusted Price/Acre	\$4,605	Unadjusted Price/SF Land	\$.11
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Land Sale No. 4



Location

Property ID	608652	State	Missouri
Property Name	Vacant Land	Zip Code	64081
Address	SE Bailey Road	MSA	Kansas City, MO-KS
City/Municipality	Lees Summit	Property Use	Agricultural Undeveloped Land
County	Jackson		
Legal Description	SEC-16 TWP-47 RNG-31---PT OF NE 1/4 DAF: BEG AT TH NE COR OF LOT 164 NEWBERRY SECOND PLAT LOTS 1-65 163 & 164 TH S 88 DEG 07 MIN 54 SEC E 1350' TH S 35 DEG 20 MIN 52 SEC W 517.08' TH S 07 DEG 56 MIN 47 SEC W 320.18' TH S 12 DEG 12 MIN 54 SEC W 1167.75' TH S 27 DEG 41 IN 14 SEC W 480.35' TH N 88 DEG 05 MIN 19 SEC W 630.96' TH N 02 DEG 20 MIN 12 SEC E 1331.43' TO POB (CERT SUR T-36 PG-84)		

Land

Tax Parcel Number	61-700-01-08-00-0-00-000		
Land Acres	51.77254	Shape	Irregular
Land Sq Ft	2,255,212	Topography	Level
Zoning Code	R	In Flood Plain?	No
Zoning Description	Residential	Utilities Description	Electric, Water, and Sewer
Access	Adequate		
Site Improvements	Sewer is in; but not connected.		

Sale Transaction

Sale Status	Recorded	Sale Price	\$775,000
Seller	Bailey Farms, Inc & Bailey Cronin Farms Inc.	Recording Number	2012E0137115
Buyer	School District 7 Reorganized	Days on Market	14 months
Sale Date	12-28-2012	Sale ID	60484
Sale Remarks	Marketed by MLS # 1749386. Adjacent to Newberry subdivision.		

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$775,000
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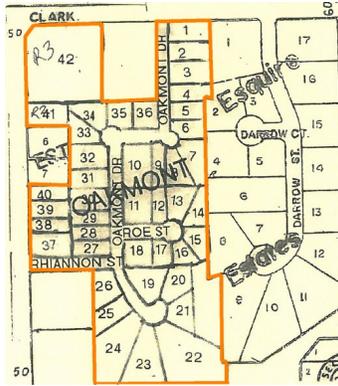
Adjusted Price Indices

Adjusted Price/Acre	\$14,969	Adjusted Price/SF of Land	\$.34
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UnAdjusted Price Indices

Unadjusted Price/Acre	\$14,969	Unadjusted Price/SF Land	\$.34
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Land Sale No. 5



Location

Property ID	610763	County	Johnson
Property Name	Oakmont Subdivision	State	Missouri
Address	Spring Ridge Road	Zip Code	64093
City/Municipality	Warrensburg	Property Use	Land Other

Land

Land Acres	15.33000	Access	Adequate
Land Sq Ft	667,775	Grade	at grade
Zoning Code	R-1, R-2, R-3,	In Flood Plain?	No
Zoning Description	Residential	Utilities Description	All available
Additional Site Info	This purchase included 8 developed lots and roughly 12.08 acres of undeveloped land.		

Sale Transaction

Sale Status	Recorded	Conveyance Document Type	Warranty Deed
Seller	Saeed and Zubadiah Akhtar	Book/Page	3353/56
Buyer	Oakmont Development LLC	Sale Confirmed By	Matt Speer
Sale Date	10-28-2010	Sale Confirmed With	Buyer - Dan Spies
Sale Price	\$345,000	Sale ID	62087
Sale Remarks	The buyer indicated that the purchase price was \$25,000 each for 8 mostly developed lots (still needed curbs and gutters), and \$12,000 per acre for the undeveloped land.		

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$345,000
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Adjusted Price Indices

Adjusted Price/Acre	\$22,505	Adjusted Price/SF of Land	\$.52
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UnAdjusted Price Indices

Unadjusted Price/Acre	\$22,505	Unadjusted Price/SF Land	\$.52
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Land Sale No. 6



Location

Property ID	608651	State	Missouri
Property Name	Vacant Land	Zip Code	64029
Address	4700 S. Seymour Road	MSA	Kansas City, MO-KS
City/Municipality	Grain Valley	Property Use	Agricultural Undeveloped Land
County	Jackson		
Legal Description	SEC-26 TWP-49 RNG-30---PT SE 1/4 DAF: BEG NW COR OF LOT 38 OF CREEKSIDE VILLAGE TH CONT N 88 DEG 39 MIN 43 SEC W 21.64' TH N 01 DEG 20 MIN 17 SEC E 190' TH S 88 DEG 39 MIN 43 SEC E 190' TH S 01 DEG 20 MIN 17 SEC W 32' TH S 88 DEG 39 MIN 43 SEC E 260' TO TH W LI OF SEYMOUR RD TH CONT ALG SD ROW LI NLY 595.26' MOL TH CONT WLY 965.60' MOL TH CONT SLY 858.56' MOL TO TH N LI OF SD SUB CREEKSIDE VILLAGE TH CONT ELY ALG SD SUBD 560.71' TH CONT NLY 80' TO POB		

Land

Tax Parcel Number	37-540-99-20-01-0-00-000		
Land Acres	16.27291	SF in Flood Plain	354,424
Land Sq Ft	708,848	Flood Area %	50.00%
Zoning Code	R-1	Flood Zone	AE and X
Zoning Description	Single Family Residential	Flood Map Number	29095C0214F
In Flood Plain?	Yes	Flood Map Effective Date	09-29-2006
Flood Plain Description	The flood plain is estimated, but most of the northeastern portion of the site is located in the flood plain.		
Utilities Description	Electric, Water, Sewer		

Sale Transaction

Sale Status	Recorded	Sale Price	\$125,000
Seller	Charford Inc.	Recording Number	2011E0102995
Buyer	SG Property Management, LLC	Sale Confirmed With	MLS#1743268/County Records
Sale Date	11-03-2011	Sale ID	60483
Sale History	Bank owned.		

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$125,000
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Adjusted Price Indices

Adjusted Price/Acre	\$7,681	Adjusted Price/SF of Land	\$.18
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UnAdjusted Price Indices

Unadjusted Price/Acre	\$7,681	Unadjusted Price/SF Land	\$.18
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Land Sale No. 7



Location

Property ID	610275	County	Pettis
Property Name	Vacant Land	State	Missouri
Address	Stacey Lane	Zip Code	65301
City/Municipality	Sedalia	Property Use	Residential (Single-Family) Land
Legal Description	AC +/- OAK RIDGE SUB PHASE 2) 8-45-21		

Land

Tax Parcel Number	153008408001002	Shape	Irregular
Land Acres	9.40000	Topography	Level
Land Sq Ft	409,464	In Flood Plain?	No
Zoning Code	C-1, C-3, R-1	Utilities Description	All city utilities available
Zoning Description	Local Business, Commercial, Single Family Residential		

Sale Transaction

Sale Status	Recorded	Sale Price	\$160,000
Seller	GMAT	Book/Page	2012-6876
Buyer	Michael and Rhonda Brown	Sale ID	61732
Sale Date	11-29-2012		

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$160,000
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Adjusted Price Indices

Adjusted Price/Acre	\$17,021	Adjusted Price/SF of Land	\$.39
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UnAdjusted Price Indices

Unadjusted Price/Acre	\$17,021	Unadjusted Price/SF Land	\$.39
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Land Sale No. 8



Location

Property ID	610759	County	Pettis
Property Name	Vacant Land	State	Missouri
Address	960 Mitchell Road	Zip Code	65301
City/Municipality	Sedalia	Property Use	Multi-Family Land
Legal Description	BEG SE COR OF SURVEY BOOK 9 PAGE 1, TH SW 527.3', NW 609.42', NE 367.8', NE 358.23', SE 288.66' TO POB. 6 45 21		

Land

Tax Parcel Number	153006000004032		
Land Acres	6.08000	Primary Frontage (Feet)	530.00
Land Sq Ft	264,845		
Primary Frontage Description	There is frontage along the west side of Mitchell Street		
Zoning Code	C-3	Grade	at grade
Zoning Description	Commercial	Drainage	Appears Adequate
Access	Adequate	In Flood Plain?	No
Shape	Irregular	Utilities Description	All available
Topography	Level		

Sale Transaction

Sale Status	Recorded	Sale Price	\$395,200
Seller	E.W. Thompson, Inc.	Book/Page	2012/1935
Buyer	Deer Brook Villas, L.P.	Sale Confirmed With	Moore & Shryock
Sale Date	04-03-2012	Sale ID	62084

Sale Remarks: The site was purchased for multifamily development. The site is located adjacent to Sedalia city limits, and after purchase the buyer annexed into city limits for public utilities. The seller representative indicated that after this purchase, the city required additional land area for storm water requirements and the buyer purchased an additional 0.71 acres at the rear of the site. It was indicated that the total purchase was for \$410,800, and included initial 6.08 acre purchase included herein was for \$65,000 per acre, and the additional 0.71 acre purchase of \$15,600 per acre. This sale analysis included ONLY the initial purchase.

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$395,200
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Adjusted Price Indices

Adjusted Price/Acre	\$65,000	Adjusted Price per FF	\$745.66
Adjusted Price/SF of Land	\$1.49		

UnAdjusted Price Indices

Unadjusted Price/Acre	\$65,000	Unadjusted Price/FF	\$745.66
Unadjusted Price/SF Land	\$1.49		

Land Sale No. 9



Location

Property ID	610780	State	Missouri
Property Name	Vacant Land	Zip Code	64055
Address	US Highway 40	MSA	Kansas City, MO-KS
City/Municipality	Independence	Property Use	Multi-Family Land
County	Jackson		
Legal Description	Lot 2, O'Reilly Highway 40 Independence, a subdivision of land in Independence, Jackson County, Missouri		

Land

Tax Parcel Number	34-420-06-35-00-0-00-000		
Land Acres	15.83602	Primary Frontage (Feet)	63.27
Land Sq Ft	689,817		
Primary Frontage Description	There is limited frontage along US Highway 40, roughly 63.27' per plat		
Zoning Code	HDR/C	Grade	at grade
Zoning Description	High Density Residential/Commercial	Drainage	Appears Adequate
Access	Adequate	In Flood Plain?	No
Shape	Irregular	Utilities Description	All available
Topography	Level		
Additional Site Info	The frontage is zoned for commercial use, though the majority of the site is zoned for high density multifamily.		

Sale Transaction

Sale Status	Recorded	Recording Number	2013E0077157
Seller	Robert L. Mogren, Trustee	Days on Market	10 years per CoStar
Buyer	MP DDG Holdings, LLC	Sale Confirmed By	Matt Speer
Sale Date	07-22-2013	Sale Confirmed With	CoStar/County Records/Listing Broker
Sale Price	\$65,000	Seller Broker Info	Kevin Tubessing - Land Source
Conveyance Document Type	Trust Deed	Sale ID	62101

Analysis

Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$65,000
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Adjusted Price Indices

Adjusted Price/Acre	\$4,105	Adjusted Price per FF	\$1,027.34
Adjusted Price/SF of Land	\$.09		

UnAdjusted Price Indices

Unadjusted Price/Acre	\$4,105	Unadjusted Price/FF	\$1,027.34
Unadjusted Price/SF Land	\$.09		

Land Sale No. 10



Location

Property ID	610776	State	Missouri
Property Name	Vacant Land	Zip Code	64012
Address	401 N Scott Avenue	MSA	Kansas City, MO-KS
City/Municipality	Belton	Property Use	Land Other
County	Cass		
Legal Description	BG284.37'S NW CR E2 SE,E1290'XS284.37' and BG 284'S NW CR SW, E289';S284'W&N TBG		

Land

Tax Parcel Number	050111400001004000 and 050112300000002000		
Land Acres	10.22000	Primary Frontage (Feet)	270.00
Land Sq Ft	445,183		
Primary Frontage Description	There is roughly 270' of frontage along N Scott Avenue		
Zoning Code	C-2 and R-3	Grade	at grade
Zoning Description	General Commercial and Multiple Family	Drainage	Appears Adequate
Access	Adequate	In Flood Plain?	No
Shape	Rectangular	Utilities Description	All available
Topography	Level		
Additional Site Info	Roughly 56,000 SF along the road frontage is zoned commercial, with the balance zoned multifamily.		

Sale Transaction

Sale Status	Recorded	Sale Price/List Price Ratio	72%
Seller	Klahn Property Rental II LLC	Book/Page	3720/49
Buyer	Roy and Marcia Cunningham	Days on Market	3 years
Sale Date	07-30-2013	Sale Confirmed By	Matt Speer
Sale Price	\$105,000	Sale Confirmed With	CoStar/County Records
Asking Price	\$145,000	Sale ID	62096

Analysis

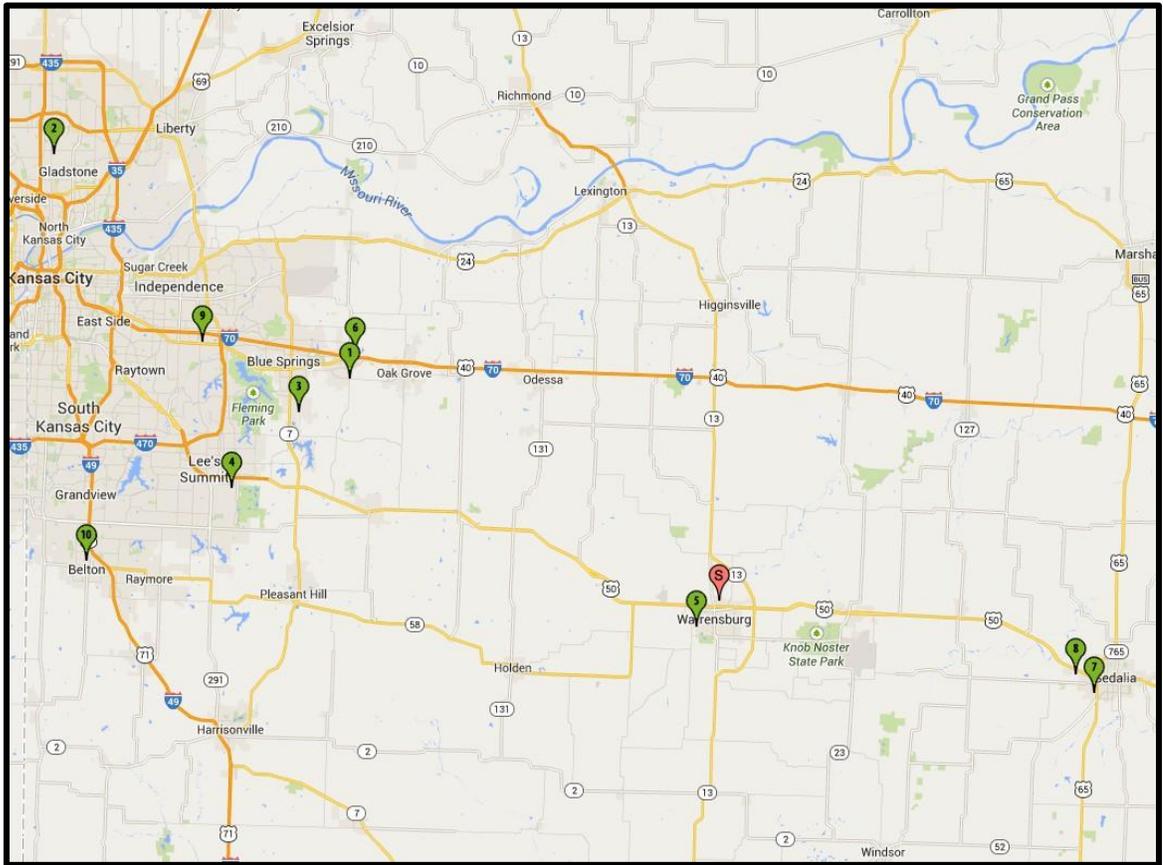
Property Rights Conveyed	Fee Simple	Adjusted Sale Price	\$105,000
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Adjusted Price Indices

Adjusted Price/Acre	\$10,274	Adjusted Price per FF	\$388.89
Adjusted Price/SF of Land	\$.24		

UnAdjusted Price Indices

Unadjusted Price/Acre	\$10,274	Unadjusted Price/FF	\$388.89
Unadjusted Price/SF Land	\$.24		



Keller & Associates, Inc.

PERTINENT INFORMATION

**City of Warrensburg
Hawthorne Properties Owned By City
As of March 2014**

Tax parcel ID #	Subdivision Name	Lot / Tract	Annual NID Assessment	Remaining Years	Total Remaining Assessments
12-60-13-01-010-0027.00	Hawthorne Development	4	\$ 15,041.11	17	\$ 255,698.87
12-60-13-04-005-0001.00	Hawthorne Development	6	\$ 31,185.26	17	\$ 530,149.42
12-60-13-04-004-0001.00	Hawthorne Development	7	\$ 83,898.15	17	\$ 1,426,268.55
12-60-13-04-004-0002.00	Hawthorne Development	8	\$ 32,242.39	17	\$ 548,120.63
12-60-13-04-001-0019.00	Hawthorne Development	9	\$ 11,918.64	17	\$ 202,616.88
12-60-13-04-001-0020.04	Hawthorne Development	D	\$ 53.18	17	\$ 904.06
12-60-13-04-001-0020.05	Hawthorne Development	E	\$ 53.97	17	\$ 917.49
12-60-13-04-001-0020.08	Hawthorne Development	F	\$ 53.45	17	\$ 908.65
12-60-13-04-001-0020.06	Hawthorne Development	G	\$ 46.42	17	\$ 789.14
12-60-13-04-001-0020.14	Hawthorne Development	H	\$ 55.55	17	\$ 944.35
12-60-13-04-001-0020.15	Hawthorne Development	I	\$ 65.93	17	\$ 1,120.81
12-60-13-04-001-0020.07	Hawthorne Development	J	\$ 39.78	17	\$ 676.26
12-60-13-04-001-0020.10	Hawthorne Development	L	\$ 59.35	17	\$ 1,008.95
12-60-13-04-001-0020.12	Hawthorne Development	N	\$ 53.96	17	\$ 917.32
12-60-13-04-001-0020.13	Hawthorne Development	O	\$ 667.17	17	\$ 11,341.89
12-60-13-02-007-0001.10	Hawthorne Plaza	A	\$ 193.29	17	\$ 3,285.93
Totals			\$ 175,627.60		\$ 2,985,669.20

**FIRST AMENDED AND RESTATED DEVELOPMENT AGREEMENT
BETWEEN HAWTHORNE DEVELOPMENT LLC, AND
THE CITY OF WARRENSBURG, MISSOURI**

THIS FIRST AMENDED AND RESTATED DEVELOPMENT AGREEMENT (the "Agreement") is made this 18th day of August, 2009, by and among Hawthorne Development, LLC, a Missouri limited liability company (the "Developer") and the City of Warrensburg, Missouri, a third class city organized and existing under the laws of the State of Missouri (the "City") (herein also collectively called the "Parties").

The following parties have joined in this Agreement for the purpose of consenting to the provisions contained in Section 5: Hawthorne Land Co. III, L.L.C., Hawthorne Land Co. V, L.L.C., Caleb's Place Construction, LLC, Grant Allen Schmidt, a single person, Yulia O. and Desi E. Boozer, husband and wife, and 1st Financial Bank.

WHEREAS, the Parties entered into the Development Agreement Between Hawthorne Development, LLC and the City of Warrensburg, Missouri on March 17, 2005 (the "Development Agreement");

WHEREAS, the City and the Developer desire to amend and restate the terms of the Development Agreement with the terms and provisions of this Agreement in order to better reflect the present status of the Development, and to facilitate the refinancing of certain notes issued by the City and provide funding for the Remaining Costs (defined below);

WHEREAS, the Developer has constructed and built a portion of, and continues to construct and build, the remaining portion of a Commercial and Residential Development (the "Development") on approximately 195 acres of land generally lying on the Northwest Quadrant of Missouri Highway 50 and 13 (the "Property");

WHEREAS, the Developer has completed most of the Public Improvements except for the Remaining Public Improvements (defined below);

WHEREAS, in order to complete construction of the Public Improvements, the City will undertake construction of, and incur costs associated with, the Remaining Public Improvements more specifically described in Exhibit C), all of which will upon completion be dedicated to and owned and maintained by the City;

WHEREAS, the total cost of the Public Improvements that have been funded and constructed to serve the Development is estimated to be in excess of sixteen million three hundred fifty thousand (\$16,350,000);

WHEREAS, the total cost of the Remaining Public Improvements that will be constructed to serve the Development is \$725,000;

WHEREAS, in furtherance of funding the Public Improvements, a Petition for Creation of a Neighborhood Improvement District (the "NID Petition") was approved by City Ordinance No. 4002, and created the Hawthorne Development Neighborhood Improvement District (the "NID"), and authorized, upon final completion of all Public Improvements, the imposition of special

assessments against the commercial section of the Development and other property within the NID as described in City Ordinance No. 4002, as amended in City Ordinance 4013 (the "NID Property");

WHEREAS, pursuant to City Ordinance No. 4068 approved on November 28, 2005, the City determined the NID plans and specifications final, ordered and directed the assessment roll be filed in the real estate records of Johnson County, Missouri, determined the benefits from the Public Improvements resulting to the NID Property exceeded the cost assessed against the NID Property, and authorized the City Council to issue temporary notes to finance the costs of the Public Improvements until the Public Improvements are completed and the final costs are determined for the purpose of making assessments against the NID Property;

WHEREAS, in order to further facilitate the construction of the Development, and the Public Improvements that will serve the Development and the NID Property, the Developer established the Hawthorne Development Transportation Development District (the "TDD") pursuant to Sections 238.200, RSMo through 238.275, RSMo, (the "TDD Act") and imposed a ½ cent TDD sales tax (the "TDD Sales Tax") against all eligible sales occurring within the boundaries of the TDD;

WHEREAS, in order to further facilitate the construction of the Development and the Public Improvements serving the Development and the NID Property, the City will provide a reimbursement during a specified time period, to the owners of the Property within the NID for a portion of the special assessments imposed pursuant to the NID, with the reimbursement payable from the 1% general sales tax revenues that are collected by the City from the retail sales by the businesses located in the Development;

WHEREAS, pursuant to a City ordinance adopted on February 13, 2006 (the "2006 Note Ordinance"), the City authorized and issued the City of Warrensburg, Missouri Municipal Temporary Notes (Hawthorne Development Project) Series 2006 in two series, Series 2006A in the amount of \$1,855,000 (the "Series 2006A Notes") and Series 2006B in the amount of \$2,090,000 (the "Series 2006B Notes");

WHEREAS, pursuant to TDD resolution 2006-12 adopted on April 13, 2006, the TDD issued the Hawthorne Development Transportation Development District, Warrensburg, Missouri Revenue Bonds (Hawthorne Development Street Improvement Project) Series 2006 (the "TDD Bonds") in the amount of \$4,265,000;

WHEREAS, the Parties agree that the cost of the Public Improvements has increased from the original estimates provided in the petition to establish the NID so that the Developer is unable to finance the construction of the Remaining Public Improvements with the available funds derived from the Series 2006A Notes and Series 2006B Notes;

WHEREAS, despite these increased costs the Developer has completed, and the City has accepted, owns and maintains, a portion of the Public Improvements required pursuant to the petition to establish the NID, excepting only the improvements to Northern Hills Road (the "Northern Hills Road Project") and installation of certain street lights (the "Street Light Project" and collectively with the Northern Hills Road Project referred to as the "Remaining Public Improvements"), each as further described herein;

WHEREAS, the Parties estimate that the costs associated with the Remaining Public Improvements (as determined by the City) is now \$550,000 with respect to the Northern Hills Road Project and \$175,000 with respect to the Street Light Project (such aggregate amount referred to as the "Remaining Costs");

WHEREAS, the City and the Developer agree that the City will provide funding as described herein in order to finance the unfunded portion of the Remaining Costs pursuant to the NID Petition;

WHEREAS, the Series 2006A Notes and the Series 2006B Notes became due and payable on January 15, 2009 with payment being made to the then existing note owners pursuant to a draw on the Letter of Credit of M&I Bank (the "Bank") securing such Series 2006A Notes and Series 2006B Notes, whereupon the Bank became the owner of such Series 2006A Notes (the "Series 2006A Bank Notes") and Series 2006B Notes (the "Series 2006B Bank Notes");

WHEREAS, the Parties agree that the City will refinance the Series 2006A Bank Notes by issuance of new neighborhood improvement district notes and that the Developer will pay, redeem and retire the Series 2006B Bank Notes with the City having no further responsibility or obligation with respect to the Series 2006B Bank Notes;

WHEREAS, the Parties agree that in order to refinance the Series 2006A Bank Notes and associated costs, and in order to provide sufficient funds to provide for the Remaining Costs, the City shall issue its Series 2009A Notes as limited general obligation municipal temporary notes payable at maturity by the City from funds obtained from the City's long-term bond financing secured by NID special assessments against the NID Property;

WHEREAS, the Parties agree that the obligations assumed by the Developer pursuant to this Agreement are reasonably related to the impacts caused by the Development on the public services and facilities that are constructed and maintained by the City and other public jurisdictions;

WHEREAS, the parties desire to establish and set forth in writing their mutual understanding of the methods by which the unfunded portion of the Remaining Costs will be financed, the Series 2006A Bank Notes will be refinanced and the Series 2006B Bank Notes will be terminated;

WHEREAS, pursuant to Section 70.220, RSMo, the City is authorized to contract with any private corporation for the planning, development, construction, acquisition or operation of any public improvement or facility;

WHEREAS, pursuant to Section 70.230, RSMo, the City is authorized to exercise the power referred to in Section 70.220, RSMo, by ordinance duly enacted; and

WHEREAS, the parties have freely negotiated in good faith and this Agreement reflects the desires of the parties.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. Definitions. Words or terms not defined elsewhere in this Agreement shall have the following definitions:

“**Annual Calculation Period**” shall mean each successive twelve (12) month period; the first Annual Calculation Period shall begin on the Commencement Date and the last Annual Calculation Period will end on the earlier of ten years from the Commencement Date or the date when the NID Obligations are paid.

“**City Manager**” shall mean the City Manager of the City, or his/her designee.

“**City Sales Tax**” means the one percent general sales taxes imposed pursuant to Section 94.500 et seq., RSMo, by the City on the effective date of this Agreement.

“**Commencement Date**” means, for each business address on the Property, the day a business license is granted by the City.

“**MoDOT**” means the Missouri Department of Transportation.

“**Improvement Cost**” shall mean the actual cost of the Public Improvements within the NID, including design, engineering, consulting, and acquisition interest, construction and any other costs permitted pursuant to the NID Act.

“**NID**” shall mean the Hawthorne Development Neighborhood Improvement District created pursuant to the NID Act with boundaries to include the commercial section of the Property and other property contiguous to the Property and described on Exhibit A.

“**NID Act**” shall mean the Neighborhood Improvement District Act, Section 67.453 et seq., RSMo.

“**NID Obligations**” shall mean the bonds authorized by the City pursuant to the NID Act and this Agreement to refund or refinance the Series 2009A Notes.

“**Northern Hills Road Project**” means the project identified as such as described on Exhibit C, provided that the costs of which will not exceed \$550,000, unless otherwise paid by the City.

“**Public Improvements**” shall mean the costs associated with the improvements described in the attached Exhibit B, which shall include the costs associated with all Public Improvements within the Development, including the Remaining Public Improvements (such Public Improvements being more particularly described in Exhibit B).

“**Quarterly Calculation Period**” shall mean each successive three-month period; the first Calculation Period shall begin on the Commencement Date.

“**Remaining Costs**” shall mean the amount of \$550,000 with respect to the Northern Hills Road Project and \$175,000 with respect to the Street Light Project to be applied pursuant to the NID Petition to complete such projects.

“**Remaining Public Improvements**” shall mean the Northern Hills Road Project and the Street Light Project.

“Series 2006A Notes” means the \$1,855,000 City of Warrensburg, Missouri Municipal Temporary Notes (Hawthorne Development Project), Series 2006A.

“Series 2006B Notes” means the \$2,090,000 City of Warrensburg, Missouri Municipal Temporary Notes (Hawthorne Development Project), Series 2006B.

“Series 2009A Notes” shall mean the municipal temporary notes issued by the City, pursuant to the NID Act in an amount sufficient to provide funds required to refinance the Series 2006A Bank Note, and to provide adequate funds for construction of the Remaining Public Improvements, and for capitalized interest and costs of issuance.

“Special Assessments” shall mean special assessments that are imposed upon the NID Property pursuant to the NID Act.

“Street Light Project” means the project identified as such as described on Exhibit C, provided that the costs of which will not exceed \$175,000, unless otherwise paid by the City.

Section 2. Construction of Remaining Public Improvements.

A. Construction of Remaining Public Improvements. The Developer and the City agree that, except for finalizing the Remaining Public Improvements, the Developer has constructed the remaining Public Improvements required pursuant to the petition to establish the NID. The City and the Developer agree that the City’s Public Works Department will develop the plans for the Remaining Public Improvements pursuant to the requirements of this **Section 2**. The City shall design, engineer and construct the Remaining Public Improvements. The City shall obtain all approvals required by MoDOT, and any other entities or governmental departments specified by MoDOT, for the Remaining Public Improvements subject to the jurisdiction of MoDOT prior to the commencement of any construction for any Remaining Public Improvement. Subject to Excusable Delays as set forth in **Section 7**, the City will complete construction of the Remaining Public Improvements on or before the maturity date of the Series 2009A Notes.

B. Cost of Remaining Public Improvements. The Remaining Costs will be funded from a portion of the proceeds of the Series 2009A Notes. The City will be responsible for funding any additional Improvement Costs in excess of the Remaining Costs, at such time and from such sources as it determines, and the Developer shall have no obligation for such expenses, if any, in excess of the Remaining Costs.

C. Developer Construction of Development; Standards and Review. Based upon the assertions in **Section 2A** above, the City and the Developer agree that the Developer shall continue to construct the Development in accordance with the plans and specifications approved by the City. All design, engineering and construction of the Development shall be in accordance with the City’s Code of Ordinances.

Section 3. Issuance of Series 2009A Notes.

The parties have agreed to the following conditions to the issuance of the Series 2009A Notes:

- A. The City will issue the Series 2009A Notes in an aggregate principal amount sufficient to provide at the date of issuance for payment of the Series 2006A Notes and additional items stated in this paragraph. The Series 2009A Notes shall be issued not later than September 15, 2009 for a two year term. The Series 2009A Notes will have no external credit enhancement. The 2009A Notes will be payable at maturity from NID Obligations expected to be issued by the City in accordance with the NID Act. The Series 2009A Notes will provide funds for (i) full payment of principal and interest due on the Series 2006A Bank Note, to include \$1,892,100 (of which \$1,855,000 is allocated to principal and \$37,100 is allocated to interest), plus interest on such amount calculated at a rate of five percent (5%) from the Letter of Credit draw date ("Draw Date") of January 15, 2009 to the issuance date of such Series 2009A Notes (the "Delivery Date"), and payment of interest only calculated at a rate of five percent (5%) accrued on the Series 2006B Bank Notes from the Draw Date to the Delivery Date, plus associated Bank charges in the amount of \$300.00, (ii) capitalizing interest on the Series 2009A Notes to February 1, 2011, (iii) the Remaining Costs to fund construction of the Remaining Public Improvements, and (iv) costs of issuance including underwriter's discount, rating agency fees, paying agent fees, cusip registration, Bond Counsel and fees of Bank's counsel in the amount of \$9,485 and of Developer's counsel in the amount of \$50,000. In addition to the net proceeds of the Series 2009A Notes, sources of funds will include a contribution from the City of at least \$34,000 and a contribution in the amount of \$142,000 from the TDD from available proceeds of the TDD Bonds as provided in the Cooperative Agreement attached hereto as Exhibit D. The Series 2009A Notes shall constitute limited general obligations of the City payable from the proceeds of the NID Obligations, or from the NID Special Assessments, or both, and if not so paid, to the extent required, from the current income and revenues and surplus funds or other legally available funds of the City; provided that the City may not impose any new or increased ad valorem property tax to pay the principal of or interest on the Series 2009A Notes without the voter approval required by the constitution and laws of the State of Missouri.
- B. Neither the City nor Developer will contribute any funds except as stated above as sources of funding in connection with the Series 2009A Notes or the permanent financing to be issued at maturity of such series of notes.
- C. Upon the expenditure of funds for construction of each of the Remaining Public Improvements, solely to the extent funded from the Series 2009A Notes, each such Remaining Public Improvements project will be accepted by the City and certified as complete for purposes of satisfying the NID Petition.

D. The Parties agree that the City is relieved of its obligation to make a contribution to Hawthorne Development LLC in the amount of \$251,843 as previously agreed pursuant to the Letter Agreement dated April 18, 2005 with Hawthorne Development, LLC.

E. Upon issuance by the City of the NID Obligations, and immediately following the payment of the first two (2) annual installments of Special Assessments by owners of all or any portion of Property within the NID (the "Reimbursement Owners"), the City agrees to reimburse such Reimbursement Owners amounts expended for any further Special Assessments in an amount not to exceed 50% of the City Sales Tax collected by the City for retail sales by such Reimbursement Owners within the NID Property ("Sales Tax Reimbursement") as described in Section 5. During the two (2) year term of the Series 2009A Notes, commencing with the issue date thereof, the City shall segregate the Sales Tax Reimbursement and apply such Sales Tax Reimbursement towards: (i) the Public Improvements, (ii) other necessary expenses incurred by the City for the Development, or (iii) the marketing of the community in connection with attraction of retail businesses to locate within the Development. The City agrees to solicit input from the Developer regarding the expenditure of such funds.

F.

(i) The portion of the City's Series 2009A Notes necessary to pay the amounts due pursuant to the draw on the Letter of Credit and associated Bank costs will be deposited by the City for such purpose, in lieu of the proceeds of neighborhood improvement district bonds under Section 706(b) of the Series 2006 Note Ordinance. Such amounts shall be applied to pay the Bank for amounts drawn under the Letter of Credit to pay principal and interest on the Series 2006A Notes, and thereupon the 2006A Bank Notes shall be considered paid by the City and as of such date of payment are no longer outstanding under Series 2006 Note Ordinance.

(ii) In accordance with the Series 2006 Note Ordinance and the Reimbursement Agreement, following the draw on the Bank Letter of Credit, the Bank is the Owner of the Series 2006B Bank Notes. Upon the issuance of the Series 2009A Notes, and receipt of interest accrued on the Series 2006B Bank Notes and related charges from the Draw Date to the Delivery Date as provided herein, the Bank will surrender to the City the Series 2006B Bank Notes as having been satisfied by the City and will release the City from any further obligations related to the Series 2006B Bank Notes.

Section 4. Payment for Remaining Public Improvements.

A. Cost Determination. The Parties agree that the actual Remaining Costs to design, engineer and construct all Remaining Public Improvements that will serve the Development are Seven Hundred Twenty Five Thousand dollars (\$725,000), which has been determined by the City based on evidence of actual costs and expenses for designing, engineering and constructing the Remaining Public Improvements.

B. NID Payments for Reimbursable Costs. In accordance with the NID Act, the final costs of the Public Improvements to be paid by special assessments imposed for the NID may not exceed the estimated cost of the improvements as set forth in the petition by more than 25%. In no event shall the NID funding exceed by more than 25% the sum of three million seven hundred thousand dollars (\$3,700,000) of the total final Improvement Costs, including Remaining Costs determined pursuant to Section 4A above. Upon completion of the Remaining Public Improvements, the City shall impose the Special Assessments upon all lots and tracts in the NID Property in accordance with the NID Act. The Special Assessments collected for the NID shall be used to pay the NID Obligations.

C. Remaining Public Improvements. The Remaining Costs will be funded from a portion of the proceeds of the Series 2009A Notes as provided in Section 2B. The City will notify the Developer upon expenditure of the Remaining Costs and the completion of the Remaining Public Improvements funded by the Series 2009A Notes.

D. Substantial Completion; City Acceptance of Public Improvements; Developer Security for NID Special Assessments. The City will coordinate the construction of the Remaining Public Improvements such that substantial completion and acceptance by the City of such Remaining Public Improvements will occur prior to maturity of the Series 2009A Notes.

E. Issuance of NID Obligations.

(i) On or prior to the date of maturity of the Series 2009A Notes, the City is expected to issue the NID Obligations to refund all of the outstanding Series 2009A Notes on or prior to their stated maturity date, to pay costs related to the issuance of the NID Obligations and to fund any reserves and capitalized interest, provided that the Developer delivers to the City either an appraisal meeting the requirements of (ii) below, or until such appraisal is provided, an irrevocable letter of credit for the benefit of the City from a bank approved by the City, in a form and upon such terms as reasonably required by the City and in an amount that is at all times not less than two annual installments of the NID Special Assessments to be assessed against the NID Property benefited by the Public Improvements, which amount shall be replenished each time the City draws upon such letter of credit to the extent that Special Assessments collected on the NID Obligations are insufficient to pay the debt service on the NID Obligations.

* (ii) The letter of credit shall remain in effect until such time as the Developer provides an appraisal of the NID Property from an independent, third-party MAI appraiser reasonably acceptable to the City that establishes the value of the NID Property is at least four times the outstanding principal amount of the NID Obligations. The City may review such appraisal and obtain its own independent, third-party MAI appraiser to establish the value of the NID Property. Provided the appraisal obtained by the City establishes a value for the NID Property within eight percent (8%) of the value established by the appraiser selected by the Developer, the value

established by the Developer-selected appraiser shall be used for determining the termination of the letter of credit; otherwise, the appraisers selected by the Developer and the City shall select a third independent, third-party appraiser to establish the value of the NID Property for determining the termination of the letter of credit.

(iii) The letter of credit shall provide that the City may draw upon such letter of credit in the event that the Special Assessments imposed on the NID Property have not been paid in full when due in accordance with the NID Act. The letter of credit shall further provide that (1) drafts will be honored and may be drawn immediately upon presentation under such terms agreed upon by the City and Developer, provided, that such presentation needs to be accompanied only by a statement by the City that Special Assessments have not been paid in accordance with the NID Act.

(iv) Notwithstanding anything to the contrary in this Section, the City shall not be required to issue the NID Obligations in an amount that exceeds ten percent (10%) of the assessed valuation of all taxable tangible property within the City as shown by the last completed property assessment.

F. Developer Payment Obligations. The Developer shall have no obligation to pay or provide for any costs associated with designing, engineering and constructing the Remaining Public Improvements, which shall be fully funded solely from proceeds of the Series 2009A Notes and other moneys as provided in Section 3. The City may elect to pay for any additional Improvement Costs from any other funding sources available to the City. All design, engineering and construction of the Remaining Public Improvements shall be in accordance with the City's Code of Ordinances, or MoDOT's design standards, as applicable, and all Remaining Public Improvements shall be designed, engineered and constructed as approved by the City's Public Works Department or MoDOT, as applicable.

Section 5. Sales Tax Reimbursement. Subject to Section 3E and Section 5(5), the City agrees to pay the owners of all or any portion of the Property within the NID (the "Reimbursement Owner") an amount to reimburse Special Assessments paid by such owners of Property. Following the payment of the first two (2) annual installments of Special Assessments by the Reimbursement Owners as provided in Section 3E herein, the City agrees to pay each Reimbursement Owner, within thirty (30) days after written notice providing evidence of payment of Special Assessments and the amount of such Special Assessment payment from the Reimbursement Owner, together with interest on the unpaid balance from the date due (as provided in (2) below) at the prime lending rate as published by UMB Bank, Kansas City, Missouri (the "Prime Lending Rate") adjusted on each anniversary date thereafter, subject to the following:

- (1) Beginning on the Commencement Date and in each succeeding Annual Calculation Period for a maximum of ten (10) Annual Calculation Periods, the City will pay Sales Tax Reimbursement of the lesser of (i) fifty percent (50%) of the City Sales Tax collected by such Reimbursement Owner on the retail sales occurring on the NID Property owned by the Reimbursement Owner and received by the City and (ii) the Special Assessments paid by such Reimbursement Owner. Provided, however, that nothing in this Agreement shall require the City to pay in each quarter any amount in excess of the applicable percentage of the City Sales Taxes actually collected from retail sales on businesses located within the

Property owned by such Reimbursement Owner and received by the City during the preceding Quarterly Calculation Period but interest will accrue on the unpaid balance from the date due at the Prime Lending Rate.

- (2) The payments required to be paid to the Reimbursement Owner shall be payable on a quarterly basis within 60 days after the City's receipt of City Sales Tax amounts from the Missouri Department of Revenue during the preceding Quarterly Calculation Period.
- (3) In no event will the City have an obligation to pay a Reimbursement Owner (a) after the NID Obligations have been paid, (b) from any other moneys of the City other than from 50% of the City Sales Tax imposed on the retail sales by businesses located on the NID Property, or (c) when the Developer or other persons with businesses on the Property have failed to provide the information required by **Section 5(4)** and the City is unable to calculate the amount of retail sales of the businesses on the NID Property. Payments by the City will be applied first to interest on the unpaid balance, and then to the principal amount of the unpaid balance, of the Special Assessments paid by the Reimbursement Owner until the end of the ten (10) Annual Calculation Periods when the City's obligation to pay a Reimbursement Owner shall terminate.
- (4) At the time of each filing by each person or entity paying sales tax in the Development of a reporting form with the Missouri Department of Revenue with respect to retail sales activity in the Development, the Developer shall include provisions in any lease or transfer documents affecting the NID Property directing such person or entity to cause a copy of such form to be filed with the City Manager (or his/her designee) within ten (10) days, or in lieu thereof shall request the Missouri Department of Revenue to remit sales tax activity relative to the businesses in the Development directly to the City. To assist the City, the Developer shall supply or cause to be supplied to the City appropriate authorizations of the Missouri Department of Revenue to provide any information required by this paragraph. The Developer shall include provisions in any lease or transfer documents affecting the NID Property directing all lessees and transferees of the Property to comply with all requirements of this Section relating to reporting sales tax revenues to the City, including provisions in the leases of property to tenants in the Development, provisions in sales contracts of property to transferees in the Development, or by restrictive covenants recorded affecting all the real property within the Development. The City shall keep confidential all information received and maintained pursuant to this paragraph, including the use in preparing any City budget. The City and Developer agree to cooperate and take all additional reasonable actions necessary to ensure accurate calculations of the City Sales Taxes paid from retail sales in the Development.

(5) Annual Appropriation.

- (a) The City is obligated only to make the Sales Tax Reimbursement payments set forth in **Section 3E** and **Section 5** as may lawfully be made from funds budgeted and appropriated for that purpose during the City's current fiscal year. If no funds are appropriated or otherwise legally available to make the required payments during the next occurring fiscal year (an "Event of Nonappropriation"), this Agreement will be terminated at the end of the then current fiscal year.
- (b) The obligations of the City to make the Sales Tax Reimbursement payments hereunder constitute a current expense of the City, are from the then current fiscal year and do not constitute a mandatory payment obligation of the City in any fiscal year beyond the current fiscal year of the City. The City's obligation hereunder shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City.
- (c) The City reasonably believes that legally available funds in an amount sufficient to make all payments during each term of this Agreement can be obtained. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend this Agreement for any subsequent fiscal period is solely within the discretion of the then current governing body of the City.

Hawthorne Land Co. III, L.L.C., Hawthorne Land Co. V, L.L.C., Caleb's Place Construction, LLC, Grant Allen Schmidt, a single person, Yulia O. and Desi E. Boozer, husband and wife, and 1st Financial Bank have joined in this Agreement for the purpose of consenting to the provisions contained in this Section 5.

Section 6. Indemnification.

A. General Indemnity. The Developer shall indemnify, release, defend, be responsible for and forever hold harmless the City, its officers, agents, employees, elected officials, and attorneys, each in their official and individual capacities, from and against all lawsuits, suits, actions, costs, claims, demands, damages, disability, losses, expenses, including reasonable attorneys' fees and other defense costs or liabilities of any character and from any cause whatsoever, brought because of bodily injury or death received or sustained, or loss or

damage received or sustained, by any person, persons, or property arising out of or resulting from any act, error, omission, or intentional act of the Developer or its agents, employees, or subcontractors, to the extent caused by the construction of that portion of the Public Improvements constructed by Developer and excluding the Remaining Public Improvements; provided, however, that the Developer need not save harmless the City from claims, demands, losses and expenses arising out or to the extent caused by the negligence of the City, its employees or agents.

B. No Limitations or Waiver. The indemnity required hereunder shall not be limited by reason of the specification of any particular insurance coverage in this Agreement, or by a limitation of the amount or type of damages or compensation payable by or for the Developer under Workers' Compensation, disability or other employee benefit acts, acceptance of insurance certificates required under this Agreement, or the terms, applicability or limitation of any insurance held by the Developer. The City does not, and shall not, waive any rights against the Developer which it may have by reason of this indemnification, because of the acceptance by the City, or Developer's procurement of insurance policies in connection with construction of the Public Improvements other than the Remaining Public Improvements. This indemnification by the Developer shall apply to all damages and claims for damages of any kind suffered by reason of any of the construction of the Public Improvements other than the Remaining Public Improvements, regardless of whether or not such insurance policies shall have been determined to be applicable to any such damages or claims for damages.

C. Notification of Claims. With respect to any claims subject to indemnity hereunder, the Developer shall immediately notify the City of any and all claims filed against the Developer or the Developer and the City jointly, and shall provide the City with a copy of the same.

D. Use of Independent Contractors. The fact that the Developer carries out any activities under this Agreement through independent contractors shall not constitute an avoidance of, or defense to, the Developer's duty of defense and indemnification under this section.

Section 7. Default.

A. Excusable Delays. The parties understand and agree that neither the City nor the Developer shall be deemed to be in default of this Agreement because of Excusable Delay. "Excusable Delay" means any delay beyond the reasonable control of the party affected, caused by damage or destruction by fire or other casualty, strike, shortage of materials, unavailability of labor, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or abnormal duration, tornadoes, and any other events or conditions, which shall include but not be limited to any litigation attempting to enjoin the construction of all or any portion of the Public Improvements, which in fact prevents the party so affected from discharging its respective obligations hereunder.

B. Events of Default.

(i) Subject to Excusable Delay and any applicable cure periods, the following conditions, occurrences or actions will constitute default by the Developer:

- (1) Developer's insolvency, the appointment of a receiver for the Developer or the filing of a voluntary petition or involuntary petition in bankruptcy respecting the Developer, but only to the

extent that such action occurs prior to the acceptance of the Remaining Public Improvements by the City in accordance with this Agreement; or

(2) Foreclosure of any lien against all or any portion of the Property or assignment or conveyance of the Property in lieu of foreclosure which materially and adversely affects construction of the Remaining Public Improvements, but only to the extent that foreclosure affects a Remaining Public Improvement or the dedication of a Remaining Public Improvement; or

(3) Failure of the Developer to carry out any of its obligations or breach of any covenant provided in this Agreement.

(ii) Subject to Excusable Delay and any applicable cure periods, the following conditions, occurrences or actions will constitute default by the City:

(1) Failure of the City to carry out any of its obligations or breach of any covenant provided in this Agreement.

C. Cure period. The non-defaulting party may not declare a default until written notice has been given to the defaulting party and the defaulting party has not cured such default or is not zealously pursuing such default cure within 30 days after the transmission of such notice.

D. Rights upon Default. Either of the City or Developer shall have the right to enforce specific performance of this Agreement against the defaulting party in the event of default, and the non-defaulting party shall be entitled to its reasonable costs, attorneys' fees and court costs in connection with such enforcement. No right or remedy conferred upon or reserved to any party in this Agreement is intended to be exclusive of any rights or remedies, and each and every right and remedy shall be cumulative and shall be in addition to every right and remedy given now or hereafter existing at law or in equity. In the event this Agreement or the Petition is litigated, venue shall be proper only in the Circuit Court of Johnson County, Missouri.

E. Maintenance Easement. The Developer hereby agrees to grant to the City, its successors, assigns, agents, contractors and employees the necessary easements to enter the Property for the purposes of constructing, maintaining and repairing the Remaining Public Improvements.

Section 8. Compliance with Laws and Prior Approval. The Developer agrees to comply with all applicable laws and City ordinances, and all planning or infrastructure requirements related to the development of the Property. The parties agree that execution of this Agreement in no way constitutes a waiver of any requirements of applicable City ordinances or policies with which the Developer must comply and does not in any way constitute prior approval of any future proposal for Development.

Section 9. Recording. The Developer shall file a copy of this Agreement or a memorandum of this Agreement in the office of the Recorder of Deeds for Johnson County, Missouri and shall provide proof of recording to the City.

Section 10. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their respective legal representatives, successors and assigns. This Agreement shall be governed by and construed according to the laws of the State of Missouri. Time is of the essence with respect to the duties and obligations set forth herein. Upon request by Developer made from time to time, the City shall prepare and deliver to Developer an estoppel letter confirming for the benefit of any purchaser or lender whether the Developer is or is not in default under this Agreement and verifying the status of the Developer's performance of its obligations under this Agreement.

Section 11. Representations. The Developer represents that it owns the property described in Exhibit A on the date that this Agreement is executed, except for property owned by Hawthorne Land Co. III, L.L.C., Hawthorne Land Co. V, L.L.C., Caleb's Place Construction, LLC, Grant Allen Schmidt, a single person, Yulia O. and Desi E. Boozer, husband and wife, and 1st Financial Bank. The Developer and the City each represent and warrant that it (a) has made due and diligent inquiry into the facts and matters which are the subject matter of this Agreement; (b) fully understands the legal effect of this Agreement; (c) is duly authorized and empowered to execute, deliver and perform this Agreement according to its terms and conditions; and (d) has not assigned or transferred any claim against the other party that is the subject of this Agreement.

Section 12. No Waiver of Breach. No waiver of any condition or covenant contained in this Agreement or any breach thereof shall be taken to constitute a waiver of any subsequent condition, covenant or breach.

Section 13. No Assignment. The Agreement may not be assigned or transferred, in whole or part, to any other person, firm, corporation, or entity without the prior, express, written consent of the other Parties, which consent shall not be unreasonably withheld.

Section 14. Entire Agreement. This Agreement and the acts provided for herein is the entire agreement between the parties with respect to the subject matter hereof, the terms and provisions of this Agreement are contractual and not mere recitals and no alterations, amendment, modification, or interpretation hereof shall be binding unless in writing and signed by all parties. The underlined paragraph headings are for the convenience of the reader, and are not intended to modify, expand or limit the material terms of each section or subsection in this Agreement. All Exhibits referenced in this Agreement are incorporated into this Agreement by such reference as if set forth in full in the text of this Agreement.

Section 15. Severability. Any provision of this Agreement which is not enforceable according to law will be severed herefrom, and the remaining provisions shall be enforced to the fullest extent permitted by law.

Section 16. Notice. Any notice requirement by this Agreement shall be deemed delivered when (a) hand delivered, (b) sent by certified mail with proof of receipt, using the following contact information:

Developer:

Hawthorne Development, LLC
3215 NE Carnegie Drive, Suite 200
Lee's Summit, MO 64064

With a copy to:

King Hershey, P.C.
2345 Grand Boulevard, Suite 2100
Kansas City, Missouri 64108
Attention: Kimberley S. Spies

City:

City of Warrensburg, Missouri
City Manager
City Hall
102 Holden Street
Warrensburg, MO 64093

With a copy to:

E. Sid Douglas III
Gilmore & Bell, PC
2405 Grand Boulevard, Suite 1100
Kansas City, Missouri 64108-2521

Douglas B. Harris
Harris and Harris, L.L.C.
206 North Holden Street
Warrensburg, MO 64093

Section 17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall be deemed to be one and the same instrument.

Section 18. Effective Date. The Effective Date of this Agreement shall be the date first stated above in this Agreement's opening paragraph.

Section 19. Representations of the City. The City represents and warrants as follows:

- A. The execution and delivery of this Agreement will not conflict with or result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the City is a party or by which it is bound, or the City's ordinances, or any of the rules or regulations applicable to the City.

- B. The City is a Missouri municipal corporation and has full corporate power to execute and deliver and perform the terms and obligations of this Agreement. The City has been authorized by all necessary actions to execute and deliver this Agreement, which shall constitute the legal, valid and binding obligation of the City, enforceable in accordance with its terms.
- C. Except with regard to those matters which counsel to the City and counsel to the Developer have disclosed to each other, no litigation, proceedings or investigations are pending or, to the knowledge of the City, threatened against the City, except claims that, if adversely determined, will not, in the opinion of counsel to the City, materially and adversely affect the financial condition or operations of the City. In addition (except with regard to those matters which counsel to the City and counsel to the Developer have disclosed to each other), no litigation, proceedings or investigations are pending or, to the knowledge of the City, threatened against the City seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of this Agreement by the City or that would in any manner challenge or adversely affect the existence or powers of the City to enter into and carry out the transactions described in or contemplated by the execution, delivery, validity or performance by the City of the terms and provisions of this Agreement.

Section 20. Representations of the Developer. The Developer represents and warrants as follows:

- A. The execution and delivery of this Agreement by the Developer will not conflict with or result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Developer is a party or by which it is bound or its respective organizational agreements, bylaws, or any of the rules or regulations applicable to the Developer of any court or other governmental authority.
- B. The Developer is duly organized under the laws of the State of Missouri and is in good standing under the laws of the State of Missouri and has full corporate power to execute and deliver and perform the terms and obligations of this Agreement. The Developer has been authorized by all necessary actions to execute and deliver this Agreement, which shall constitute the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms.
- C. No litigation, proceedings or investigations are pending or, to the knowledge of the Developer, threatened against the Developer, except claims which, if adversely determined, will not, in the opinion of counsel to the Developer, materially and adversely affect the financial condition or operations of the Developer. In addition, no litigation, proceedings or investigations are pending or, to the knowledge of the Developer,

threatened against the Developer seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of this Agreement by the Developer or that would in any manner challenge or adversely affect the corporate existence or powers of the Developer to enter into and carry out the transactions described in or contemplated by the execution, delivery, validity or performance by the Developer of the terms and provisions of this Agreement.

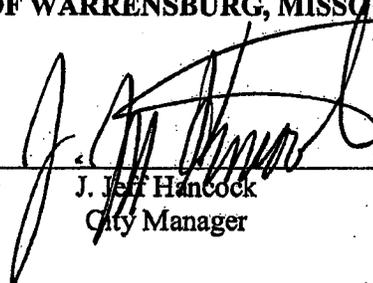
Section 21. Waiver and Release. (a) The Developer releases and forever discharges the City and all of its directors, officers, employees, agents, affiliates, attorneys, successors and assigns from any and all causes of action, demands, claims, damages and liabilities whatsoever with respect to this Agreement and/or the Development Agreement which are prior to or are based, directly or indirectly, upon acts, omissions, or circumstances which occurred or existed prior to the date of this Agreement.

(b) The City releases and forever discharges the Developer and all of its directors, officers, employees, agents, affiliates, attorneys, successors and assigns from any and all causes of action, demands, claims, damages and liabilities whatsoever with respect to this Agreement and/or the Development Agreement which are prior to or are based, directly or indirectly, upon acts, omissions, or circumstances which occurred or existed prior to the date of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto on the date first above written.

CITY OF WARRENSBURG, MISSOURI

By: _____

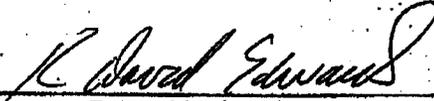


J. Jeff Hancock
City Manager



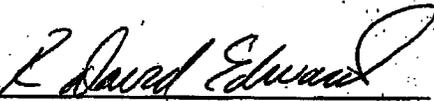
Cindy Gabel
City Clerk

HAWTHORNE DEVELOPMENT, LLC

By: 
R. David Edwards
Member

The undersigned, a duly authorized representative of the stated entity, acknowledges and agrees to the provisions contained in Section 5 of the foregoing Amended and Restated Development Agreement.

HAWTHORNE LAND CO. III, L.L.C.

By: 
R. David Edwards
Member

The undersigned, a duly authorized representative of the stated entity, acknowledges and agrees to the provisions contained in Section 5 of the foregoing Amended and Restated Development Agreement.

HAWTHORNE LAND CO. ^{VI} L.L.C.

By: 
R. David Edwards
Member

The undersigned acknowledge and agree to the provisions contained in Section 5 of the foregoing Amended and Restated Development Agreement.

Yulia O. and Desi E. Boozer, husband and wife,

By: Yulia Boozer

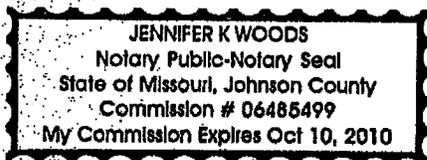
By: Desi Boozer

Notary for Yulia O. and Desi E. Boozer, husband and wife

STATE OF Missouri)
) SS.
COUNTY OF Johnson)

On this 29th day of Aug, 2009, before me appeared Yulia O. Boozer and Desi E. Boozer to me personally known, who being by me duly sworn, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the within instrument.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



Jennifer K Woods
Notary Public - State of Missouri

(SEAL)

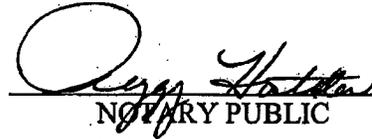
My commission expires Oct 10, 2010

Notary for City of Warrensburg, Missouri

STATE OF MISSOURI)
)ss:
COUNTY OF JOHNSON)

BE IT REMEMBERED, that on this 18 day of August, 2009, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Jeff Hancock, the City Manager of the City of Warrensburg, Missouri, a City duly incorporated and existing under and by virtue of the laws of the State of Missouri, who is personally known to me to be the same person who executed, as such official, the within instrument on behalf of and with the authority of said City, and such person duly acknowledged the execution of the same to be the act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated above.



NOTARY PUBLIC

My commission expires:

[SEAL]

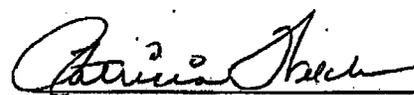
Peggy Hostetler
Notary Public-Notary Seal
STATE OF MISSOURI
Johnson County
My Commission # 07422051
My Commission Expires May 27, 2011

Notary for Hawthorne Development, LLC

STATE OF MISSOURI)
)ss
COUNTY OF Jackson)

BE IT REMEMBERED, that on this 13th day of August, 2009, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came R. David Edwards, an authorized member of Hawthorne Development, LLC, a limited liability company existing under and by virtue of the laws of the State of Missouri; who is personally known to me to be the same person who executed, as such member, the within instrument on behalf of and with the authority of said company, and such person duly acknowledges the execution of the same to be the act and deed of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated above.



NOTARY PUBLIC

My commission expires: 5-5-11

[SEAL]

PATRICIA WELCH
Notary Public - Notary Seal
State of Missouri
Jackson County
My Commission Expires May 5, 2011
Commission #07389075

EXHIBIT B

DESCRIPTION OF PUBLIC IMPROVEMENTS

The following being located within the NID Property

1. All major streets for the Development within the District including Northern Hills Road on the northern edge of the Development, including retaining walls and excavation, consisting of:
 - i. Hawthorne Blvd between Cheatham Court and PCA Road;
 - ii. Cheatham Court between Hawthorne Blvd and Walnut Lane;
 - iii. Simpson Drive;
 - iv. Simpson Court;
 - v. Hawthorne Blvd between Cheatham Court and Mo. Highway 13;
 - vi. Cooper Blvd between Hawthorne Blvd and Wal-Mart east property line;
 - vii. Poplar Street between Hawthorne Blvd and Hawthorne Place lots 1 and 96, excepting valley pan;
 - viii. Cypress Court between Hawthorne Blvd and Hawthorne Place lots 12 and 13;
 - ix. Basswood Street between Hawthorne Blvd and Northern Hills Road.
2. Storm and sanitary sewer, domestic water service and fire lanes;
3. Electric service and power line burial to the extent required for the streets identified in (1) above;
4. Traffic signals, turning lanes and other traffic control requirements to the extent required for the streets identified in (1) above;
5. Sidewalks, walking/bike trails, playground equipment, Hawthorne Park and parking spaces for Hawthorne Park; and
6. Remaining Public Improvements as described on Exhibit C.

EXHIBIT C

REMAINING PUBLIC IMPROVEMENTS

NORTHERN HILLS ROAD:

To be funded to the extent of \$550,000

Located along the northern edge of the Hawthorne Development (commercial and residential) fronting on Northern Hills Road. The following improvements are required:

The road is described as follows: 14 foot wide asphalt roadway from the centerline to the back of curb (24 inch curb and gutter) fronting commercial lots 1, 2, and 4, with 12 foot wide asphalt north of the centerline and two foot wide gravel shoulder the full length of the project. The roadway fronting the residential development will be 12 foot wide pavement south of the centerline with 2 foot shoulder between Basswood and Cherry Street to improve sight distance. Underground conduit will be installed along the south side of the roadway for streetlights per KCP&L design. The roadbed will be constructed with not less than six inches of bituminous base and two inches of surface asphalt.

STREET LIGHTS:

To be funded to the extent of \$175,000

The project includes the placement of conduit along Hawthorne Boulevard from PCA Road to Missouri Route 13; Cooper, from the round-a-bout to the east property line of Wal-Mart; Basswood, from Hawthorne Boulevard north to Northern Hills Road. The project includes the necessary electrical extensions from primary or secondary service to the street lighting circuits as determined and constructed by KCP&L.

EXHIBIT D
COOPERATIVE AGREEMENT

Keller & Associates, Inc.

CLIENT'S LETTER OF ENGAGEMENT



City of Warrensburg
102 S. Holden Street
Warrensburg, MO 64093
(660) 747-9131 (V/TTY)
Fax (660) 747-8927
www.warrensburg-mo.com

Keller & Associates, Inc.
120 E 9th Street, Suite 201
Lawrence, KS 66044

March 14, 2014

Dear Mr. Keller,

At their regularly scheduled meeting March 10, 2014, the Warrensburg City Council approved the contract between Keller & Associates, Inc. and the City of Warrensburg, Missouri. Please find attached to this letter a signed contract for your records and notification to proceed effective March 10, 2014 with full services performed and deliverables received within thirty (30) days of the execution of the contract complete date April 10, 2014.

As discussed this morning, we will request an appearance to Council once completed. We look forward to a positive working relationship with Keller & Associates, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "Paula Hertwig Hopkins", written over a circular stamp or seal.

Paula Hertwig Hopkins
City Manager, City of Warrensburg

Cc: Barbara Carroll, Community Development Director
Kelvin Shaw, Director of Finance
Cindy Gabel, City Clerk

CONTRACTOR SERVICES AGREEMENT

THIS AGREEMENT dated this _____ day of _____, 20__, by and between the City of Warrensburg, (herein "City") and Keller Associates, Inc. (herein "Appraiser").

IN CONSIDERATION OF the performance of the services rendered under this Agreement and payment for such services, the parties agree to the following:

1. **Services** - Appraiser shall provide the City with appraisals of certain properties owned by the City and described as follows:

Hawthorne Development lots 4, 6, 7, 8, 9 and Tracts D, E, F, G, H, I, J, L, N, and O.

Hawthorne Plaza Tract A

Appraiser agrees to provide all such services in a timely manner within a reasonable time after receipt of City directives. Appraiser agrees to provide services by and through qualified personnel under standards and conditions generally accepted by professionals in the field or occupations for which services are provided. Services shall be provided based only upon requests for proposals provided to the Appraiser by the City or City's representative and to which the Appraiser prepares and submits a written proposal for services which is approved by the City in writing. No work shall be performed nor shall compensation be paid for Appraiser work performed without a City approved written proposal for professional services.

The purpose of this appraisal assignment is to develop an independent conclusion concerning the real property, thus, this contract for services is in no way contingent upon reporting a predetermined analysis or opinion.

The appraisal reports will be prepared for the City of Warrensburg and its authorized representatives and is for the sole and exclusive use of the City of Warrensburg and its authorized representatives. Consultant does not assume any liability to any other user. The City will include this statement of limited liability if and when this report is distributed to any third party.

2. **Compensation** - In consideration for the Appraiser's provision of services under this agreement, the City agrees to compensate the Appraiser for services rendered in accordance with the payment terms set forth in Appraiser's proposal attached hereto. Payments shall be made within thirty (30) days of receipt of invoice by the City. Invoices shall be submitted periodically as mutually agreed upon by the City and Appraiser, or in the absence of such agreement, upon completion of the work constituting the task or project for which services are provided.

3. **City Responsibilities** - City agrees to furnish Appraiser with all current and

available information for each task or project assigned to Appraiser, along with any information necessitated by changes in work or services initiated by the City which may effect services rendered hereunder. Specifically, the City will provide any of the following that it possesses, if it possesses the same, to Appraiser:

- Title polices,
- Survey, plats, and or site plans,
- Copies of all private covenants and restrictions associated with the development,
- Real estate tax statements, and
- Summary of all specials, tax enhancements or incentives

4. **Coordination of Work and Work Product** - Appraiser shall coordinate all work with the City's designated representative for each task or project assigned to Appraiser and submit to the City's representative all work product in written or graphic form (and in electronic form if requested) as applicable or required. All reports, surveys, test data, memoranda, samples, plans, specifications, and other documents or materials submitted by or to the City shall be considered the property of the City. When available and requested by the City, work product shall be provided in electronic form at actual cost in media compatible for use with City software and equipment.

5. **Protection of Work, Property and Persons** - The Appraiser will be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the services provided under this Agreement. The Appraiser will take all necessary precautions for the safety of, and will provide the necessary protection to prevent damage, injury or loss to all employees providing work under this Agreement and other persons who may be affected thereby.

6. **General Insurance Requirements** - Appraiser will provide proof of its general and professional liability coverages to the City before undertaking work for the City.

7. **Indemnification** - Failure of Appraiser to obtain or maintain such insurance during this contract, or to provide proper proofs thereof upon request of the City, shall not diminish, waive or otherwise reduce the Appraiser's obligations to maintain such insurance coverage and Appraiser shall indemnify and hold the City and all its personnel harmless from and against any and all claims, damages, losses and expenses, including reasonable attorney's fees and litigation costs, arising out of or resulting from the performance of services, provided that any such claim, damage, loss or expenses, is caused in whole or in part by the negligent act, omission and or liability of the Appraiser, its agents or employees.

8. **Delegation and Subcontracting** - Unless otherwise proposed and approved in the Appraiser's proposal for services, the Appraiser shall not delegate or subcontract any work to be performed by the Appraiser under this agreement to any other person, business or entity

without the express advance written approval of the City for such delegation or subcontract work.

9. **Records and Samples** - To the extent not otherwise transferred to the City's possession, Appraiser agrees to retain and provide the City with reasonable access to all work product, records, papers and other documents involving transactions and work related to or performed under this agreement for a period of three (3) years after this agreement expires. When services involve testing or sampling, Appraiser agrees to either retain all test products or samples collected by or submitted to Appraiser, or return same to the City as mutually agreed upon. In absence of agreement, Appraiser shall not dispose of test samples or products without notice to or consent by the City or the City's representative.

10. **Additional Services** - No compensation shall be paid for any service rendered by the Appraiser considered an additional service beyond the scope of services approved by the City unless rendition of that service and expense thereof has been authorized in writing by the City in advance of performance of such service. Any additional services performed by the Appraiser prior to such authorization by the City shall be deemed a part of basic services for work performed under an City approved proposal for services governed by this agreement, whether enumerated in this agreement or not, for which the Appraiser shall be entitled to no additional compensation.

11. **City Authorization** - When the term City is used in this agreement, it shall mean the government of the City of Warrensburg, Missouri or the City of Warrensburg City Council, as the context requires. Authorization by the City shall mean written instruction from the City Council or the City Manager. It is further understood and agreed that no person or party is authorized to bind the City to any proposed agreement for services under the auspices of this agreement without having obtained the prior approval of the City of Warrensburg City Council or City Manager. In this regard, it is understood and agreed that the Appraiser shall not be entitled to rely upon verbal representations by any agent or employee of the City in deviation to the terms and conditions of this agreement, or as authorization for compensation for services except as may be approved by the City Council or City Manager in writing. When the term City's representative is used, it shall mean the City Manager or her designee as specified in writing.

12. **Period of Services and Termination** – Appraiser shall perform the services in full within 30 days of the execution of this Contract. The City may and reserves the right to terminate this agreement at any time with or without cause by giving the Appraiser written notice of termination. Upon receipt of such notice, Appraiser shall discontinue all services in connection with the performance of services authorized under this agreement or City approved proposal for services and City shall upon invoice remit payment for all authorized services completed up to the date of termination notice. Upon payment of this invoice, the Appraiser shall deliver any and all work product including drawings or other documents, prepared as instruments of service, whether complete or in progress. It is further agreed that if services are terminated the Appraiser shall be compensated for all services rendered through the date of termination not to

exceed the amount authorized for services through the date of termination. If the City questions the extent of work on a final invoice, the Appraiser shall give the City the opportunity to review and evaluate all work upon which the invoice is based in the offices of the Appraiser prior to payment. This agreement or work performed under the provisions of this agreement may also be terminated by the Appraiser upon not less than seven days written notice in the event the City shall substantially fail to perform in accordance with the terms and conditions of this agreement, through no fault of the Appraiser. In the event of termination by the Appraiser, the other provisions concerning termination contained in this paragraph shall be applicable.

13. **Governing Law** - This agreement shall be governed by the laws of the state of Missouri and it is agreed that this agreement is made in Johnson County, Missouri and that Johnson County, Missouri is proper venue for any action pertaining to the interpretation or enforcement of any provision within or services performed under this agreement.

14. **Certification of Lawful Presence / Work Authorization** - Appraiser will complete the required certifications of lawful presence and, if the contract is to exceed \$5,000.00, shall complete and return the Work Authorization Certification attached hereto.

15. **Nature of Relationship** - Appraiser herein is an independent Appraiser and shall not act as an agent for the City, nor shall Appraiser be deemed to be an employee of the City for any purposes whatsoever. The Appraiser shall not enter into any agreement or incur any obligations on the City's behalf or commit the City in any manner.

16. **Miscellaneous** - This agreement constitutes the entire agreement of the parties superseding all prior negotiations, written or verbal, and may only be amended by signed writing executed by the parties through their authorized representatives hereunder.

IN WITNESS WHEREOF, the parties have executed this agreement by their duly authorized signatories effective the date and year first-above written.

APPRAISER

CITY OF WARRENSBURG, MISSOURI

By *Tim Keith*

By

City Manager

Title *President*

Dated: 3/3/14

Dated:

ATTEST:

City Clerk

CERTIFICATION OF INDIVIDUAL BIDDER

Pursuant to Section 208.009 RSMo, any person applying for or receiving any grant, contract, loan, retirement, welfare, health benefit, post secondary education, scholarship, disability benefit, housing benefit or food assistance who is over 18 must verify their lawful presence in the United States. Please indicate compliance below. Note: A parent or guardian applying for a public benefit on behalf of a child who is citizen or permanent resident need not comply.

- X 1. I have provided a copy of documents showing citizenship or lawful presence in the United States. (Such proof may be a Missouri driver's license, U.S. passport, birth certificate, or immigration documents). Note: If the applicant is an alien, verification of lawful presence must occur prior to receiving a public benefit.

- 2. I do not have the above documents, but provide an affidavit (copy attached) which may allow for temporary 90 day qualification.

- 3. I have provided a completed application for a birth certificate pending in the State of . Qualification shall terminate upon receipt of the birth certificate or determination that a birth certificate does not exist because I am not a United States citizen.

Tim Ketter

Applicant

3/2/14
Date

Tim Ketter
Printed Name

AFFIDAVIT
(Only Required for Individual Bidder Certification Option #2)

State of ~~Missouri~~ Kansas)
)SS.
County of Douglas)

I, the undersigned, being at least eighteen years of age, swear upon my oath that I am either a United States citizen or am classified by the United States government as being lawfully admitted for permanent residence.

3/2/14
Date

Tim Keller
Signature



Tim Keller
Printed Name

On the date above written Tim Keller appeared before me and swore that the facts contained in the foregoing affidavit are true according to his/her best knowledge, information and belief.

Laura Hague
Notary Public

My Commission Expires:



