



April 4, 2015

Quinn Bennion
City Administrator
The City of Prairie Village
7700 Mission Road
Prairie Village, Kansas 66208

Dear Mr. Bennion,

The appraisal supplement you requested has been completed. The purpose of the supplement is to allocate the total appraised value of the 136.90 acres that comprise the

**Former Meadowbrook Country Club
9101 Nall Avenue
Prairie Village, Kansas 66207.**

The allocation is made between three defined areas identified on the attached "TIFF Land Area Exhibit – Meadowbrook Park" prepared by Phelps Engineering, Inc., and dated January 30, 2015. The park area subject to the flood plain and KCP&L power line easements is a subset also analyzed in this supplement. The defined areas are summarized as follows:

<u>Defined Area</u>	<u>Acres</u>
Park Development	87.52
Private Development	40.93
ROW for Public Streets	8.45
	<u>136.90</u>

As a result of my analysis, the Park Development area that contains 87.52 acres has a market value of \$7,800,000 rounded (\$2.05 per square foot).

This supplement is an extension of my appraisal of the entire property as a whole. The effective date of that appraisal is December 30, 2014. This supplement incorporates that appraisal by reference. This supplement extends the analysis and discusses the methodology of the allocation.

There are several special limiting conditions, which are found on a following page. This appraisal is also subject to standard assumptions and general limiting conditions found in Appraisal Criteria.

Thank you for choosing Bliss Associates, LLC.

Sincerely,
Bliss Associates, LLC

By: Robert E. Marx, MAI, SRA
State-Certified General Appraiser

SPECIAL LIMITING CONDITIONS

Special limiting conditions consist of extraordinary assumptions and hypothetical conditions. The Uniform Standards of Professional Appraisal Practice (USPAP) defines *extraordinary assumption* as an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. A *hypothetical condition* is defined as that which is contrary to what exists, but is supposed for the purpose of analysis.

The following extraordinary assumptions and/or hypothetical conditions apply to this appraisal. The client is advised that their use might have affected the assignment results

Extraordinary Assumption

The following extraordinary assumption is made in this appraisal:

1. This appraisal is subject to the availability of sewer service and the accuracy of the estimated cost to buy-in to the Johnson County Wastewater District. The reported cost is \$2,137,469 for off-site downstream improvements.

Hypothetical Conditions

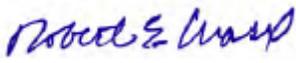
The following hypothetical conditions are imposed in this appraisal:

1. It was assumed that the entire property is legally subdivided into the three defined areas per the "Tiff Land Area Exhibit – Meadowbrook Park" attached hereto.
2. The plottage created by the subdivision was ignored.

CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have not performed 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.
- 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 the appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional real property appraisal assistance to the persons signing this report.
- The reported analyses, opinions, and conclusion were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

By: 
Robert E. Marx, MAI, SRA
State-Certified General Appraiser
Kansas # G-383

Effective date of the opinion: December 30, 2014
Date of the appraisal report: April 4, 2015

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 TIFF Land Area Exhibit – Meadowbrook Park

EXECUTIVE SUMMARY

Property/Location Former Meadowbrook Country Club
 9101 Nall Avenue
 Prairie Village, Kansas 66207

Effective Date: December 30, 2014

Property Rights: Fee simple estate

Owner of Record: MB-18, LLC

Zoning: R-1a

Market Value of the Whole: \$12,900,000 (Overall Tract)
 (\$2.25 per square foot)

Age of Improvements: 40 years; built in 1974

Number of Buildings: Six

Gross Building Areas: 36,319 square feet

Highest & Best Use: As residential development land

Allocation of Market Value:

Defined Area	Acres	Percent	Factor	Weighted	Allocation	Allocation
* Park Development	62.30	45.51%	100%	45.51%	50.12%	\$ 6,466,087
* Park in Flood/Easements	25.23	18.43%	50%	9.21%	10.15%	\$ 1,309,129
Private Development	40.93	29.90%	100%	29.90%	32.93%	\$ 4,248,196
ROW for Public Streets	8.45	6.17%	100%	6.17%	6.80%	\$ 876,588
	<u>136.90</u>	100.00%		84.62%	100.00%	<u>\$ 12,900,000</u>
* Park totals	87.52	63.93%	85.59%	54.72%	60.27%	\$ 7,775,216
				rounded		<u>\$ 7,800,000</u>
				per square foot		<u>\$ 2.05</u>

CONCLUSION

Reconciliation

The entire—or whole—property was valued under separate cover at \$12,900,000. That value is allocated to three separate areas. The applicable appraisal standard is USPAP Standard Rule 1-2(e) (v), which states

“identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal including: whether the subject property is as fractional interest, physical segment, or partial holding;”¹

The relevant property characteristics are identified in the previous appraisal and this supplement. This supplement is an appraisal of well-defined *physical segments*. That said, there is no standard method to allocate the value² of the entire property. Three common methods are suggested in condemnation appraising:³

Average Unit Value,
Slide-back Theory (aka “backland theory”), and
Zones of Value.

The Zones of Value method is applied because a significant part of the property is within the 100-year flood plain and encumbered by Kansas City Power & Light overhead transmission line easements⁴.

Physical Characteristics

Phelps Engineering, Inc. calculated the land area of the entire property at 136.90 acres. The original appraisal identified 134.02 acre (2% more). Phelps Engineering also calculated 5.40 acres of the property is encumbered with Kansas City Power & Light transmission line easements. The KCP&L easement is equivalent to 4% of the whole. These two characteristics are considered to offset each other; the entire property (“the larger parcel”) is still valued at \$12,900,000.

Zones of Value

Phelps Engineering calculated a total land area of 21.12 acres within the 100-year flood plain, 5.09 acres encumbered with KCP&L easements, and 0.31 acres by both the flood and the power line. The total encumbered acres are 26.52. For purposes of this supplement 25.23 acre of the Park Development are impaired with the flood plain or easements. In the original appraisal report market trends were identified that support more intense and planned developments that require green space. Parking is also allowable in these land areas. Therefore, even though the flood plain/KCP&L easement area is not buildable it contributes green space to the whole. The encumbered area is a separate zone of value given 50% weight or one-half of the balance of the property.

¹ The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (USPAP), 2014-2015 ed., U-18

² Ibid, FAQ 193, F-86

³ *Condemnation Appraising: Principles and Applications*, Course Handbook, (Appraisal Institute 2009) 151-154

⁴ The Zones of Value Theory does not violate the unit rule because the highest and best use is different.

Allocation of Value

Defined Area	Acres	Percent	Factor	Weighted	Allocation	Allocation
* Park Development	62.30	45.51%	100%	45.51%	50.12%	\$ 6,466,087
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				rounded		\$ 7,800,000
				per square foot		\$ 2.05

FINAL VALUE INDICATION:

Park Development 87.52 acres

\$7,800,000

CRITERIA

Scope of Work

The reporting is an appraisal report, which is intended to comply with the reporting requirements set forth under USPAP S.R. 2-2 (a). As such, the report summarizes the pertinent data, reasoning and analyses used in the appraisal process to develop the opinions of value. This supplement incorporates my prior appraisal report by reference.

Purpose

The purpose of the appraisal is to allocate the total appraised value of the 136.90 acres that comprise the property into three defined area.

Intended Use of the Appraisal

The intended use, or function, of this appraisal is for negotiating a purchase price of the Park Development area.

Intended User/Client

The intended user and client is The City of Prairie Village. The appraisers and Bliss Associates, LLC, however, are not responsible for unauthorized use of this appraisal by third parties.

Effective Date

December 30, 2014

Report Date

April 4, 2015

Types and Definitions of Values Estimated

"Market value means the most probable price which 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 own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in United States 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."⁵

Real Property Interest Valued

Real property interest valued is the fee simple estate.

⁵ Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, as revised and updated December 2010.

Assumptions and General Limiting Conditions

This report assumes the following:

1. That title to the property interest appraised is good and marketable, unless otherwise noted; the report assumes no responsibility for the legal description or for legal matters or those relating to title considerations.
2. That the property is free and clear of any and all liens or encumbrances unless stated otherwise
3. That the property has responsible ownership and competent property management.
4. The information furnished by others is reliable; however, no warranty is given for the accuracy of such information.
5. That all engineering is correct; the intention of the report is that plot plans and illustrative materials are to assist the reader in visualizing the property.
6. That there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for procuring engineering services that may be necessary to discover them.
7. That the property complies fully with all applicable federal, state and local environmental regulations and laws, unless non-compliance is specified in the report.
8. That the property complies with all zoning and use regulations and restrictions, unless the report acknowledges nonconformity.
9. That the owners and/or property managers either have or could procure or renew any licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization, upon which the value conclusion reported depends.
10. That the utilization of the land and improvements is within the boundaries or property lines and that there are no encroachments or trespasses by or upon the property, unless noted in the report.

Additional conditions bearing upon this report are as follows:

11. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization; any separate allocations must not be used in any other appraisal and are invalid if so used.
12. Possession of this report, or any copy hereof, does not imply the right of publication.
13. By reason of this appraisal, the appraiser is relieved of any obligation to give further consultation or testimony, or to attend court with reference to the property in question, unless prior arrangements have been made.
14. Neither all nor any part of this report - especially any conclusions regarding value, the identity of the appraiser or the firm with which the appraiser is associated - may be disseminated to the public through advertising, public relations, news, sales-promotion, or other media without the prior written consent and approval of the appraiser.
15. The value estimates in the report apply to the entire property interest as described in the report; any pro-ratio or division of the total into fractional interests would invalidate the value conclusions, unless such pro-ratio or division of interests has been set forth in the report.
16. Unless stated otherwise in this report, the appraiser has not been advised or become aware of the existence of any hazardous substances and/or toxic wastes that may be present on the property; the appraiser has no knowledge of the existence of such materials on or in the property; the value estimated in the report is contingent upon the assumption that there is no hazardous condition on or in the property, or in such proximity to the subject that it would cause a loss in value.
17. No compliance survey or analysis of the subject property relating to the requirements of the *Americans with Disabilities Act of 1991* (ADA) exists. Such a survey could reveal that the property does not comply with one or more requirements of the Act, thus having a negative effect upon value. Unless stated otherwise in the report, there is no direct evidence relating to this issue. This report does not, therefore, consider possible non-compliance in estimating the value of the property.

