



MaROUS & COMPANY

March 9, 2015

Jeep & Blazer, LLC
24 North Hillside Avenue, Suite A
Hillside, Illinois 60162

Attention: Mr. Michael S. Blazer, Attorney at Law

Subject: Review of "Appraisal Report, Property Value Impact & Zoning Compliance Evaluation"
Prepared by Michael McCann
Livingston County, Illinois

Dear Mr. Blazer:

In accordance with your request, I have reviewed the "Appraisal Report, Property Value Impact & Zoning Compliance Evaluation" (McCann report) prepared by Michael S. McCann, CRA, and dated February 6, 2015. Mr. McCann is a State Certified General Real Estate Appraiser.

SCOPE OF THIS ASSIGNMENT

This appraisal review was prepared specifically for the use of Jeep & Blazer, LLC, in representing its client. The purpose of this assignment is to review the McCann report and to provide opinions regarding the completeness of the material under review within the applicable scope of work including compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP); the apparent adequacy and relevancy of the data and the propriety of any adjustments to that data; the appropriateness of the appraisal methods and techniques used and the reason for disagreement, if any; and the appropriateness and reasonableness of the analyses, opinions, and conclusions and the reason for disagreement, if any. There were no extraordinary assumptions included in the assignment.

This appraisal review is intended to comply with Standard 3 of USPAP, and is a brief recapitulation of the data and analyses used in developing the reviewer's opinions regarding the appraisal reports. Supporting documentation is retained in MaRous and Company office files. In order to perform this appraisal review, I reviewed the report described, researched and analyzed the comparable sales and the data presented, and prepared this appraisal review.

I am familiar with the Pleasant Ridge project and with the area in which the proposed project is located. Most recently, I have appraised a major apartment complex and a 500,000-square-foot distribution center in Champaign and several properties on the University of Illinois campus for the University of Illinois, and have provided valuation services for a large agricultural and residential property in Danville. The opinions expressed in this appraisal review are as of March 4, 2015, with reference to the February 6, 2015, date of the McCann report.

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SUMMARY OF CONCLUSIONS OF THE REVIEW

The conclusions of the “Appraisal Report, Property Value Impact & Zoning Compliance Evaluation,” as contained on pages 4 and 5, restated on pages 30 and 31, and on slide 41 of the Power Point presentation, are not adequately supported, are not reliable, and are misleading.

Because the data contained in the report are poorly supported and incorrectly analyzed, there is no justification for a determination in the McCann report that property values within 3 miles of a wind turbine are negatively impacted between 12.73 percent (pre-construction) and 27.25 percent (post-construction.) Because the data contained in the report are poorly supported and are incorrectly analyzed, there is no justification for a determination in the McCann report that property values within 3 miles of a wind turbine are negatively impacted from 25 to 40 percent.

Specifically, based on the detailed analysis of the report that follows, I have reached the following conclusions:

- The report repeatedly cites expired editions of reference materials related to conducting appraisals and market impact studies, including a reference to an expired version of USPAP.
- The report does not include an analysis of market conditions in Livingston County which might impact property values;
- There are many judgments concerning the effect of wind turbines that are unsupported and that require expertise outside of those of the appraiser;
- The highest and best use analysis is misleading, and does not include an analysis of the maximally productive use of the land being analyzed;
- The matched pair analysis developed for Livingston County is poorly constructed and is misleading; there is no explanation of, or support for, the adjustments made to any of the 50 matched pairs used in the study. Many significant factors influencing value are not considered in the analysis.
- The matched pair analysis developed for Livingston County is unreliable; some of the 50 matched pairs include either target and control sales that were foreclosures or short sales, which the report indicates specifically were excluded from consideration. Many of the 50 matched pairs are developed using properties that are not directly comparable to the target sales. Finally, there are unresolved discrepancies between the sales information from the Livingston County Assessor’s office and the information included in the report being reviewed;
- The matched pair analysis developed for Lee and DeKalb counties is poorly constructed and is misleading; some of the adjustments made to the 13 matched pairs are not discussed. Many significant factors influencing value are not considered in the analysis of the matched pairs.
- The matched pair analysis developed for Lee and DeKalb counties is unreliable; many of the 13 matched pairs are developed using properties that are not directly comparable to the target sales, including vacant land sales that are compared to single-family houses.

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- The analysis of the marketing times of the 17 target and 50 control sales in both Livingston County and 26 Lee and DeKalb Counties properties is misleading and is unreliable.
- The scope of the market value impact study does not include reviewing the work of other appraisers; nor does the study conform to the USPAP requirements for such a review.
- The conclusions from the Lansink study cited in the report are based on an analysis of matched pairs that are poorly constructed and developed, are misleading and are unreliable.
- The report includes an altered graph and table from the Municipal Property Assessment Corporation (MPAC) study; however, it is presented in such a way as to imply it is directly from the MPAC study. It is misleading to use these data in this manner. Further, the report misrepresents the conclusions of the MPAC study.
- The additional studies provided in the Power Point presentation contain unsupported, unreliable, and/or misleading conclusions.

A detailed analysis of the report, and the rationale for these judgments follows.

SCOPE OF THE MCCANN REPORT

The report being reviewed was prepared for Phillip A. Leuthkehans, on behalf of United Citizens of Livingston County, and the assignment is defined on the first page of an unsigned letter as “a property value impact & zoning compliance evaluation,” and also to determine “whether or not the proposed Project complies with the Livingston County Zoning Ordinance requirements for approval of a special use permit.” These purposes are clarified on page 12 of the report, with the acknowledgment that no individual property is being valued.

The actual work undertaken in the development of the report is summarized on page 13. Some of these work items are somewhat obtuse. For example, “research and analysis of general indications of conformity with highest and best use criteria for non-participating properties within and near the Project Impact Footprint.” It is not clear how this work item was undertaken without the inclusion of market data and analysis.

The last clause in this paragraph indicates that this is an “Appraisal Consulting Report” that was developed in accordance with USPAP regulations. However, the section of the USPAP regulations regarding appraisal consulting has been retired as of the version of the standards effective January 1, 2014, through December 31, 2015.¹

¹ On page 59 of the report, the appraiser’s credentials include the statement that “he has been certified as an expert on USPAP by the Cook County, Illinois Circuit Court.”

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GENERAL COMMENTS

The structure of the report is confusing in that it follows the layout typically associated with the appraisal of a specific property, but is instead an analysis of market impact of a proposed project.

In addition to using an out-of-date version of USPAP, the report repeatedly cites out-of-date appraisal reference materials. On pages 13, 15, and 22, the report cites the 12th Edition of *The Appraisal of Real Estate*. On page 26, the report cites the 13th Edition. The 15th Edition is current. On pages 14 and 16, the report cites the 4th Edition of *The Dictionary of Real Estate Appraisal*. On page 26, the report cites the 3rd Edition. The 5th Edition is current.

On page 16, the second full paragraph of the report states “In addition to homes near turbines that eventually sold, many homes have been marketed for extensive periods of time that did not result in sale.” There is no information contained in the report that supports this apocryphal statement.

The third paragraph on this page makes reference to marketing time data from the “DeKalb/Lee County Study.”² Please refer to the discussion of marketing times below relative to both the Livingston County and the Lee and DeKalb Counties studies. These data do not support the conclusions in this paragraph.

The discussion on page 17 of extraordinary assumptions and hypothetical conditions is confusing. The middle paragraphs on this page appear to be related to the appraiser’s review of other market impact analyses, and fall outside of the scope of the report as was previously defined. An appraisal review must meet specific USPAP criteria, which this report does not address.

Market Conditions

There is no discussion of market conditions in either the area in which the proposed project is to be constructed or in the areas in which any of the matched pairs are located.

ZONING

Page 19 is a restatement of the Special Use Standards in Livingston County. Page 20 includes the appraiser’s “Comments” on Special Use Standard 5.

The second paragraph cites the “Property Value Impact” section of the report as support for the position that “significant value impacts can and do occur...” Please see the discussion of this analysis below.

² This report is elsewhere referred to as the “McCann Lee & DeKalb Study,” and the “Lee and DeKalb Counties, IL Paired Sale Study.” I have assumed these references are to the same data.

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The third, fourth, and fifth paragraphs discuss the loss of “aesthetic vistas” as having an impact on value. There are no sources cited for the opinions developed, or any data included in the report that supports this conclusion. The appraiser does not appear to have any credentials as a planner. Moreover, there is no discussion of the fact that large-scale agricultural facilities are already an industrial use in rural areas.

The paragraph entitled “Types of Impact,” alleges sleep disturbance, health impacts, flickering shadows, and the change in “aesthetic character” of proximity to wind turbines. No expert opinions supporting these conclusions are cited. The appraiser does not appear to have any credentials in these fields.

The final paragraph on that page acknowledges that the appraiser is not an expert in acoustics. However, page 21 includes two paragraphs of the appraiser’s opinions regarding this matter. No expert opinions supporting these conclusions are cited.

The “Conclusion” on the bottom of page 21 fails to consider whether there are any large-scale agricultural facilities in the area, which could be characterized as an industrial use. The appraiser cites “easements and lease agreements” with some land owners as support for this position; however, it is not clear how such agreements support this conclusion. Again, the only empirical data cited is the “value impact” evidence developed later in the report. Please see the discussion of this analysis below.

HIGHEST & BEST USE ANALYSIS

Page 22 begins an analysis of highest and best use. Basically, the appropriate technique would be to analyze a specific single-family residence and to analyze the highest and best use as if vacant and as improved, both before and after the construction of the wind project.

In this instance, there does not seem to be any “as improved” analysis, nor is it clear which property is being evaluated. The top of page 23 seems to indicate that this analysis is referencing all of the “non-participating property,” both agricultural and residential located in the “Impact Footprint area.” The exclusion of the property that is participating in the project is of particular concern when discussing the “Feasible Use” on page 23.

The second paragraph on page 22 states: “The use of the land should conform to the existing standards of the area in which it is located and to the concept that maximum value exists when a reasonable amount of social and economic homogeneity exists.” The source of this opinion is not cited.

The last paragraph on that page states: “Unless there has been a significant shift in surrounding land use and/or zoning patterns or in the demographic characteristics of a particular location, the current use of the subject land will normally represent the highest and best use of the land.” Again, the source of this opinion is not cited. This statement, as well as the comments concerning “social and economic

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homogeneity” early on page 22, may be in conflict with the USPAP Ethics Rule, specifically the implications regarding changes in “demographic characteristics.”

In the discussion of “Possible Use,” the report does not discuss the other “reasonable alternatives” for the “Project sites.” First, the property being referenced is not clear because the first paragraph on the page excludes those properties from the analysis. Secondly, this discussion is concerned more with permissible use than with physically possible use.

A grain storage facility or a confined animal feeding operation could be considered a “reasonable alternative” because those uses appear to be permitted agricultural uses of a highly industrial nature. The discussion of “Permissible Use” does not address this issue, however. The discussion of risk contained in the “Permissible Use” section, belongs under the “Feasible Use” section.

The discussion of the feasibility of a specific use on a specific site requires an analysis of the market demand for alternative uses identified as physically possible and legally permissible. However, without any market analysis in the McCann report, there is no basis for a discussion of whether there would be demand for residential uses in the area. Limited demand would make any new construction in the area highly unlikely.

There is no source for the statement that profit margins of 15 to 25 percent are necessary for new residential construction, nor are any examples provided.

Further, the analysis of feasible uses would require a discussion of whether wind turbines affect agricultural land values. This analysis is not included in the report.

The highest and best use conclusion appears to apply to “residential uses,” however, it is not clear whether the conclusion applies to vacant land or improved sites. The concluding opinion is that “the highest and best use of abutting and neighboring residential uses meet the criteria for highest and best use.” This statement is confusing, and the conclusion is unsupported.

In point of fact, the residential uses in the general area of the footprint of the proposed wind farm can best be characterized as rural residential; there is no evidence of demand for, or new development of single-family residential subdivisions in the area.

PROPERTY VALUE IMPACT STUDY - Livingston County

Page 26 cites *Real Estate Damages – An Analysis of Detrimental Conditions*. The report does not indicate which edition of that book is being used. This page clearly identifies the importance of market conditions to sale prices: the second full paragraph from the bottom of the page contains the sentence, “However, the overall change in market conditions should also be analyzed, in order to ‘net’ out the

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impact from the detrimental condition or external influence on value.” Nevertheless, market conditions are not discussed in the report.

The last full paragraph on this page states that the scene visible from a property must be considered among the physical features considered in the value of a property. However, there are no adjustments to the matched pairs used later in this report for wooded areas and/or rivers and lakes.

Page 28 summarizes McCann’s conclusions resulting from the Livingston County “matched pairs” developed in the report. These conclusions include a 24.68 percent negative impact on property values within 3 miles of a wind turbine. These conclusions are further broken down into negative impacts of 12.73 percent pre-construction, and of 27.25 percent post-construction. The summary tables to which these numbers refer are on page 34 of the report. However, these conclusions are not supported by the Livingston County matched pairs utilized in the report.

The penultimate paragraph on this page “notes” that the foreclosure rate of properties “near the turbines” is “3 X” the foreclosure rate of the control area, and is “consistent with the reports of home ‘abandonment’ near turbines, as all other variables are homogenous.” This conclusion appears to be based on the bottom table on page 35. The data included in that table appear to cover the entire county and span 2009 to 2014. There are very few sales in the “Target” area; such small numbers do not generally support a broad finding.

Furthermore, unlike the discussion of the selection of other “Target” sales, the report does not indicate whether these properties were screened for their proximity to other disamenities, such as large-scale agricultural production or quarries. An additional problem is that foreclosures generally take a number of years to complete; the foreclosures in 2009, 2010, and even 2011 may have been initiated well before the implementation of the wind farms, depending on their location and which wind farm project. For this reason, the data contained in the report are unreliable and do not support the conclusions contained in this paragraph.

Finally, the only information included of houses reported to be abandoned is anecdotal. Therefore, these statements are not supported.

The bottom of page 28 indicates that adjustments to the target and control properties were chosen based on date of sale (market conditions); house size and age, and excluded foreclosures. Page 29 does not further discuss the adjustments to the matched pairs, except to say that they include the “primary factors affecting value.” There is no additional discussion of the selection of, or the adjustments made to the matched pairs included in the Livingston County analysis.

The “primary factors affecting value” that do not appear to be considered in the matched pairs used in the report include:

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- Local market conditions and variables, such as the prison closure
- Distance to and quality of schools
- Locational amenities such as wooded areas, rivers, and/or lakes
- Tax rates (higher rates result in market resistance)
- Zoning (including commercial potential)
- Total number of rooms and the number of bedrooms
- Quality of construction (i.e. hard wood floors vs. linoleum, frame vs. brick, modular construction)
- Special architectural features (i.e. leaded glass windows, cathedral ceilings)
- Layouts, such as open floor plans and first-floor laundry rooms
- Utilities such as natural gas or electric heat or propane heat
- Central air or window units
- Type and size of garages; type and size of outbuildings
- Gravel or paved drives
- Paddocks and other site improvements (electric fences or regular fences or no fences)

The top of Page 29 includes the sale and subsequent resales of the property at 18687 N 100 East Road, Flanagan, which is used as Target Sale #1, #2, and #3 in the Livingston County matched pair analysis. This paragraph indicates the first sale in 2009 occurred “while the Minonk project was pending,” and “It then sold post construction.” The conclusion in the paragraph is that “The resale with project pending shows lower depreciation (about 3%)...”³ The paragraph further states, “However, the post construction resale shows a massive drop of about 28%.” These statements are confusing, incorrect, misleading, and the percentages appear to be incorrectly calculated.

The first sale for \$143,000 in August 2009, occurred after the start of hearings on the construction of the Minonk project. The hearings began in February 2009. The second sale for \$119,900 in June 2011, occurred after approval of the project, but prior to construction.⁴ The third sale in February 2012, for \$110,000 also occurred prior to the beginning of construction, *not* after construction was complete.⁵ Therefore, it is incorrect to state that any of these sales occurred “post construction.”

Furthermore, neither of the subsequent sales represent a 28 percent drop in value: the June 2011 sale represents a 16 percent reduction in sale price from the original sale in 2009; the February 2012 sale represents a 23 percent reduction from the 2009 sale.

³ There is no information in the McCann report developing a figure representing the depreciation of this house. The remainder of this analysis assumes that this is a reference to a 3 percent reduction in sale price.

⁴ http://www.pantagraph.com/wcj/news/gamesa-applies-for-minonk-wind-farm-permits/article_3948ab24-3ca3-11e1-8e46-0019bb2963f4.html Accessed February 25, 2015.

⁵ http://www.windpowerintelligence.com/article/xYI5GPJD8p2/2012/04/19/usa_construction_underway_at_200mw_minonk_wind_farm_in_illinois/ Accessed February 25, 2015.

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In addition to the misrepresentation of the actual status of the Minonk wind farm at the time of the sales, and the numbers being incorrectly calculated, this is a troubled property that should not be used in developing a matched pair analysis. Further, there are issues with the resales that are not addressed in the report being reviewed, making the transactions unuseable as an example of a sale/resale. Please see the discussion of this property included as T-1, T-2, and T-3 in the Livingston County matched pair analysis later in this review.

Pages 30 and 31 reiterate the conclusions included in the “Executive Summary” on pages 4 and 5. These conclusions are summarized below:

- Conclusions 1, 2, and 3 are based on unsupported adjustments to the matched pairs and include inappropriate properties for such an analysis. This is further discussed below.
- Conclusion 4 is discussed above and is not supported.
- Conclusion 5 refers to prior McCann studies and “other reliable studies.” These are not included in this report; however, there is a summary on page 45. These studies are further discussed below.
- Conclusion 6 constitutes opinions regarding the reliability of other studies because they “do not conform with USPAP requirements for appraisals...,” “do not conform with accepted standards for reliable statistical analysis of value trends,” and “are otherwise non-transparent, unverifiable and developed and reported with apparent bias by the researchers.” The report contains no information indicating the appraiser’s credentials to render these judgments (i.e. an advanced degree in mathematics.) Further, the report’s scope of work does not include a review of any of these studies.⁶
- Conclusions 7 and 8 constitute legal opinions regarding whether turbines create “easements” over non-participating properties, and whether the application must attempt “to mitigate” the impacts. These opinions are outside of the scope of the assignment as the report defined it.” The report contains no information indicating the appraiser’s credentials to render these judgments (i.e. a law degree.)
- Conclusion 9 regarding the language of the Livingston County Special Use provisions is based on the data used to develop the opinions contained in Conclusions 1 to 4, and is not supported. This is further discussed below.

Pages 34 and 35 include tables that summarize the data included on pages 36 to 40, except for the table on foreclosures. That information is not contained in the report and as noted previously, I was unable to review it.

There are significant problems with the sales chosen as “Targets” and “Controls” in the matched pairs, as well as with adjustments made and not made relative to them. The calculations in these tables are inconsistent and are poorly supported.

⁶ USPAP Standard 3: Appraisal Review, Development and Reporting, essentially requires a separate review for each study considered. In addition, the USPAP Competency Rule” requires that the appraiser possess “the knowledge of and experience to complete the assignment competently.”

Marketing Times. The tables appear to use the marketing times from the MLS sheets to develop an average marketing time for both the target sales and the control sales; the tables purport to show that target sales have 21 percent longer marketing times (and therefore are likely to sell at more of a discount from the asking price) than the control sales. The analysis is not discussed in detail elsewhere in the report for the Livingston County matched pairs. There are three major problems with respect to how these numbers were developed.

1. It is not clear if these marketing times included all prior listings of the properties, including those expired and/or withdrawn, or private marketing efforts.
2. Many factors affect marketing times, especially overall economic conditions, like the recession and subsequent spotty recovery. As the report indicates, the target and control sales span the period between January 2009 and November 2014. Local economic conditions, such as the Dwight prison closure, also affect marketing times. However, these averages are developed *without regard to sale date or market conditions*. As discussed previously in this review, there is no analysis of market conditions contained in the report.
3. Marketing times are impacted by individual property characteristics, such as condition, configuration, and unusual decorating. When dealing with a small sample, it is important to take these characteristics into consideration.

Presentation of the data in this manner is misleading and leads to an incorrect and unsupported conclusion that sales of properties within 3 miles of wind turbines develop longer market times than properties more distant. As an illustration of the flaws in the development of this figure, I have taken the data from the listing sheets on marketing times,⁷ and I have organized the data by sale year.

AVERAGE MARKETING TIMES (DAYS)						
YEAR SOLD	2009	2010	2011	2012	2013	2014
Target Sales	341*	74	117	130	159	199
Control Sales	<u>151</u>	<u>151</u>	<u>166</u>	<u>223</u>	<u>155</u>	<u>260</u>
Difference (%)	56%	-104%	-42%	-72%	3%	-31%

* This number reflects the extended marketing time of T-1 which is discussed later in this review.
 Source: MLS data contained in the McCann report

As the table indicates, analyzing the data in this manner indicates a marketing time *benefit* for the target sales in 4 of the 6 years, and only a minor difference in 2013. It is important to state that this is an illustration of the flaws in the analysis in the McCann report; it has *not* been developed as a definitive statement regarding the impact of proximity to wind turbines on marketing times.

⁷ As discussed, these numbers may not reflect the entire marketing times for these properties; however, they do illustrate the difference that taking the date of sale into consideration have on the data. Marketing times for duplicate sales were counted only once.

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Livingston County Matched Pairs

Pages 36 to 40 are the individually developed matched pairs which consist of control sales to which adjustments⁸ have been made relative to a target sale of a property that is located proximate to a turbine. As was previously discussed, there is little discussion of, or support for, the adjustments made. The only adjustments included in the matched pair calculations are for land size, bathrooms, size of living area, basement type and finish, number of outbuildings, and condition. However, the adjustments made for these factors are not supported, are inconsistently applied, and are poorly defined.

Land Size. It appears that land is valued at \$7,500 per acre; however, there is no support for that figure, nor is there a discussion of whether that value is applicable everywhere in the county.

Bathrooms. Full bathrooms are adjusted at \$3,000 per bathroom, and half-baths credited at \$1,500; however, there is no support for that adjustment included in the report, and the adjustments do not account differences between bathrooms with specialty fixtures such as whirlpool tubs.

Living Area. Adjustments for house size appear to be based on a calculation of 30 percent of the sale price per square foot of the house being adjusted. There is no justification for the use of that methodology.⁹ Making the adjustment on this basis, especially where there is a significant amount of land included and/or a significant number of outbuildings, misrepresents the sale price per square foot attributable to the living area in the house.

Basement Type and Finish. The amount assigned per square foot for basement finish is not discussed.

Outbuildings. Outbuildings are adjusted at approximately \$5,000 per building without regard to the type, size, or condition of the buildings. The header seems to indicate that only metal buildings are included. Moreover, differences in size, condition, age, and features such as heat and electric service are not discussed.

⁸ I note for clarification that the adjustments are being made to the control sale in comparison to the target sale. If the control sale is superior in some respect, an amount should be deducted in comparison to the target sale. If the control sale is inferior, an amount should be added.

⁹ In the Lee and DeKalb County discussion on page 41, the report indicates that adjustments for differences in building sizes of more than 100 square feet were based "on a time and locale appropriate percentage of the sale price per square foot X the difference in size." (Sic) Given that 100 square feet is the size of an additional bedroom, failure to adjust for that difference is also an issue. The adjustment for living area in the Lee and DeKalb County study matched pairs was based on 50 percent of the sale price per square foot of the house being adjusted. There is no explanation of the reason for the difference between the percentages used in the two studies.

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Condition. There is no discussion of the rationale for the adjustments for condition, which appears to be based primarily on whether the house had been recently remodeled. The dollar amount of these adjustments is not supported.

A detailed discussion follows concerning the data included and the adjustments made for individual matched pairs.

T-1 The target sale is located at 18687 N 100 E Road, Flanagan. The first sale occurred in August 2009 for \$143,000. The property is a two-story, eight-room, four-bedroom house with one bathroom that was constructed in 1917. The floors are described as hardwood in this listing and as laminate in the others. The house has a full, unfinished basement, and two garages.

According to the broker involved with the second transaction, Joan Bullard, this was a troubled property.¹⁰ Purchased by a recent widow who reportedly was anxious to make a change, the broker on the second transaction reported the purchaser overpaid for the property, and did not have a home inspection. The condition of the house at the time of the 2009 purchase was extremely poor, and, subsequent to the purchase, the property required new furnaces, a new roof, upgrades to the electric service, and the demolition of a structurally unsound garage. However, the basement flooded regularly, and the purchaser decided not to further invest in the property. In addition to the upgrades, the purchaser had done some interior decorating that was unappealing: black walls and cabinets in the kitchen.

This house was traded in June 2011; the price established for the trade was \$119,900. The purchaser in this transaction was a contractor. On the day of the contractor's inspection, the basement had flooded, there was a mattress floating in the water, and there was evidence of mold from prior flooding on the walls. The purchase was "as is"; the contractor intended to fix up the property and resell it.

Subsequently, in February 2012, and after some additional work, the contractor resold the house. The Livingston County Assessor confirms that the purchase price was \$127,000, and that the purchaser was given a \$17,000 "personal property" credit for a shed. The Assessor is unclear as to why this was credited as personal property. Based on this "credit," the purchase price used in the report is \$110,000.

Because of the issues with condition, it is impossible to find a similar property with which to compare this house.

¹⁰ See Joan Bullard letter dated February 16, 2015, and memo to the file dated February 27, 2015.

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Nor can it be considered to be a good candidate for a sale/resale analysis. The second transaction was a trade; there is no discussion in the McCann report of how the value of the property was established. The house that was included in the trade was resold in November 2014 for \$65,000.

The third transaction involves an outbuilding being credited as personal property, and it is questionable whether this \$17,000 should be excluded from the purchase price.

Furthermore, there is no discussion of the difference in market conditions in the county between August 2009 and February 2012. Therefore, this property is not a good selection for matched pair analysis, and conclusions drawn from the analyses in T-1, T-2, and T-3 are not supported, are misleading, and should not be relied upon.

Because of these difficulties, I have not addressed the individual adjustments made in the report using this property as the target in T-1, T-2, and T-3 on page 32. However, because they are relevant to an overall discussion of the reliability of the report, I have reviewed the control sales used in these matched pairs and have the following comments.

The first control sale, located at 13665 E 3000 N Road, Blackstone, sold in May 2009 for \$173,500. This property has a commercial use on the site, and the ability of this property to allow such a use is not considered.

The second control sale, located at 9210 E 1700 N Road, Graymont, sold in February 2010 for \$152,500. This property has a creek at the rear of the site, and this amenity did not receive an adjustment. Other details of this property that were not considered included a slate roof, and a three-car garage with a guest house.

The third control sale, located at 24584 N 600 E, Cornell, sold in April 2009 for \$149,850 according the Livingston County Assessor, not \$165,000 as the report indicates.

T-2 The first control sale, located at 20558 E 100 N Road, Fairbury, sold in January 2011 for \$165,000. This sale is not adjusted for having more bedrooms than the target sale.

The second control sale, located at 4667 E 1600 N Road, Flanagan sold in January 2011 for \$164,500. The assessor reports that the building size is 2,246 square feet, not 1,790 square feet as the report indicates. Furthermore, there appear to be more outbuildings on this property than included on page 32, including grain silos.

The third control sale, located at 11003 N 2300 E Road, Fairbury, sold in April 2011 for \$120,000. There are no adjustments made to this sale for being brick and not frame, or for having a wooded lot, and a smoke house.

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The fourth control sale, 27184 N 2400 E Road, Odell, sold in July, 2011 for \$173,000, and is also used in the T-3 analysis. The fact that this property sold again in December 2014 for the same price should be discussed. There are no adjustments for this house having fewer rooms and fewer bedrooms than the target property. The adjustment for remodeling of \$15,000 is not supported considering the reported new windows, siding, roof, central air conditioning, and security system of this sale. There are no adjustments for the 53-foot windmill, or for the three-car heated, detached garage.

The fifth sale located at 12610 N 1900 E Road, Fairbury, sold in July 2011 for \$143,000, and is also used in the T-3 analysis. There is no adjustment for the fact that the chimney needs to be reinstalled on this house. Furthermore, it appears that this property may have been assembled with an adjoining property because the Livingston County Assessor indicates that the property has 10.02 acres, not 5.01 acres.

The sixth sale, located at 19578 E 260 N Road, Fairbury, sold in October 2011 for \$155,000, and is also used in the T-3 analysis. There is no adjustment for the location of this property, indicated as being “close to town” and in proximity to the Indian Creek wooded area. The assessor reports a building size of 1,672 square feet, not the 1,940 square feet used in the report. There is no adjustment for a newly remodeled kitchen.

T-3 The first three control sales are the same as the last three above.

The fourth sale, located at 275 E 1300 N Road, Flanagan sold in August 2012, for \$147,000. There are no adjustments for this property having fewer rooms and fewer bedrooms than the target sale. The property is described as having been “gutted and redone” including wiring and plumbing; the \$15,000 credit for remodeling is not supported. There is no adjustment for a new three-car garage.

The fifth sale is located at 09848 E 1900 N Road, Pontiac, and sold in September 2012 for \$173,000. The fact that this property was purchased in an REO transaction in April 2011 was not discussed. The house is described as “completely remodeled;” the \$15,000 credit is not supported. There are no adjustments for a new garage (in 2011) and for the silos on the property.

T-4 This target property is located at 22720 E 2500 N Road, Odell, and sold in September 2009 for \$310,000. This is a one-story, brick-constructed house with seven rooms, three of which are bedrooms, and there are three full bathrooms. The 2.5-car garage is attached. In addition, there is a 42-foot-by-54-foot “Cleary Building” with electric service and water. The construction permit for the house was issued in April 2003 for \$150,000.

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The first control sale is located at 10322 N 2315 E Road, Fairbury, and sold in March 2009 for \$272,500. This property is substantially similar to the target property; the building permit was issued for \$160,000. However, the Livingston County Assessor indicates this transaction was the result of an "option to purchase." The impact of this on the sale price is not considered. There is no adjustment for what appears to be additional outbuildings, as well as what the MLS sheet indicates is a "heated utility shed with a ½ bath." Given the similar construction age and construction cost estimate, the reason for a \$15,000 credit for "condition" is not clear.

The second control sale is 16953 N 1130 E Road, Pontiac, and sold in June 2009 for \$290,000. It is of similar construction age and style compared with the target sale; however, the building permit on this house was \$250,000. There is no adjustment for the superior finishes of this sale property. Nor are there any adjustments for the Jacuzzi tub and the above-ground pool.

The third control sale is 11209 E 1707 N Road, Pontiac, and sold in June 2010 for \$290,000. This is of similar size and construction quality compared to the target property; however, it is a newer building, constructed in 2007 versus the target sale's 2003 construction date. There is no adjustment for this difference. There is no discussion for the significantly poorer market conditions between September 2009 and the sale date of this property of June 2010.

T-5 This target property is located at 24487 N 2150 E Road, Odell, and sold in March 2010 for \$150,000. It is a two-story frame house with seven rooms, three bedrooms, one full and one ¾ bathrooms. There is no discussion of the second bathroom in the report, which considers one bathroom only. The property has a 2.5-car attached garage, a horse barn, and other "outbuildings." This property previously sold in July 2008 for \$125,000; this increase in sale price of \$25,000 during a significant period of economic distress, and despite proximity to a wind turbine, is not discussed.

The first control sale located at 10690 N 1400 E Road, Chenoa, sold in March 2010 for \$217,500. The Livingston County Assessor reported a transfer of a partial interest in this property in October 2007 for \$12,000. There is no discussion of the impact this transfer may have had on the sale price. This property is a nine-room, five-bedroom house and is not considered a good match to be compared with a seven-room, three-bedroom house. There is no adjustment for this property having a detached garage. The \$10,000 addition for condition is not supported.

The second control sale located at 17925 N 2000 E Road, Pontiac, sold in July 2010 for \$175,000. This property is an eight-room, four-bedroom house and is not considered a good match to a seven-room, three-bedroom house.

T-6 This target sale is located at 17670 E 3200 N Road, Blackstone. According to the Livingston County Assessor, this property was sold by the Sheriff to Self Help Ventures in December 2009,

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for \$215,137. Self Help Ventures resold the property in April 2010 for \$87,000. Self Help Ventures is a company that uses a Small Business Administration program involving tax credits to subsidized loans. If a loan defaults, Self Help Ventures takes the property back like any lender and will sell it as quickly as possible because of the program terms. In essence, this is an REO sale.

This property is a one-story modular house with seven rooms, three bedrooms, and two full baths. There is a four-car detached garage with a bathroom. The MLS sheet says the building has a crawl space; the Assessor says it is constructed on a slab. The property has a gravel-covered drive.

This appears to be a lender-owned property and should not be considered an arm's length transaction. Moreover, the report indicates that foreclosures and short sales were excluded from analysis. Therefore, I have not addressed the individual adjustments made in the report using this property as the target. However, because they are relevant to an overall discussion of the reliability of the report, I have reviewed the control sales used in these matched pairs and have the following comments.

The first control sale is located at 12920 E 1100 N Road, Chenoa, and sold in May 2010 for \$232,750. This sale also is included in matched pair T-7. This is a 1.5-story house with a full basement and is not a good match for a modular house on a concrete slab.

The second control sale located at 10635 E 1700 N Road, Pontiac, sold in June 2010 for \$175,000. This property is not adjusted for a location adjoining Rooks Creek.

The third control sale is 19095 E 1700 N Road, Pontiac, and sold in June 2010 for \$178,000, and also is included in matched pair T-7. This is an eight-room, four-bedroom house with a full, finished basement and should not be considered a good match to be compared with a seven-room, three-bedroom modular house on a slab. This property is not adjusted for a location near Rooks Creek.

The fourth control sale located at 30596 N 700 E Road, Manville, sold in October 2009 for \$133,000, and also is included in matched pair T-7. This property is a five-room, three-bedroom house and should not be considered a good match to be compared with a seven-room, 3-bedroom modular house. This property is not adjusted for being near a golf course.

T-7 This target sale is located at 19686 E 2400 N Road, Odell, and sold in May 2010 for \$144,500. This is a one-story, six-room, three-bedroom house that has two full bathrooms. The site is immediately adjacent to Interstate 55; the "2.5-acre pond" is the borrow pit. The bottom of the MLS sheet indicates that there is an "As is" rider. Drives are gravel-covered. There is a 4.5-car

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heated and insulated garage and a pole barn with a horse stall. There is no adjustment to the site size for the presence of a 2.5-acre unusable area.

None of the control sales are adjacent to an interstate highway, and none have a pond on site. There is no support for the adjustments of \$13,300 to \$23,275 for highway location. Generally, land values are higher proximate to highways for uses that benefit from the visibility and are lower for residential use.

The first control sale is located at 12920 E 1100 N Road, Chenoa, and sold in May 2010 for \$232,750. This sale is a 1.5-story house with a full basement and should not be considered a good match for a one-story house on a concrete slab. The \$29,100 addition for site size does not take into account the usable site size of this property compared to that of the target sale.

The second control sale located at 19095 E 1700 N Road, Pontiac, sold in June 2010 for \$178,000. This is an eight-room, four-bedroom house with a full finished basement and should not be considered a good match to be compared with a six-room, three-bedroom house on a slab. There is no adjustment for the location of this property near Rooks Creek. The \$54,900 adjustment for land size does not take into account the usable site size of the target sale.

The third control sale is located at 18725 E 900 N Road, Fairbury, and sold in January 2011 for \$259,000. This is an eight-room, four-bedroom house with a full finished basement and should not be considered a good match to be compared with a six-room, three-bedroom house on a slab. There are no adjustments for the amenities of this property including a whirlpool tub, cathedral ceilings, and audio wiring. There are no adjustments for the newer construction date of this property, which the Assessor indicates was 2005 versus that of the target sale of 1997. There are no adjustments for the attached two-car garage, and for the fenced horse areas. The \$51,750 adjustment for land size does not take into account the usable site size of the target sale.

The fourth control sale, 30596 N 700 E Road, Manville, sold in October 2009 for \$133,000. There is no adjustment for the location of this property near a golf course. The \$57,225 adjustment for land size does not take into account the usable site size of the target sale. This sale is listed as having one outbuilding when it is used and adjusted in matched pair T-6, but as has having no outbuilding in this instance. The MLS sheet says there is a detached garage with an attached shed.

T-8 This target property is located at 24458 N 2500 E Road, Odell, and sold in November 2011 for \$186,000. This property previously sold in October 2007 for \$133,500, and in June 2007 for \$124,900. The Livingston County Assessor says the buyer in June/seller in October is a financial institution, and that this was a court ordered sale resulting from financial problems in 2006. The impact of these transactions on the November 2011 sale price is not discussed. The increase in

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sale price during a significant period of economic distress, and despite proximity to a wind turbine, is also not discussed.

The target property is a two-story, frame, eight-room, four-bedroom house with two full bathrooms. The MLS indicates that this property has a large barn with horse stalls, an arena, storage space, and a tack room. There is a significant discrepancy between the size of the house provided by the MLS of 2,078 square feet and by the Assessor of 1,946 square feet.

The first control sale, located at 20558 E 100 N Road, Fairbury, sold in January 2011 for \$165,000. The MLS listing sheet indicates that the outbuilding is a shop building with a heated floor; the \$5,000 adjustment for this building being inferior is not discussed.

The second control sale, located at 4667 E 1600 N Road, Flanagan, sold in January 2011 for \$164,500. The assessor reports that the building size is 2,246 square feet, not 1,790 square feet as the report indicates. There is no adjustment for this property having more rooms than the target property. The adjustment for the finished basement is not supported. Furthermore, there appear to be more outbuildings on this property than included on page 34, including grain silos.

The third control sale, 27184 N 2400 E Road, Odell, sold in July 2011 for \$173,000. The fact that this property sold again in December 2014 for the same price should be discussed. There are no adjustments for this house having fewer rooms and fewer bedrooms than the target property. The adjustment for remodeling of \$15,000 is not supported considering both properties are reported to have been recently remodeled. There are no adjustments for the 53-foot windmill, or for the three-car heated detached garage.

T-9 This target sale is located at 32900 N 2000 E Road, Dwight, and sold in November 2012 for \$170,000. This is a six-room, three-bedroom house with one full and one ½ bath. There is no garage; the MLS listing sheet indicates that the barn can be used for tandem parking for two cars. The report indicates the house has been remodeled; however, there is no information in that regard on the listing sheet. The condition is indicated as “excellent.”

The control sale for this property is located at 14199 N 2900 E Road, Saunemin, and sold in October 2012 for \$243,500. This seven-room, three-bedroom house has one full bathroom; the extra room is a family room converted from a 2.5-car garage. There is no adjustment for this. The adjustment for the outbuildings of this control sale are not supported. This property has a remodeled barn with a walk-up finished loft with a bathroom/shower and a 12-car detached garage. This property should not be considered a good match for the target sale for these reasons.

T-10 This target sale is located at 24447 N 2050 E Road, Odell, and sold in April 2013 for \$220,000. Prior sales reported by the Assessor include a sale in December 2010 for \$48,000 from FNMA to Falcon Homebuilders after a court-ordered Sheriff’s sale in July 2010 for \$191,847.

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This is a two-story frame house constructed in 1996. It has eight rooms, four of which are bedrooms, and 2.5 bathrooms. It has a three-car attached garage. The MLS listing says “outbuildings,” and the Assessor says a garage was added in August 2011 for \$15,000.

The first control sale located at 10750 E 1720 N Road, Pontiac, sold in July 2013 for \$232,000 according to the Assessor. The report has the sale price at \$237,500. This sale also is used in matched pairs T-12. The property is a one-story, ranch-style brick house with a crawl space and seven rooms and three bedrooms and should not be considered a good match to be compared with a two-story frame, eight-room, four-bedroom house constructed over a full basement. There is no adjustment for the location of this property on a cul-de-sac in a small development adjacent to Rooks Creek.

The second control sale located at 17759 E 1700 N Road, Pontiac, sold in August 2013 for \$257,500, according to the Assessor. The report has a sale price of \$265,000. The property is a one-story, ranch-style house, and should not be considered a good match to be compared with a two-story frame house. There is no adjustment for the location of this property near wooded areas adjacent to Rooks Creek.

T-11 This target sale is located at 32999 N 2100 E Road, Dwight, and sold in April 2013 for \$207,000. The property is a brick ranch-style house; the MLS listing sheet indicates there are seven rooms and four bedrooms with a two-car attached garage. This room count includes the basement family room. The MLS listing sheet indicates that there is a pole barn and a small heated and air-conditioned shop on the site.

The control sale is located at 22727 E 825 Road, Fairbury, and sold for \$322,700. This is an eight-room, three-bedroom house with five bathrooms and a 2.5-car garage. The room count includes the family room in the walk-out basement. The MLS indicates that the house has “many updates.” There is no adjustment for condition. There is no adjustment for the location of a creek and wooded area on the site.

T-12 This target sale is located at 27510 E 2800 N Road, Dwight, and sold in May 2013 for \$165,000. This one-story, ranch-style frame building was constructed as a duplex. One unit has six rooms, with three bedrooms and 2.5 baths; the second unit has five rooms, with two bedrooms and two baths. The first unit is constructed over a full, finished basement, the second unit over a crawl space. There are two garages, one attached to the smaller unit and one detached with parking for four cars.

The first control sale located at 10750 E 1720 N Road, Pontiac, sold in July 2013 for \$232,000 according to the Assessor. The report has the sale price at \$237,500. The property is a one-story, ranch-style brick house with a crawl space and seven rooms, three bedrooms and should not be

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considered a good match to be compared with a duplex constructed over a partial basement. There is no adjustment for the location of this property on a cul-de-sac in a small development adjacent to Rock Creek.

The second control sale is located at 9850 N 300 E Road, Ridley, and sold in November 2012 for \$220,000. This is a one-story, ranch-style house with seven rooms and three bedrooms, and should not be considered a good match to be compared with a duplex. However, this property does have a one-bedroom apartment with a full bath constructed over a garage. The adjustments do not appear to include this: the adjustments add \$27,385 to the control sale to reflect the target's larger building size; however, the target property includes the second unit, and the square footage included for the control sale does not include the unit over the garage. There is no adjustment for this sale having natural gas heat compared to propane for the target sale.

T-13 This target sale is located at 21379 E 3100 N Road, Dwight, and sold for \$170,000 in September 2013. The property is a two-story frame house with nine rooms, four bedrooms, and three bathrooms. The report includes the size as 2,296 square feet which is the same as that reported by the Assessor; however, the MLS listing sheet reports only 1,896 square feet. The house is situated on 7 acres. The outbuildings include a barn and a machine shed, both with concrete floors. The machine shed has utilities and is used as a kennel. There is a pond on the property, which is entirely fenced. The driveway is gravel covered.

The first control sale is located at 9991 E 1500 N Road, Pontiac, and sold for \$177,500, according to the Assessor. This is an eight-room, four-bedroom frame house situated on 1 acre. There is a machine shed with utilities that is large enough for five cars. The MLS listing sheet indicates that there also may be a four-car garage, but this is not discussed in the report.

The second control sale is located at 11757 N 1900 E Road, Fairbury, and sold in August 2013 for \$168,000. This is a larger property than the target, with nine rooms and five bedrooms. However, the adjustment for size does not fully reflect this because of the size discrepancy in the target sale. There is no adjustment for this property having a first-floor master bedroom or cathedral ceilings. There is a \$7,500 adjustment indicating that the target sale was considered to have been in superior condition; however, the listing sheet indicates that the control sale had received recent upgrades and had been well maintained. It appears that this \$7,500 should have been deducted from, not added to, the control sale.

The third control sale is located at 1738 E 2560 N Road, Long Point, and sold in January 2014 for \$159,900. This house has eight rooms, three bedrooms, and two bathrooms. There are no adjustments for the leaded glass windows. There is no adjustment for this property being located in a highly desirable school district.

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T-14 This target sale is located at 27713 E 1950, Saunemin, and sold in November 2013 for \$117,500. This is a tri-level house with seven rooms, three bedrooms, and two bathrooms. Floors are linoleum or carpeted, and the heating is electric. There is no central air conditioning. The house has a one-car, attached garage.

The first control sale is located at 21947 N 1575 E Road, Pontiac, and sold in June 2013 for \$129,900. This transaction appears to have been the result of a foreclosure; the seller was the Bank of Pontiac. The property previously sold in January 2009 for \$150,000. This is not a good sale to consider in developing a matched pair analysis. Moreover, this property is a six-room, three-bedroom, ranch-style house, with a three-car detached garage, and should not be considered a good match to be compared with a larger tri-level house.

The second control sale is located at 25284 E 825 North, Forrest, and sold in October 2013 for \$135,000. This is a 1.5-story, nine-room, three-bedroom 2.5-bathroom house that had been “completely redone.” The house has natural gas heat, air conditioning, and cathedral ceilings. The property has a four-car detached garage with a shop area. This sale should not be considered a good match to be compared with the target property.

The third control sale is located at 16101 E 1400 N Road, Pontiac, and sold for \$167,500 in November 2013. This property is a six-room, three-bedroom, ranch-style house, with propane heat, central air-conditioning, a one-car attached garage, and two outbuildings. This sale should not be considered a good match to be compared with the target property.

The fourth control sale is located at 16824 N 1075 E Road, Pontiac, and sold for \$210,000 in February 2014. This is a tri-level house with nine rooms, four bedrooms, and three bathrooms, including a master bedroom suite. The house has natural gas heat, air conditioning, and a balcony off the master bedroom, in addition to two decks. The house has a 2.5-car attached garage and an above-ground pool. There is no adjustment for wooded areas on the site. This sale should not be considered a good match to be compared with the target property.

The fifth control sale is located at 11135 N 2300 E Road, Fairbury, and sold for \$205,000 in May 2014, according to the Assessor. The report indicates a sale price of \$200,000. This property is a six-room, three-bedroom, ranch-style house, with no garage, and should not be considered a good match to be compared with a larger tri-level house.

T-15 This target sale is located at 29227 N 2300 E, Odell, and sold for \$118,000 in December 2013, according to the Assessor. The report uses a sale price of \$116,000. The Assessor’s web site has both a 5-acre site size, and a 3.45-acre site size; I was unable to determine the correct site size. This house is an older one-story house that sold “as is” with materials “for buyer to put final touches” on the house. The house contains four rooms, two bedrooms, and two bathrooms, one

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of which is “ready to finish” in the master bedroom suite. There is also a three-car detached Morton building that has electric service.

The first control sale is located at 2726 N 2500 E Road, Strawn, and sold for \$155,000 in July 2013. This property is 1.5-story, seven-room, three-bedroom, 2.5-bathroom house with a two-car attached garage. This property should not be considered a good match to be compared with a much smaller, one-story house with unfinished remodeling. Moreover, this property also includes a tool shed and a large horse barn with stalls.

The second control sale is located at 10725 E 1700 N Road, Pontiac, and sold for \$159,000 in February 2014, according to the Assessor. The report uses a sale price of \$173,000. The Assessor indicates a site size of 2.69 acres; the report uses 5.64 acres. I was unable to reconcile this discrepancy. This is a 1.5-story, six-room, four-bedroom house that had been recently remodeled. There is a two-car, heated garage. This property should not be considered a good match to be compared with a much smaller, one-story house with unfinished remodeling. Furthermore, there is no adjustment for the location of this house on Rooks Creek.

T-16 This target sale is located at 24598 N 3200 E Road, Cabery, and sold in April 2014 for \$48,500. The house has seven rooms, three bedrooms, and 1.5 bathrooms. The house is constructed over a full unfinished basement and the property has two garages and a storage shed. The kitchen was new in 2011.

The first control sale is located at 10725 E 1700 N Road, Pontiac, and sold for \$159,000 in February 2014, according to the Assessor. The report uses a sale price of \$173,000. The Assessor indicates a site size of 2.69 acres; the report uses 5.64 acres. I was unable to reconcile this discrepancy. This is a 1.5-story, six-room, four-bedroom house that had been recently remodeled. There is a two-car, heated garage. This is not a good comparable for the target property primarily due to the condition. Furthermore, there is no adjustment for the location of this house on Rooks Creek.

The second control sale is located at 845 E 2500 N Road, Flanagan, and sold for \$80,000 in October 2014. This is a one-story frame house with seven rooms, two bedrooms and two bathrooms over a full basement. This sale should not be considered to be a good match to a two-story house.

The third control sale is located at 18375 2500 N Road, Odell, and sold in November 2014 for \$160,000, according to the Assessor. The report indicates the sale price as \$175,000. This two-story house was constructed in 1910 and has seven rooms, three bedrooms, and one bathroom. The total square footage of this property is given as 1,200 on the MLS listing sheet, and as 1,114 square feet by the Assessor. However, adding the room sizes results in a size of 1,396 square feet,

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without hallways and stairways. I was unable to reconcile these differences. This property also is improved with a four-stall horse barn, a detached garage, a storage shed, and electric fences. The adjustment of \$7,500 for these improvements is not supported and understates their value.

T-17 This target property is located at 25834 N 3200 E Road, Cabery, and sold in October 2014 for \$172,250. This is a two-story frame house that was constructed in 1880, according to the Assessor. The report indicates a construction date of 1910. The Assessor indicates the site size as 2.04 acres; the report uses 1.75 acres. The house has seven rooms, three bedrooms, and 1.5 bathrooms. The house is constructed over a full unfinished basement. The kitchen was new in 2011. On the property are three outbuildings, all with concrete floors and electric service.

The control sale is the property at 18375 E 2500 N Road, Odell, previously discussed as the third control sale in matched pairs T-16. This property sold in November 2014 for \$160,000, according to the Assessor; the report indicates the sale price as \$175,000. The total square footage of this property is given as 1,200 on the MLS listing sheet, and as 1,114 square feet by the Assessor. However, adding the room sizes results in a size of 1,396 square feet, without hallways and stairways. I was unable to reconcile these differences.

This control property has seven rooms, three bedrooms, and 1.5 bathrooms. The reason the report adjusts this sale for having fewer bathrooms than the target sale is not clear. The control property also is indicated as having recent updates including a remodeled kitchen; the adjustment of \$15,000 to the control sale as being inferior to the target sale is not supported.

In addition to a detached garage, the control property has a four-stall horse stable, and the property is enclosed entirely with an electric fence. There are no adjustments for the cathedral ceilings and there are no adjustments to the control sale for the electric fencing.

As was discussed previously, there is no support for, or discussion of the adjustments made to the control sales. Many significant factors received no adjustments at all. Furthermore, the data include both target and control sales that were foreclosures or short sales, which the report states specifically were excluded from consideration. The matched pairs are developed using properties that are not directly comparable to the target sales. Finally, there are unresolved discrepancies between the sale information from the Livingston County Assessor's office and the information included in the report.

For these reasons, these matched pairs cannot be relied upon to develop an opinion as to whether proximity to a wind turbine has an impact on value.

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Additional Livingston County Data

There are a number of transactions in Livingston County that could have been included in the data considered in the report.

For example, a house at 23090 N 2500 E Road, Odell, sold in August 2013 for \$205,000. This house is 2,322 feet east of a wind turbine, 3,229 feet west of a turbine, and 3,440 feet south of a turbine. The following table compares this property to a similar control sale used as Control Sale 3 in the matched pairs for T-14 in the report being reviewed.

	TARGET	CONTROL
Address	23090 N 2500 E Rd. Odell	16101 E 1400 N Rd. Pontiac
Sale Date	August 15, 2013	November 18, 2013
Sale Price	\$205,000	\$167,500
Sale Price/Sq. Ft. (A.G.)	\$108.41	\$89.33
Year Built	1971	1967
Building Size	1,891 sq. ft.	1,875 sq. ft.
Lot Size	3.63 acres	3.27 acres.
Style	ranch; brick 6 rms., 4 bdrms., 1.5 ba.; 2.5-car attached garage	ranch, brick 6 rms, 3 bdrms., 2 ba.; 1-car attached garage 1st floor laundry
Basement	Full, partial finish	Crawl
Utilities	Central Air; Elec. Heat	Central Air; Propane
Outbuildings	2 pole barns; 60 x 90 shed (subsequently demolished)	30 x 40 shed; 64 x 42 machine shop

These properties are located in the Pontiac High School district. The lot sizes are similar, although the target sale is approximately 1/3-acre larger. The houses are of similar construction vintage, and are of similar size. The condition is assumed to be similar. The target sale has an additional bedroom, but the control sale has a first-floor laundry room and two full bathrooms. The target sale is superior in that it has a full, partially finished basement and a larger garage. The control sale is superior in that it has propane gas heat. The outbuildings of the target sale were in poor condition and were demolished subsequent to the sale; therefore, the control sale is considered superior in that regard, which offsets the smaller garage.

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Overall, although the target sale is somewhat superior to the control sale, the differences do not justify a finding that there is any diminution in value resulting from the proximity of the target sale to wind turbines.

Another example of sales not considered in the report being reviewed is the sale/resale of a property located at 24487 N 2150 E Road, Odell. This property is under 1.5 miles northwest of a wind turbine that is part of the Cayuga Ridge wind farm. Cayuga Ridge was being discussed in the media as early as June 2007. Construction began in 2009, and the wind farm came fully on line in March 2010.

The first sale of this property occurred in August 2008, after the details of the wind farm were made public. The sale was for \$125,000 according to the Livingston County Assessor. The house was vacant, and in need of significant investment: the well was nonfunctioning; the house needed to be rewired; and the kitchen needed to be redone. The purchaser repaired the well, rewired the house, remodeled the kitchen, added a second bathroom with a shower, and remodeled other areas of the house.

The house resold in March 2010 for \$160,000, indicating an increase of 28 percent in value. It is worth noting that the resale occurred before significant recovery from the recession. This sale and resale does not justify a finding that there is any diminution in value resulting from the construction of the wind farm.

PROPERTY VALUE IMPACT STUDY - Lee & DeKalb Counties

Page 41 begins the presentation of matched pairs developed in Lee and DeKalb counties. These matched pairs are included in the addenda to the McCann report, and I have included a detailed analysis of these sales below.

The report indicates that adjustments are made for market conditions based on the Illinois Association of Realtors year-end average sale prices. Although I do not disagree with the numbers reported, it is necessary to consider local conditions, as well as the broad sales data.

The penultimate paragraph on this page indicates that age, quality, and condition of the sales were considered. However, the justification for adjustments made is not provided. Most properties are considered to be in average condition regardless of their age; some are considered superior if they have been renovated recently. However, as will be discussed in the individual comments below, most of the new construction is not adjusted upwards.

The bottom paragraph on this page indicates that the adjustment for building size is not considered significant if the difference is 100 square feet or less. Given that 100 square feet could be an additional bedroom, this statement inaccurately assesses building differences. The adjustments for size differences over 100 square feet were based "on a time and locale appropriate percentage of the sale price per square

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foot X the difference in size.” (Sic) After analysis of the paired sales, in this instance this appears to be 50 percent of the sale price per square foot of the house being adjusted. There is no justification provided for that methodology.¹¹ Making the adjustment on this basis, especially where there is a significant amount of land included and/or a significant number of outbuildings, misrepresents the sale price per square foot attributable to the living area in the house.

Adjustments for differences in building size are stated on the bottom of page 41 as also covering room count except for bathrooms; however, some adjustments appear to be made sporadically and inconsistently. There is no discussion of the basis for these adjustments.

Page 42 indicates that land in both Lee and DeKalb counties is considered to have a value of \$10,000 per acre regardless of the location or date of sale. There is no support for this conclusion.

The report indicates that finished areas of basements are credited at \$10.00 per square foot; however, in some instances, the adjustments are based on \$20.00 per square foot. In either case, there is no justification for these figures. Some of the properties have walk-out basements; however, there are no adjustments made for this feature.

Outbuildings are inconsistently credited, “estimated based on the contributory value to the overall sale, or in comparison to a paired sale that has no good functional outbuildings.” (Sic) These adjustments are not discussed for the individual sales, and no further justification was provided. Furthermore, garages are not discussed at all. In some instances, two-car garages are credited at \$5,000. However, a three-car and a four-car garage also are credited at \$5,000. In yet another instance, a four-car garage is credited with \$2,500 compared to a two-car garage. The adjustments are inconsistent and there is no support for the dollar amounts credited.

Where noted below, some of the sales are adjusted for proximity to the interstate. There is no discussion of, or support for, the adjustments made. Given the confusion in some instances over whether adjustments should be added or deducted, it is not clear whether such access to the interstate is considered to be a benefit or a negative attribute.

As with the Livingston County portion of the report, there are no adjustments made to the paired sales for a variety of other factors that influence value. These are listed previously in this appraisal review.

Page 43 is the summary of the Lee and DeKalb County matched pairs that are included in the addenda to the Livingston County study. Each matched pair has a column near the bottom labeled “Unadjusted Sale

¹¹ The adjustment for living area in the Livingston County matched pairs was based on 30 percent of the sale price per square foot of the house being adjusted. There is no explanation for the difference.

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Price Analysis” that is used to develop the tables on this page. The following is an analysis of the matched pairs used in these tables.

Marketing Times. Marketing times are discussed in the penultimate paragraph on page 42. As was previously discussed, the question of marketing time is more nuanced than this paragraph suggests. Care must be taken to ensure that the marketing times used include all prior listings of the properties, including those expired and/or withdrawn. Even then, it is often not possible to determine if the owner made an effort to market the property without brokers.

Furthermore, overall economic conditions, like the recession and subsequent spotty recovery; local economic conditions, such as layoffs at major employment centers; individual property characteristics, such as condition, configuration, unusual decorating, all impact marketing times. It is misleading to discuss marketing times without taking into account these factors.

Furthermore, it is inconsistent and misleading to use the data as developed in these tables. The adjustments made to the pairs because of differing market conditions are not considered in the tables. The problems discussed below with the pairs chosen (i.e. Target #1 being a vacant land sale) also result in these calculations being invalid.

Lee and DeKalb Counties Matched Pairs

Lee County

Pair #1 The target sale at 3495 Lee Road is a frame house constructed in 1886. Subsequent to the sale, the house was demolished, and a construction loan for \$300,000 was taken out in June 2014. Therefore, this sale is of the underlying 5-acre land parcel. It cannot and should not be compared with an updated and remodeled farm house.

Pair #2 This pair uses the same target sale as Pair #1. It cannot and should not be compared with a recently remodeled house.

Pair #3 The target sale at 1055 County Line Road is a vinyl-sided farmhouse with nine rooms, three of which are bedrooms, that was constructed in 1861 and that is situated on a 3-acre parcel. It is compared with a sale at 1759 Franklin Road, a two-story cedar-sided house with six rooms, four of which are bedrooms, that was constructed in 2000, and that is situated on a 5-acre lot.

Despite the Franklin Road sale being of significantly newer construction and being situated on a 5-acre lot, the sale is adjusted upwards \$23,500 for being 412 square feet smaller than the farm house, and \$10,000 for an insulated, heated, and air conditioned barn. There is no support for either of these adjustments. The adjustment of \$23,500 for the larger building size is skewed upwards by the larger land size. Using the report’s figure of \$20,000 for the excess

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land, and the unsupported premise that the additional square footage can be accounted for by adding 50 percent of the sale price per square foot for the additional 412 square feet, the addition should be \$21,213 – not \$23,500.

There is also an upward of adjustment of \$5,800 or 3 percent of the sale price for the Franklin Road property being in superior condition. However, there is no support for the selection of 3 percent to represent the superior condition, especially considering that the “rehab” of the 1055 County Line Road property is a “newer” kitchen and one new full bathroom.

Most significant is that this amount is *added* to the Franklin Road sale; because it is superior to the County Line Road sale, that amount should be deducted.

Using the figure for the additional square footage of \$21,213, and deducting the \$5,800 rather than incorrectly adding it, the adjustment to the sale price of the sale at 1759 Franklin Road should be \$214.00, not \$14,128.

Pair #4 This pair uses the same target sale at 1055 County Line Road as Pair #3. It is compared with an older farm house at 1415 McGirr Road which the report indicates is of similar size. However, the Lee County Assessor indicates that the house is comprised of 2,568 square feet, which would require downward adjustment to compare it to the County Line Road sale. It is not clear why this property sold above the asking price of \$239,900.

It is not clear why \$2,500 is added when comparing the two buildings; it would appear that the McGirr Road sale is superior in both room count and number of bedrooms, which would indicate a downward adjustment, not an upward adjustment, even taking into consideration the extra bathroom in the McGirr Road house.

The report adds \$12,100 for the McGirr Road property being ½ mile from the interstate. If this is correct, it appears that this is considered to be negative factor.

Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

Pair #5 This pair uses the sale of 997 Woodlawn Road as the property impacted by proximity to a wind turbine. However, as the report indicates, the view of the most proximate turbines is screened by woods. Moreover, the two turbines that are closest to the property are 3,878 and 3,834 feet away. It is not clear why this sale site was included as an “impacted property.”

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This sale is of a relatively newly constructed eight-room, three-bedroom house that is situated on 9.22 acres, according to the Lee County Assessor. The report indicates that the house has seven rooms, but this appears to be in error based on the MLS listing sheet. The site on which the house is located is long and narrow. Woodlawn Road is gravel covered.

The Woodlawn Road property is compared to the sale on 1759 Franklin Road. (This sale is also used as a matched pair with 1055 County Line Road.) In this instance, the report deducts \$1,500 for the room count; however, the sale on Woodlawn Road appears to have a superior room count, which would require upward adjustment to the Franklin Road sale, not a deduction.

In this instance, the \$10,000 per acre added to the property at 1759 Franklin Road is an issue. In neither case does it appear that the purchasers intend to farm the sites. (The Lee County Assessor assesses the Woodlawn Road property as "Improved Residential.") For that reason alone, these two sales should not be directly compared, and do not support a contention that proximity to a wind turbine negatively affects value.

Pair #6 The target sale in this pair is the Woodlawn Road sale discussed in Pair #5, which is minimally impacted, if at all, by wind turbines. The "unimpacted" or control sale is the McGirr Road sale discussed in Pair #4. The issues discussed previously concerning the use of the Woodlawn Road sale apply here as well.

As with the Franklin Road control sale, any comparison with the 9.22-acre Woodlawn Road property is skewed by the unusually large site size. In addition to this issue, the McGirr Road sale is of a farm house constructed in 1913. This is not comparable to a house constructed in 1999. Despite the significantly superior room count, the McGirr Road sale is only adjusted downward by \$1,500. The reason this adjustment is so low is not clear.

Because of the large site size, and the age and size of the McGirr Road improvements, these two sales should not be directly compared, and do not support a contention that proximity to a wind turbine negatively affects value.

Pair #7 The sale in proximity to a wind turbine is a one-story, six-room house with three bedrooms that was constructed in 2006, and is located at 965 Bingham Road. The house is situated on 5 acres and sold in March 2008. The property had been on and off the market since its construction in 2006. Asking prices ranged from \$325,000 in 2006 to \$275,000 in early 2008. It appears to have been listed for sale by the builder.

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This property is compared with a two-story, eight-room house with four bedrooms that is situated on just under 3 acres, and that sold in January 2008. The control house is located at 617 Ogee Road.

The Ogee Road sale is adjusted upwards \$14,500 for the larger building size of the Bingham Road house; this calculation presents the same issues with the adjustment being unsupported as previously discussed. Despite a significantly superior room count and an extra bedroom and an extra bathroom, the downward adjustment is \$1,500; this is not supported and is significantly understated. Moreover, the walkout basement is not given any value in comparison to the Bingham Road house.

The addition of \$28,600 (10 percent of the sale price) for condition is not supported. The Ogee Road house is only 10 years older than the Bingham Road house, and is described as being "well-maintained and updated" with new decorating and carpet.

Overall, the adjustments to the Ogee Road house are not well supported. Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

Pair #8 This pair uses the same target property as Pair #7, 965 Bingham Road. The control property is the sale in October 2008 of 1072 Green Wing Road, a ranch house comprised of six rooms, two bedrooms, and two bathrooms that is situated on 7.68 acres. The site is wooded at the rear and is bordered on the north and west by a river.

The Green Wing Road sale is adjusted downward for the larger building size; this overstates the deduction because of the inclusion of the approximately 2.7 acres of excess land in comparison to the Bingham Road sale. There is no upward adjustment for the additional bedroom.

The addition of \$37,500 (10 percent of the sale price) is not supported. The Green Wing Road house is only five years older than the Bingham Road house; there is no indication of issues with condition. Without this addition, the downward adjustment to the Green Wing Road property would be \$67,185, indicating no impact to the 965 Bingham Road house by the proximity to the wind turbine.

There is no adjustment downward for the superior facilities of the Green Wing Road property: paddocks, a round horse pen, riding area, and pasture. In fact, the MLS describes the property as a horse training and boarding facility. The access to riding trails along the river is a significant benefit to this property.

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This matched pair does not support a determination that proximity to a wind turbine negatively influences value.

DeKalb County

Pair #1 The sale in proximity to a wind turbine is located at 13801 Tower Road, and is a ranch-style house on 5 acres with a total of five rooms, three of which are bedrooms. The property has been most recently used as an alpaca farm, and has four large buildings, including a 4,183-square-foot barn, a 1,800-square-foot machine shed, a 2,420-square-foot animal building, and a 968-square-foot loafing shed. The property is classified by the Milan Township Assessor as "Farmland with Buildings." The MLS listing sheet discusses the fact that some aspect of the property may be a legal, nonconforming use. The report does not discuss this, and I was unable to determine to what this might refer.

This sale is then paired with a 6.56-acre property at 4527 West Sandwich Road. The rear of the site is wooded and has a small river. The brick house contains eight rooms, three of which are bedrooms. There is also a small pole barn with three horse stalls.

The Sandwich Road sale is adjusted downward for the larger building size, which is slightly skewed because of the inclusion of the excess land in the sale price.

The downward adjustment of \$2,500 for the differences in room count is not explained. The Tower Road house has approximately 622 square feet of finished basement and the Sandwich Road house has approximately 720 square feet of finished basement, for which \$12,800 is added. This figure is based on \$10.00 per square foot, and 128 square feet of difference. This is apparently an error. Moreover, because the Sandwich Road house is superior in this regard, this amount should be deducted.

An additional downward adjustment of 10 percent of the sale price for the fact that the Sandwich Road house is brick construction is not justified.

There is no downward adjustment for the superior condition of the Sandwich Road house. Although both were constructed near the same time, the Sandwich Road house has new windows, a newer roof, a newer furnace, and a newer hot water heater.

There is no downward adjustment for the superior characteristics of the site.

Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

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Pair #2 The sale proximate to a wind turbine is the same alpaca farm property that is used in Pair #1. The sale away from turbines is a house on 4.2 acres located at 5575 Chicago Road. The house is primarily brick, and contains eight rooms, four of which are bedrooms, and it has three bathrooms, including a master bathroom.

An amount of \$5,000 is deducted from the Chicago Road sale price for the extra bedroom and two full bathrooms, an amount that is not explained and that is not justified in the market. Moreover, there is no mention of one of the bathrooms being attached to the master bedroom, a highly desirable feature in the residential real estate market.

An addition of \$28,780 to the Chicago Road sale price is made for the finished basement of the Tower Road house. This is based on \$20.00 per square foot, inconsistent with previous estimates of the cost of the finished basement, and double the adjustment used in DeKalb County Pair #1 for the same property. Furthermore, it uses the gross building area of the Tower Road property of 1,439 square feet, and not the finished basement size of 622 square feet.

An additional downward adjustment of 5 percent of the sale price for the fact that the Chicago Road house is brick construction is not explained or justified.

Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

Pair #3 The sale proximate to a wind turbine is the same alpaca farm property that is used in Pairs #1 and #2. The sale away from turbines is a house on 4.18 acres located at 27779 Five Points Road. The northern half of the site is wooded. This house has six rooms, three of which are bedrooms.

The Five Points Road sale is adjusted 0.05 percent annually for depreciation because the house is 13 years older than the Tower Road property. The annual adjustment is similar to that made on some of the Lee County properties. However, it is not explained or justified.

There is a \$2,000 deduction for the extra room (a dining room apparently) which is not supported. An amount of \$15,070 is added for the finished basement of the Tower Road sale as opposed to the unfinished basement of the Five Points Road sale in the amount of \$15,070. The basis for this number appears to be the size of the Five Points Road basement at \$10.00 per square foot; this overstates the amount of the addition.

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There is no adjustment for condition. However, the MLS listing sheet indicates the house is sold “as is” and, despite the A-1 zoning, is “grandfathered” to tear down and rebuild.

There is no adjustment for the electric heat of the Five Points Road house compared to the propane system of the Tower Road property.

Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

Pair #4 The property near a wind turbine is located at 2203 McGirr Road. Situated on 3 acres, this older farmhouse has nine rooms, four of which are bedrooms. In addition to the house and a detached garage, this property has a livestock barn, a wood machine shed, a large storage building, and a corn crib that the listing indicated could be leased back to the seller.

This property is compared to a similar older farmhouse on 2.2 acres at 3311 West Sandwich Road. This property has eight rooms, four of which are bedrooms. It lacks the half-bathroom of the McGirr Road property, and does not have a garage. A portion of the site is wooded.

An amount of \$1,500 is added to the Sandwich Road sale for the extra room in the McGirr Road house; however, this amount is not supported. An additional \$15,000 for the four outbuildings on the McGirr Road property is added; the justification for the addition of this amount is not provided.

There are no adjustments for the hardwood floors or for the partially wooded site of the Sandwich Road property.

Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

Pair #5 The property near a wind turbine is located at 5885 Minnegan Road. This older farmhouse is situated on 5.73 acres, and has eight rooms, four of which are bedrooms. This property is described as having been remodeled and has a newer roof and heating system. Other features include a “four-season” porch. Outbuildings include a five-stall horse barn with heat, a machine shop, a fenced paddock, a small insulated and heated barn, and a riding area. The western portion of the site is formed by a small stream.

The property to which it is compared is the house at 3311 West Sandwich Road that is included in Pair #4.

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The amount of \$17,000 is added to the Sandwich Road property for the “inferior” sale date in May 2012, compared to the Minnegan Road sale in April 2011. This is a significant addition and is not supported.

An additional \$15,000 is added for the four outbuildings on the Minnegan Road property; the justification for the addition of this amount is not provided.

There are no adjustments for the hardwood floors or for the partially wooded site of the Sandwich Road property.

Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

Page 44 constitutes the conclusions to which the appraiser arrives based on these matched pairs. The second paragraph on page 44 states that the adjustments made eliminate any possibility that the differences in sale price are a “mere reflection of the overall market decline.” As previously discussed, local economic conditions, such as layoffs at major employments centers, are not discussed.

The third paragraph on page 44 references a project called “Whalerock.” The relevance of this comment is not clear.

The middle paragraphs on this page discuss marketing times and the relationship between the target and control sales. As previously indicated, the data and analysis concerning marketing times are not reliable and do not support the conclusions contained in these paragraphs. Further, there is no discussion in the report of the relationship between extended marketing times and sale prices; houses prices outside of the typical price in a given market area can exhibit extended marketing times for that reason alone. As previously discussed, some of the sales data on which these judgements are based is inaccurate.

The report includes speculations in the bottom paragraph on page 44 that the taller turbines in DeKalb County are the reason for the greater impact calculated by the matched pairs. There is no support for this opinion contained in the report.

As was discussed previously, there is no support for, or discussion of, the adjustments made to the control sales, and significant factors are not considered at all. Furthermore, the data include target and control sales that are inappropriate for consideration. The matched pairs are developed using properties that are not directly comparable to the target sales. There are inconsistent and inaccurate adjustments.

For these reasons, these matched pairs cannot be relied upon to develop an opinion as to whether proximity to a wind turbine has an impact on value.

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LITERATURE REVIEW

Pages 45 and 46 include a table with 11 separate studies, some labeled “Independent” and some labeled “Wind Industry Funded.” I am aware that several of the studies included in the “Independent” category were funded by groups in opposition to wind farm development. It is misleading and inaccurate to characterize them as “Independent.” Research paid for by grants from either the Department of Energy or various states made to independent entities such as research laboratories or educational institutions are characterized as “Wind Industry Funded.” This is misleading and inaccurate.

The reason for the inclusion of these specific reports in the McCann market analysis is not provided; there are a number of more recent studies that are not included in this list, including the update to the LBNL study in 2013.

Pages 47 and 48 constitute a review of “LBNL Studies,” including McCann’s opinion that the reports do not conform to USPAP, and do not arrive at valid conclusions. In addition to his own opinions, on pages 48 and 49, the report includes a summary of *Wind Farms, Residential Property Values, and Rubber Rulers*, by Albert R. Wilson, which is also critical of the 2009 LBNL study.

The McCann report misrepresents the research conducted and the conclusions drawn from the 2009 LBNL study. For example, the paragraph that begins on the bottom of page 47 and continues on to the top of page 48 states that the “data sets” fail to consider individual property characteristics, when in fact, every property included in the 2009 LBNL study was visited by a researcher.

As previously discussed, a review of these reports falls outside of the scope of work of the report as it was defined in the transmittal letter and on page 12. An appraisal review must meet specific USPAP criteria, which the McCann report does not address.¹² Furthermore, the McCann report contains no information indicating the appraiser’s credentials to render judgments regarding the statistical analyses of several of these reports, (i.e. an advanced degree in mathematics.)

The bottom of page 49 includes a summary of the “Lansink Study” included in the table on page 45, and an interpretation of the Municipal Property Assessment Corporation (MPAC) Study. Because the data included from the Lansink Study are used in support of the conclusions determined in the report, I have reviewed the data provided in the McCann report on page 51.¹³

¹² USPAP Standard 3: Appraisal Review, Development and Reporting, essentially requires a separate review for each study considered. In addition, the USPAP Competency Rule” requires that the appraiser possess “the knowledge of and experience to complete the assignment competently.”

¹³ Lansink, Ben, AACI, P.App, MRICS, “Case Studies: Diminution in Price, Melancthon and Clear Creek Wind Turbine Analysis,” 2012. <http://docs.wind-watch.org/wind-turbines-diminution-in-value-melancthon-oct-12.pdf> Accessed February 26, 2015.

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Lansink Study

The first column of data on page 51 is from Clear Creek, Ontario; the second column utilizes data from Melancthon, Ontario. The first column was based on sales in 2005-2007 and the resale period of 2009-2012. Although I am not familiar with market conditions in Ontario, the recession experienced in the United States during that period was global in nature, and Canada's economy generally is linked to the performance of the United States. Therefore, it would not be unusual for sales to reflect lower sale prices after the onset of the recession of 22 to even as much as 55 percent in very distressed areas. However, there is no discussion of the impact the recession had on residential values in Canada, or how the recession was taken into consideration in the Lansink analysis. Without this information, the data provided in this column are not reliable.

The second column uses the purchase of five properties impacted by wind turbines, four (#1, #3, #4, and #5) of which were purchased *by the wind farm developer*, Canadian Hydro Developers, from June 2005 to November 2007. These cannot be considered arm's length transactions in that Canadian Hydro Developers had a special interest in the purchase and resale of these properties. For example, language inserted in the resale documents by Canadian Hydro waived all rights to sue the developer for any issues related to the operation of the wind turbines in the area.

Although omitted in the McCann report, there is information contained in the Lansink study which is germane to the discussion. Lansink describes these purchases as having been at a "fair open market price." He bases this contention on the fact that the difference in the median and the average sale price (page 11 of his report) per square foot of house size of the purchases is "minimal" compared to the median and average sale price per square foot of house size of 20 properties that sold from May 2005 to November 2007 away from the wind farm (page 10.) This analysis is problematic for a number of reasons. First, it assumes that the quality, size, condition, and land sizes of all of these sales are reasonably similar. Second, it assumes that a difference of almost \$7.00 per square foot for the median sale price, and of \$4.00 per square foot for the average sale price, is "minimal."

The developer subsequently sold all four of those properties, as well as #2, with the added language waiving all rights to sue the developer. Whether the developer priced these properties below market in order to divest itself of the ownership cannot be determined without additional research. Therefore, these transactions cannot be used to support a contention that proximity to a wind turbine impacts property values. The reliability of the Lansink study is also addressed in the MPAC report discussed below.

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MPAC Study

Page 52 includes the cover page from the MPAC report.¹⁴ Page 53 includes a bar graph and a table that at first appear to be taken directly from page 18 of the MPAC report.

However, both have been altered, and the changes have not been identified. This is misleading.

First, the bar graph has been altered to include lines to establish a "median sale price" in the table on the bottom of the page. The numbers to the right of the graph have been added. Second, the table has been misrepresented. The numbers on the left axis line are NOT "median sale price." They are median assessed values, but are included in the table below the graph as "median sale price."

The table uses some information from Table 3 on page 18 of the MPAC report. However, the "Distance Grouping" heading is replaced with "Setback km." The McCann column in the table uses "1 or <," "1 to 3," "3 to 5," and "> 5" headings; however, these do not match the categories in the table on the bottom of page 18 of the MPAC Study. These setbacks are actually "within 1 km", "1 km to 2 km," "2 km to 5 km," and "outside 5 km." The McCann report does use the identical "Number of Sales" column, however.

In point of fact, the bar graph that has been reproduced (and altered) has nothing to do with either sale prices or the impacts of turbine proximity to sale price. As the heading on page 18 indicates, "Comparison of CVA and Time Adjusted Sale Price by Distance Groupings," the MPAC study developed the table to address the question of the appropriateness of the time adjustments.

The bar graph is used to develop the "\$ impact" by subtracting the "Median Sale Price" (which as noted above, is in actuality the median assessed value) of the three groups defined in the McCann report from the figure extrapolated from the bar graph for the "outside 5 km" group, or \$228,000. The last column in the table divides the "\$ impact" by the \$228,000 to develop the percentage of the "impact." The McCann report implies this difference is a loss in value.

However, given the alterations to the bar graph, the mistakes in interpretation of the graph, and the errors in the table, these calculations are essentially meaningless. Without adjusting for the differences in base-line assessed valuation between the specific areas in which the properties are located, it is not possible to determine that the lower median assessed value of any of these properties within 5 km of a turbine can be compared with those farther away.

¹⁴ Guerin, Brian, et. al., "Impact of Industrial Wind Turbines on Residential Property Assessment in Ontario," Municipal Property Assessment Corporation.
<https://www.mpac.ca/sites/default/files/imce/pdf/ReportWindTurbines.pdf>. Accessed February 26, 2015.

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It is misleading to use this data in this manner, and it misrepresents the conclusions of the MPAC report. On page 5, MPAC concluded that “2012 CVAs of properties located within proximity of an IWT *are assessed at their current value and are equitably assessed* in relation to homes at greater distance.” (Emphasis in original.) Further, the report concluded “there is *no statistically significant impact on sale prices* of residential properties in these market areas resulting from proximity to an IWT, when analyzing sale prices.” (Emphasis in original.)

The Lansink study cited in the McCann report and analyzed above, is also referenced in the MPAC report. On page 29, MPAC states:

To further confirm its findings, MPAC also conducted an additional analysis using approximately 2,000 sales and re-sales following similar logic to the Lansink study. The main differences between the February 2013 Lansink Study and MPAC’s re-sale analysis is the sample size and the determination of the increase in the market between re-sales. Using 2,051 properties and generally accepted time adjustment techniques, MPAC cannot conclude any loss in price due to the proximity of an IWT.

Further, Appendix G of the MPAC report, “Re-sale Analysis” states in the “Summary of Findings”

MPAC’s own re-sale analysis using a generally accepted methodology for time adjustment factors indicates no loss in price based on proximity to the nearest IWT. This analysis using similar logic to that used in the Lansink study confirms the previous results from MPAC’s report on the impact of wind turbines on 2012 CVAs and is contrary to the conclusions of the Lansink study.

Of the 2,051 sales used in MPAC’s re-sale analysis, 2,002 had higher second sales, nine sold for the same price twice and 40 sold for less the second time. Of the 40 that sold for less the second time, 39 are outside 5km of an IWT, 1 is within 2 to 5km of an IWT and none are within 2 km. That means 97.5% of these properties sold for more the second time. It is possible that some selection bias may exist in the Lansink studies. MPAC has attempted to prevent this by using all available re-sales in its analysis.

It is misleading to exclude these findings, misrepresents the reliability of the Lansink study, and misrepresents the conclusions of the MPAC report.

POWER POINT PRESENTATION

Although it is unusual to include material from a power point presentation in a review of a market study, in this instance, the appraiser’s presentation of the market study includes additional support referenced in

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the table on page 45 of the report reviewed. Because these additional data are used to support the conclusions of the market study, I have also included them in the review.

2009 McCann Lee County Study

Slides 21 and 22 of the Power Point presentation entitled “Property Value Impact & Zoning Compliance Evaluation,” are the summary of the “2009 McCann Lee County Study” (2009 study) that includes 53 sales in Lee County, Illinois. The study appears to have been developed in 2009; however, these data range in sale date from January 2003 to March 2005. Fifteen of the sales are located within 2 miles of the Mendota Hills wind farm, which is comprised of 63 turbines and which was under construction between June and November 24, 2003, when it became operational. The first general knowledge of the project occurred in early 2002.

McCann uses the average sale price per square foot of the 15 sales located within 2 miles of the Mendota Hills wind turbines, and compares that with the average sale price per square foot for 38 sales located more than 2 miles from the turbines. He concludes that the average sale price for the first 15 sales is \$78.84 per square foot of building area including land compared to the average sale price of \$104.72 per square foot of building area including land for the remaining 38 sales is a difference of \$25.89 per square foot or an “average value diminution within 2 miles of turbines” of approximately 25 percent.

Comparing data in this way over more than 2 years and covering a variety of property types is not an accurate or accepted basis for making the type of comparison he does.

The first issue is whether the data accurately compares the market in terms of date of sale and types of property included in the two sets of data. Although the data in the Lee & DeKalb County study is adjusted for date of sale, the market conditions of these sales are not. Nor are these sales adjusted for differences in types of properties.

Sale Date. The 2009 study lumps together the sales from 2003, 2004, and early 2005. However, the market was extremely “hot” during this time frame and prices were rising as much as 5 to 8 percent annually. Eight of the first 15 properties, or 53 percent, sold in 2003; however, that percentage is lower, at 42 percent, of the “unimpacted” sales. Again, this in and of itself would tend to reflect lower unit sale prices for the first 15 sales.

Type/Lot Size. Of the first 15 sales, nine of the 15, or 60 percent, were on lots in small subdivisions with lot sizes under 20,000 square feet, and two others also were on lots of less than 0.50 acre. Of the 38 “unimpacted sales,” only nine of the sales or approximately 24 percent, were houses in small subdivisions. As might be expected, the sale price of houses on these smaller lots is very low, skewing the results for this factor alone.

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Of the remaining four sales in the set of the first 15, one could not be located, one was apparently a tear down and should be considered land value only, one was a farmette situated on approximately 2 acres, and one was a house positioned on nearly 11 acres. (I note that Sale #5 is located exactly 2 miles from the nearest wind turbine.) Sale #15 represents the highest sale price in this set and the site is the largest among them.

Of the remaining 38 sales in the “unimpacted” set, more than 2 miles from a wind turbine, two could not be found; one appears to be a commercial property; three were located on small lots ranging from 0.71 acre to just under 2 acres; 15 were located on lots from 2 to 6 acres; and five were situated on lots from 6 to 10 acres.

Some of the properties in the second set of data included site amenities such as ponds and rivers. These differences were not taken into consideration.

The preponderance of the larger properties in the second set of data would in and of itself indicate higher sale prices, rendering it impossible to draw the conclusion that proximity to wind turbines was the cause for the lower unit sale prices in the first set of data.

House Age/Size. Of the first 15 sales, the house on Sale #10 appears to have been torn down, and the house on Sale #3 was constructed in 2006, indicating that the sale in 2003 was of the underlying land only. These should not have been included in the analysis. Of the remainder, five or 38 percent are one-story houses ranging in size from 480 to 2,201 square feet, with an average size of 1,372 square feet.¹⁵ Three were two-story houses ranging in size from 1,272 to 1,571 square feet with an average of 1,509 square feet.

According to the Lee County Assessor’s office, of the 15 sales found and that were not vacant land, nine of the houses in this set or 69 percent were constructed between 1861 and 1929, one was constructed in 1959, and two properties or 15 percent found were constructed in 1994 and 1997.

For the 38 unimpacted sales, 40 percent are one story, ranging in size from 680 square feet to 2,672 square feet, with an average of 1,505 square feet. Fourteen were two-story houses ranging in size from 884 to 3,655 square feet, with an average of 1,954 square feet.

In terms of age, 18 of the 36 sale properties that could be found, or 50 percent, were constructed between 1849 and 1911. Four of the properties were constructed between 1937 and 1945, and 12 of the properties or 33 percent were constructed between 1974 and 2003.

¹⁵ The Lee County website often had different building sizes than those included in the McCann data; unless significant, these differences are not discussed.

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The preponderance of houses in the second set of data were of newer construction and were larger than those in the first set. These differences would, in and of themselves, indicate higher sale prices, rendering it impossible to draw the conclusion that proximity to wind turbines was the cause for the lower unit sale prices in the first set of data.

Furthermore, the “farmette” sales would require consideration for some of the outbuildings, which are not included in the square footage of any of the data and were not considered in the 2009 study.

In summary, the data presented in the 2009 study using these 53 sales does not support the conclusion that there is any diminution in value related to the proximity of the first 15 sales to an existing wind farm. Furthermore, the presentation of the data in this manner is misleading.

Van Wert County Ohio Study

Slide 29 of the Power Point presentation includes a summary table entitled “Van Wert County, Ohio, 2012 Residential Sale Summary.” The table included data from 11 sales in York and Liberty townships, 6 miles from wind farms, and of 15 sales in Union and Hoaglin townships, within the footprint of a wind farm.¹⁶ Presumably, these sales all occurred in 2012, although it is not stated. Without the raw data on which this information is based, it is not possible to examine the conclusions in significant detail.

Some information on sales is available by doing research in the Van Wert County land records for sales during 2012; however, it must be emphasized that it is not clear exactly which records McCann used to develop this chart.

There are no adjustments made to the sales for the types or sizes of houses for the site sizes. For example, one of the properties that sold in 2012 in Hoaglin Township, with wind turbines in proximity, is located at 16196 Galvin Road in Van Wert, Ohio. It is a one-story, six-room, three-bedroom house comprised of 1,725 square feet. A 1,200-square-foot pole barn is situated on 3.25 acres with a pond at the rear of the site. It sold for \$145,000.

In York Township, where there are no wind turbines, there is a sale of a 2,124-square-foot, 10-room, three-bedroom house and a 1,700-square-foot Quonset hut situated on 1.92 acres. Located at 15129 State Route 709, this house sold for \$128,900 in December 2012. It is not clear how this sale, that develops a lower price than a smaller house in Hoaglin Township, would indicate lower values for properties in townships with wind turbines.

Another sale in Hoaglin Township is located at 17479 Galvin Road in Van Wert. It is a one-story, four-room, two-bedroom, 1,121-square-foot house, with a 579-square-foot garage, and a 1,248-square-foot

¹⁶ Blue Creek Wind Farm received certification in August, 2010, and began commercial operations June 14, 2012.

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Quonset hut. It sold for \$15,000, which is close to land value. This sale is not appropriate to include for that reason. If that sale is included in the table, it would result in a significantly lower average sale price for Hoaglin Township.

Nor is there data on other influences on property values. For example, the 2477 Rumble Road property is a 1,692-square-foot, five-room, three-bedroom, 2.5-story house on 1.32 acres. It was a distressed sale and sold for \$29,500 on November 20, 2012. In addition to the property being bank owned, the property is less than 0.5 mile east of the largest mink farm in the country. (Prevailing winds are west to east in the area.) The Lion Farm purchase of the land for the mink farm was recorded in May 2012, indicating that the development of the wind farm and the potential for a mink farm were both occurring at approximately the same time, and both were underway at the purchase date. Either the sale being under duress, or the proximity to the mink farm are as likely to account for the low sale price as the proximity to a wind turbine. For that reason, this sale should not be included in the sales included in the table.

No data were provided concerning local economic conditions. This information is necessary to support the implication that the number of foreclosures is linked to the development of the wind farm. Although the general economy was showing signs of improvement in 2012, the single-family residential market lagged behind other real estate and showed little stabilization until very late in 2012. Most foreclosures take a number of years to play out; however, there is no discussion of, or support for, developing a causal relationship between foreclosures that actually occurred in 2012 and the installation of the wind farm in 2011.

The conclusions included in this table of a 26 percent difference in the average sale price and a 22 percent reduction in the average sale price per square foot are unsupported.

Falmouth, MA Value Diminution

Although the author is not indicated on slide 30 of the Power Point presentation, the Falmouth study appears to be one of the McCann studies included on page 45 of the report. There is no source of these data provided. There are no sale dates provided. The following comments are based on public records and/or data available to the public cited below.

The “impacted” house at 833 Falmouth Highway is a two-story frame house, constructed over an unfinished basement. The house is comprised of six rooms, two of which are bedrooms, and with 2.5 bathrooms. Trulia gives the building size as 1,496 square feet and indicates that it was constructed in 1843. Comments on page 30 of the presentation indicate that this property has “superior historic appeal.” The lot size is given as 1.07 acres. I was unable to determine the exact distance from wind turbines of this property.

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The house at 62 Nye Road is a two-story frame house, constructed over an unfinished basement. The house is comprised of five rooms, two of which are bedrooms, and with one full bathroom. Trulia gives the building size as 1,224 square feet and indicates that it was constructed in 1940. The lot size is given as 9,017 square feet.

There is no discussion of the differences between the two houses in terms of building size, number of bedrooms, number of bathrooms, or lot sizes. Although a house constructed in 1843 might have appeal as an historic property, this fact also would put the property into a separate category and would indicate that it should not be compared to a house constructed in 1940 without historic appeal. Furthermore, the Nye Road house is located on a side street in a subdivision in Falmouth, while the “impacted” house at 833 West Falmouth Highway sits very close to a highway in a wooded area with large lots and heavy woods.

For all of these reasons, these properties should not be directly compared. Without additional explanation and clarification of the adjustments, this matched pair does not support a determination that proximity to a wind turbine negatively affects residential property values.

Finally, comparing the sale of the “impacted” property at 833 West Falmouth Highway to the average sale price for Falmouth and Barnstable County is not a valid analysis. First, there is no indication of the source of these averages, or the dates they encompass. Secondly, there is no rationale or support for a deduction of \$50,000 for the “additional value of the larger lot” of the Falmouth property; the average lot sizes of the sales included in the Falmouth and Barnstable averages is not included, nor is there any support for a value of \$50,000 for some undefined portion of the lot.

The conclusions developed in this table of a 24 to 32 percent “discount” for a location with “a clear view of the turbines” are not supported and are not reliable.

Lansink Resale Study - 2012

Slide 32 includes a more detailed analysis of the sale at 504059 Highway 89, Melancthon, Canada, that is included in second column of the Lansink study on page 51. As was previously discussed, this sale and resale involved the participation of the Canadian Hydro Developers, Inc., and neither can be considered an arm’s length transaction. Therefore, the conclusion developed in this table of a 23.24 percent difference in value is not supported and is misleading.

Conclusions

The conclusions on slide 41 are slightly different from the ones contained in the report.

The first conclusion on that page states that “setbacks of less than 3 miles are inadequate to avoid significant loss of value, or impaired use & enjoyment of neighboring property.” There is no support in the report for a finding that setbacks of less than 3 miles result in loss of value. Furthermore, neither the

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report reviewed or the Power Point presentation included any analysis of “impaired use & enjoyment...” which would appear to be beyond the scope of the report.

The second conclusion on slide 41 states that “the most proximate residential properties will experience a range of value impact from (25%) at 2-3 miles, to (40%) typical setback ranges.” (Sic) There is no reliable data included in the report or in the presentation separating the value impact by distance from a wind turbine, supporting a value impact of either 25 percent, or 40 percent.

The third conclusion related to the Livingston County Zoning Ordinance is unsupported.

OVERALL CONCLUSIONS OF THE REVIEW

The conclusions of the “Appraisal Report, Property Value Impact & Zoning Compliance Evaluation,” as contained on pages 4 and 5, restated on pages 30 and 31, and on slide 41 of the Power Point presentation, are not adequately supported, are not reliable, and are misleading.

Because the data contained in the report are poorly supported and incorrectly analyzed, there is no justification for a determination in the McCann report that property values within 3 miles of a wind turbine are negatively impacted between 12.73 percent (pre-construction) and 27.25 percent (post-construction.) Because the data contained in the report are poorly supported and are incorrectly analyzed, there is no justification for a determination in the McCann report that property values within 3 miles of a wind turbine are negatively impacted from 25 to 40 percent.

Specifically, based on the detailed analysis of the report, I have reached the following conclusions:

- The report repeatedly cites expired editions of reference materials related to conducting appraisals and market impact studies, including a reference to an expired version of USPAP.
- The report does not include an analysis of market conditions in Livingston County which might impact property values;
- There are many judgements concerning the effect of wind turbines that are unsupported and that require expertise outside of those of the appraiser;
- The highest and best use analysis is misleading, and does not include an analysis of the maximally productive use of the land being analyzed;
- The matched pair analysis developed for Livingston County is poorly constructed and is misleading; there is no explanation of, or support for, the adjustments made to any of the 50 matched pairs used in the study. Many significant factors influencing value are not considered in the analysis.
- The matched pair analysis developed for Livingston County is unreliable; some of the 50 matched pairs include either target and control sales that were foreclosures or short sales, which the report indicates specifically were excluded from consideration. Many of the 50 matched pairs are developed using properties that are not directly comparable to the target sales. Finally, there are

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- unresolved discrepancies between the sales information from the Livingston County Assessor's office and the information included in the report being reviewed;
- The matched pair analysis developed for Lee and DeKalb counties is poorly constructed and is misleading; some of the adjustments made to the 13 matched pairs are not discussed. Many significant factors influencing value are not considered in the analysis of the matched pairs.
 - The matched pair analysis developed for Lee and DeKalb counties is unreliable; many of the 13 matched pairs are developed using properties that are not directly comparable to the target sales, including vacant land sales that are compared to single-family houses.
 - The analysis of the marketing times of the 17 target and 50 control sales in both Livingston County and 26 Lee and DeKalb Counties properties is misleading and is unreliable.
 - The scope of the market value impact study does not include reviewing the work of other appraisers; nor does the study conform to the USPAP requirements for such a review.
 - The conclusions from the Lansink study cited in the report are based on an analysis of matched pairs that are poorly constructed and developed, are misleading, and are unreliable.
 - The report includes an altered graph and table from the Municipal Property Assessment Corporation (MPAC) study; however, it is presented in such a way as to imply it is directly from the MPAC study. It is misleading to use these data in this manner. Further, the report misrepresents the conclusions of the MPAC study.
 - The additional studies provided in the Power Point presentation contain unsupported, unreliable, and/or misleading conclusions.

This is an appraisal review of the "Appraisal Report, Property Value Impact & Zoning Compliance Evaluation" prepared by Michael S. McCann, CRA, and dated February 6, 2015. This report was prepared for Phillip A. Leuthkehans, on behalf of United Citizens of Livingston County. Additional information in support of the report reviewed was included in a Power Point presentation of the report's findings.

This appraisal review was prepared under USPAP guidelines at the request of and for the use of Jeep & Blazer, LLC, and its client. The opinions expressed are as of March 4, 2015, with reference to the February 6, 2015, date of market study reviewed.

Respectfully submitted,

MaRous & Company


Michael S. MaRous, MAI, CRE
Illinois Certified - #553.000141 (9/15 expiration)

ASSUMPTIONS AND LIMITING CONDITIONS

Reporting Requirements

This is an appraisal review presented in a summary format and is intended to comply with the requirements set forth under Standard 3 of the *Uniform Standards of Professional Appraisal Practice*. As such, this report might not include full descriptions of the data, reasoning, and analyses that were used to develop the appraiser's opinions. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this review is specific to the needs of the client. The appraiser is not responsible for unauthorized use of this report.

Title and Survey

It is assumed that the title to the subject property is good and marketable. No survey or legal description was provided to MaRous and Company, and none was developed for the accompanying appraisal review. The opinions expressed are without regard to any questions of title, boundaries, encumbrances, or encroachments.

Hazardous Waste

Unless otherwise stated in this appraisal review, the appraiser has no knowledge of the existence of hazardous environmental conditions or substances including, without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, and agricultural chemicals that may or may not be present on the property. Moreover, the appraiser is not qualified to test for these substances or conditions. Because the presence of substances such as asbestos, urea formaldehyde foam insulation, and other hazardous substances and environmental conditions may affect the value of the property, value judgments are predicated on the assumption that no such condition exists on or in the property or in such proximity thereto that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.

Hidden Defects

All structures and mechanical components are assumed to be in sound, operable condition unless otherwise stated, and the opinions expressed are based on that assumption. Additionally, the opinions are premised on the assumption that there are no soil or subsoil conditions that would cause a loss in value. No responsibility is assumed for architectural, structural, engineering, or mechanical matters, and MaRous and Company appraisers are not qualified to make professional judgments in these areas.

Management

Competent and prudent management of the subject property is assumed. The opinions expressed assume that the assessments are entirely paid and that the property is free and clear of such assessments. Opinions and statistics furnished by others during this investigation are assumed to be correct, and no responsibility is assumed for their accuracy.

Market Conditions

The opinions expressed are based on the research of market conditions as of the valuation date. Every effort has been made to consider the effect on the property of predictable governmental actions, as well as any environmental or ecological concerns; however, no responsibility is assumed for subsequent changes in the local or national economy or for subsequent changes in local market conditions resulting from local or national economy changes.

ADA Compliance

The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific determination of compliance with the various detailed requirements of the ADA was made for this property. It is possible that a complete compliance survey of the property together with a detailed analysis of the ADA requirements could show that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Because no direct evidence relating to this issue was developed, possible lack of compliance with the ADA was not taken into account in estimating value.

Other

An authentic copy of this appraisal review is signed in ink in the certification; be aware of the potential for alterations on copies. Exhibits, including maps, site plans, and photographs, are provided for informational purposes and are not necessarily to scale. Nothing contained in this appraisal review, particularly as to valuation conclusions, the identity of the appraiser, or any reference to the Appraisal Institute or the MAI designation, is to be conveyed to a third party or to the public through advertising, public relations, news, sales, or other medium without the written consent and approval of the author. If such consent is secured, the appraisal review must be used in its entirety and cannot be altered in any way. All limiting conditions, certifications, and qualifications also must be included.

CERTIFICATION

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

1. The statements of fact contained in this appraisal review report are true and correct;
2. 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;
3. I have no present or prospective personal interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. I have performed no other services, as an appraiser or in any other capacity, regarding the property this is the subject of the work under review within the 3-year period immediately preceding acceptance of this assignment;
5. I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment;
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use;
8. My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review;
9. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*;
10. I have made a personal inspection of the exterior and public areas of the subject of the work under review;
11. Anita Rifkind provided significant appraisal review assistance to the person signing this certification;
12. The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Foundation;
12. The use of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. As of the date of this report, Michael S. MaRous, MAI, CRE, has completed the continuing education requirements for Designated Members of the Appraisal Institute.

MaRous & Company


Michael S. MaRous, MAI, CRE
Illinois Certified - #553.000141 (9/15 expiration)

MaRous & Company

MICHAEL S. MAROUS

STATEMENT OF QUALIFICATIONS

Michael S. MaRous, MAI, CRE, is president and owner of MaRous and Company. He has appraised more than \$15 billion worth of primarily investment-grade real estate in more than 25 states. In addition to providing documented appraisals, he has served as an expert witness in litigation proceedings for many law firms; financial institutions; corporations; builders and developers; architects; local, state, county, and federal governments and agencies; and school districts in the Chicago metropolitan area. His experience in partial interest, condemnation, damage impact, easement (including aerial and subsurface), marital dissolutions, bankruptcy proceedings, and other valuation issues is extensive. He has provided highest and best use, marketability, and feasibility studies for a variety of properties. Many of the largest redevelopment areas and public projects, including Interstate 355, the O'Hare International Airport expansion, the Midway Airport expansion, and the McCormick Place expansion, are part of Mr. MaRous' experience. Also, he purchases and develops real estate for his own account.

APPRAISAL AND CONSULTATION EXPERIENCE

Business Parks Distribution Centers	Industrial Properties Manufacturing Facilities Research Facilities	Self-storage Facilities Warehouses
Auto Sales/Service Facilities Banquet Halls Big Box Stores	Commercial Properties Gasoline Stations Hotels and Motels Office Buildings	Restaurants Shopping Centers Theaters
Bowling Alleys Cemeteries Farms Golf Courses	Special-Purpose Properties Lumber Yards Nurseries Riverboat Gambling Facilities Schools Stadium Expansion Issues	Tank Farms Underground Gas Aquifers Utility Corridors Waste Transfer Facilities
Apartment Complexes Condominium Conversions	Residential Properties Condominium Developments Single-family Residences	Subdivision Developments Townhouse Developments
Agricultural Alleys Commercial	Vacant Land Easements Industrial Residential	Right of Ways Streets Vacations
Corporations Financial Institutions	Clients Law Firms Not-for-profit Associations	Private Parties Public Entities

EDUCATION

B.S., Urban Land Economics, University of Illinois, Urbana-Champaign
 Continuing education seminars and programs through the Appraisal Institute
 and the American Society of Real Estate Counselors and real estate brokerage classes

PUBLIC SERVICE

Mayor, City of Park Ridge, Illinois (2003-2005)
 Alderman, City of Park Ridge, including Liaison to the Zoning Board of Appeals and Planning and Zoning and
 Chairman of the Finance and Public Safety Committees (1997-2005)

PROFESSIONAL AFFILIATIONS AND LICENSES

Appraisal Institute, MAI designation, Number 6159
American Society of Real Estate Counselors, CRE designation
Illinois Certified General Real Estate Appraiser, License Number 553.000141 (9/15)
Licensed Real Estate Broker (Illinois)

PROFESSIONAL ACTIVITIES

Mr. MaRous is past president of the Chicago Chapter of the Appraisal Institute. He is former chair and vice chair of the National Publications Committee and has sat on the board of *The Appraisal Journal*. In addition, he has served on and/or chaired more than fifteen other committees of the Appraisal Institute, the Society of Real Estate Appraisers, and the American Institute of Real Estate Appraisers.

Mr. MaRous served as chair of the Midwest Chapter of the American Society of Real Estate Counselors in 2006 and 2007. He has sat on the Chicago Chapter Board of Directors, the Editorial Board of *Real Estate Issues*, and on various other committees.

Mr. MaRous also is past president of the Illinois Coalition of Appraisal Professionals. He has sat on the board of directors, has held office, and has served on numerous committees of many other professional associations, including the National Association of Security Dealers, the International Research Council, the Chicago Real Estate Board, the Northwest Suburban Real Estate Board, the National Association of Real Estate Boards, and the Northern Illinois Commercial Association of Realtors.

PUBLICATIONS AND PROFESSIONAL RECOGNITION

Mr. MaRous has spoken at more than 20 programs and seminars related to real estate appraisal and valuation.

Author

- "Low-income Housing in Our Backyards," *The Appraisal Journal*, January 1996
- "The Appraisal Institute Moves Forward," *Illinois Real Estate Magazine*, December 1993
- "Chicago Chapter, Appraisal Institute," *Northern Illinois Real Estate Magazine*, February 1993
- "Independent Appraisals Can Help Protect Your Financial Base," *Illinois School Board Journal*, November-December 1990
- "What Real Estate Appraisals Can Do For School Districts," *School Business Affairs*, October 1990

Awards

- Chicago Chapter of the Appraisal Institute - F. Gregory Opelka Award, 2002
- Appraisal Institute - George L. Schmutz Memorial Award, 2001
- Chicago Chapter of the Appraisal Institute - Heritage Award, 2000
- Chicago Chapter of the Appraisal Institute - Herman O. Walther, 1987 (Distinguished Chapter Member)

Reviewer or Citation in the Following Books

- Appraisal of Real Estate*, Twelfth Edition, 2001
- Appraisal of Real Estate*, Thirteenth Edition, 2008
- Subdivision Valuation*, 2008
- Real Estate Damages*, 2008
- Valuation of Apartment Properties*, 2007
- Valuation of Billboards*, 2006
- Appraising Industrial Properties*, 2005
- Valuation of Market Studies for Affordable Housing*, 2005
- Valuing Undivided Interest in Real Property: Partnerships and Cotenancies*, 2004
- Analysis and Valuation of Golf Courses and Country Clubs*, 2003
- Dictionary of Real Estate Appraisal*, Fourth Edition, 2002
- Valuing Contaminated Properties: An Appraisal Institute Anthology*, 2002
- Hotels and Motels: Valuation and Market Studies*, 2001
- Land Valuation: Adjustment Procedures and Assignments*, 2001
- Appraisal of Rural Property*, Second Edition, 2000
- Capitalization Theory and Techniques, Study Guide*, Second Edition, 2000
- Guide to Appraisal Valuation Modeling Land*, 2000
- Appraising Residential Properties*, Third Edition, 1999
- Business of Show Business: The Valuation of Movie Theaters*, 1999
- GIS in Real Estate: Integrating, Analyzing and Presenting Locational Information*, 1998
- Market Analysis for Valuation Appraisals*, 1995

REPRESENTATIVE WORK OF MICHAEL S. MAROUS

Headquarters/Corporate Office Facilities in Illinois

Fortune 500 corporation facility, 200,000 sq. ft., Libertyville
Corporate headquarters, 300,000 sq. ft. and 500,000 sq. ft., Chicago
Fortune 500 corporation facility, 450,000 sq. ft., Northfield
Major airline headquarters, 1,100,000 million sq. ft. on 47 acres, Elk Grove Village
Former communications facility, 1,400,000 million sq. ft. on 62 acres, Skokie and Niles
Corporate Headquarters, 1,500,000+ sq. ft., Lake County
Former Sears Headquarters Redevelopment Project, Chicago

Office Buildings in Chicago

401 South LaSalle Street, 140,000 sq. ft.
134 North LaSalle Street, 260,000 sq. ft.
333 North Michigan Avenue, 260,000 sq. ft.
171 West Randolph Street, 360,000 sq. ft.
20 West Kinzie Street, 405,000 sq. ft.
55 East Washington Street, 500,000 sq. ft.
10 South LaSalle Street, 870,000 sq. ft.
222 West Adams, 1,000,000 sq. ft.
175 West Jackson Boulevard, 1,450,000 sq. ft.
227 West Monroe, 1,800,000 sq. ft.
10 South Dearborn Street, 1,900,000 sq. ft.

Hotels in Chicago

10 E. Grand Avenue (Hilton Garden Inn)
106 East Superior Street (Peninsula Hotel)
140 East Walton Place (The Drake Hotel)
676 North Michigan Avenue (Omni Chicago Hotel)
One West Wacker Drive (Renaissance Chicago Hotel)
320 North Dearborn Street (Westin Chicago River North)
505 North Michigan Avenue (Hotel InterContinental)

Large Industrial Properties in Illinois

Large industrial complexes, 400,000 sq. ft., 87th Street and Greenwood Avenue, Chicago
Distribution warehouse, 580,000 sq. ft. on 62 acres, Champaign
Publishing house, 700,000 sq. ft. on 195 acres, U.S. Route 45, Mattoon
AM Chicago International, 700,000± sq. ft. on 41 acres, 1800 West Central, Mt. Prospect
Nestlé distribution center, 860,000 sq. ft. on 153 acres, DeKalb
Fortune 500 company distribution center, 1,000,000 sq. ft., Elk Grove Village
U.S. Government Services Administration distribution facility, 860,000 sq. ft., 76th Street and Kostner Avenue, Chicago
Self-storage facilities, various Chicago metropolitan locations

Vacant Land in Illinois

15 acres, office, Northbrook	450 acres, residential, Wauconda
20 acres, residential, Glenview	475± acres, various uses, Lake County
25 acres, Hinsdale	650 acres, Hawthorne Woods
55 acres, mixed-use, Darien	650 acres, Waukegan/Libertyville
75 acres, I-88 at I-355, Downers Grove	800 acres, Woodridge
100± acres, various uses, Lake County	900 acres, Matteson
140 acres, Flossmoor	1,000± acres, Batavia area
142 acres, residential, Lake County	2,000± acres, Northern Lake County
160 acres, residential, Cary	5,000 acres, southwest suburban Chicago area
200 acres, mixed-use, Bartlett	Landfill expansion, Lake County
250 acres, Island Lake	

Business and Industrial Parks

Chevy Chase Business Park, 30 acres, Buffalo Grove
Carol Point Business Center, 300-acre industrial park, Carol Stream, \$125,000,000+ project
Internationale Centre, approximately 1,000 acre-multiuse business park, Woodridge

Retail Facilities

10 Community shopping centers, various Chicago, Metropolitan locations
Big-box uses, various Chicago metropolitan locations
Gasoline Stations, various Chicago metropolitan locations
More than 30 single-tenant retail facilities larger than 80,000 sq. ft., various Chicago metropolitan locations

Residential Projects

Federal Square townhouse development project, 118 units, \$15,000,000+ sq. ft. project, Dearborn Place, Chicago
Marketability and feasibility study, 219 East Lake Shore Drive, Chicago
Riverview II, Chicago, Old Town East and West, Chicago, Museum Park Lofts II, Museum Park Tower 4,
University Commons, Two River Place, River Place on the Park, Chicago

Market Studies

Impact of land fill on adjacent property values
Impact of low-income housing on adjacent residential property values
Impact of proposed quarry expansion on neighboring properties
Impact of commercial and parking uses on adjacent residential property values
Impact of significant zoning changes on residential property values
Sanitary sewer value impact study
Waste transfer facility impact study

Properties in Other States

330,000 sq. ft., Newport Beach, California
Former government depot/warehouse and distribution center, 2,500,000 sq. ft. on 100+ acres, Ohio
Shopping Center, St. Louis, Missouri
Office Building, Clayton, Missouri
Condominium Development, New York, New York

Airport Related Properties

Mr. MaRous has done valuations on more than 100 parcels in and around O'Hare International Airport,
Chicago Midway Airport, Palwaukee Municipal Airport, Chicago Aurora Airport, DuPage Airport,
and Lambert-St. Louis International Airport

REPRESENTATIVE CLIENT LISTING OF MICHAEL S. MAROUS

Law Firms

Botti Law Firm, P.C.	Holland & Knight LLP	Mary Riordan, Attorney
Alschuler, Simantz & Hem, LLC	Jenner & Block	Robbins, Salomon & Patt, Ltd.
Arnstein & Lehr LLP	Donald L. Johnson	Rosenfeld Hafron Shapiro & Farmer
Steven B. Bashaw, P.C.	Kinnally, Flaherty, Krentz & Loran PC	Rosenthal, Murphey, Coblentz & Donahue
Berger, Newmark & Fenchel P.C.	Kirkland & Ellis LLP	Rubin & Norris, LLC
Berger Schatz	Klein, Thorpe & Jenkins, Ltd.	Ryan and Ryan Attorneys at Law, P.C.
Carmody MacDonald P.C.	Locke Lord LLP	Reed Smith LLP
Crane, Heyman, Simon, Welch & Clar	McDermott, Will & Emery	Sarnoff & Baccash
Daley & Georges, Ltd.	Mayer Brown	Scariano, Himes & Petrarca, Chtd.
DLA Piper	McGuireWoods LLP	Schiff Hardin LLP
Drinker, Biddle & Reath LLP	Michael Best & Friedrich LLP	Schiller, DuCanto & Fleck LLP
Figliulo & Silverman, P.C.	Miller & Sweeney CO	Schirott, Luetkehans & Garner, LLC
Foley & Lardner LLP	Morrison & Morrison, Ltd.	Schuyler, Roche & Crisham, P.C.
Foran, O'Toole & Burke LLC	Bryan E. Mraz & Associates	Sidley Austin LLP
Franczek Radelet P.C.	Neal, Gerber & Eisenberg, LLP	Sonnenschien, Nath & Rosenthal LLP
Freeborn & Peters LLP	Neal & Leroy LLC	Storino, Ramello & Durkin
Goldberg Kohn	O'Donnell Law Firm Ltd.	Thomas M. Tully & Associates
Gould & Ratner LLP	O'Halloran Kosoff Geitner & Cook, LLC	Thompson Coburn, LLP
Graft & Jordan	Owens, Owens & Rinn, Ltd.	Tuttle, Vedral & Collins, P.C.
Greenberg Traurig LLP	Prendergast & DelPrincipe	Vedder Price
Helm & Wagner	Rathje & Woodward, LLC	Wildman, Harrold, Allen & Dixon
Robert Hill Law, Ltd.	Raysa & Zimmermann, LLC	Winston & Strawn LLP
Hinshaw & Culbertson LLP	Righeimer, Martin & Cinquino, P.C.	Worsek & Vihon LLP

Financial Institutions

AmericaUnited Bank and Trust	First Northwest Bank	Northern Trust Bank
Charter One	Glenview State Bank	Northview Bank & Trust
Citibank	Harris Bank	Private Bank & Trust Co.
Cole Taylor Bank	Itasca Bank and Trust	State Financial Bank
Covest Banc	Lake Forest Bank & Trust	Winfield Community Bank
First Bank of Highland Park	MB Financial Bank	Wintrust Bank Group
First Midwest Bank	Midwest Bank & Trust Company	

Corporations

Advocate Health Care System	CorLands	Loyola University Health System
American Stores Company	Edward R. James Partners, LLC	Marathon Oil Corporation
Archdiocese of Chicago	Enterprise Development Corporation	Meijer, Inc.
Arthur J. Rogers and Company	Enterprise Leasing Company	Mesirow Stein Real Estate, Inc.
BP Amoco Oil Company	Exxon Mobil Corporation	Prime Group Realty Trust
Christopher B. Burke Engineering, Ltd.	Hamilton Partners	Public Storage Corporation
Cambridge Homes	Hewitt Associates LLC	RREEF Corporation
Canadian National Railroad	Hollister Corporation	Shell Oil Company
Capital Realty Services, Inc.	Imperial Realty Company	Stewart Warner Corporation
Chicago Cubs	Kenard Corporation	Union Pacific Railroad Company
Children's Memorial Hospital	Kimco Realty Corporation	United Airlines, Inc.
Chrysler Realty Corporation	Kinder Morgan, Inc.	United of America Insurance Company
Citgo Petroleum Corporation	Kmart Corporation	
	Lakewood Homes	

Public Entities

Illinois Local Governments and Agencies

Village of Arlington Heights	Village of Glenview	Village of Orland Park
Village of Barrington	Glenview Park District	City of Palos Hills
Village of Bartlett	Village of Harwood Heights	City of Prospect Heights
Village of Bellwood	City of Highland Park	City of Rolling Meadows
Village of Brookfield	Village of Hinsdale	Village of Rosemont
Village of Burr Ridge	Village of Inverness	City of St. Charles
Village of Cary	Village of Kildeer	Village of Schaumburg
City of Chicago	Village of Lake Zurich	Village of Schiller Park
Village of Deer Park	Leyden Township	Village of Skokie
City of Des Plaines	Village of Lincolnshire	Village of South Barrington
Des Plaines Park District	Village of Lincolnwood	Village of Streamwood
Downers Grove Park District	Village of Morton Grove	Metropolitan Water Reclamation District of Greater Chicago
City of Elgin	Village of Mount Prospect	City of Waukegan
Elk Grove Village	Village of North Aurora	Village of Wheeling
City of Elmhurst	Village of Northbrook	Village of Wilmette
Village of Elmwood Park	City of North Chicago	Village of Willowbrook
City of Evanston	Village of Northfield	Village of Winnetka
Village of Forest Park	Northfield Township	Village of Woodridge
Village of Franklin Park	Village of Oak Brook	

County Governments and Agencies

Boone County State's Attorney's Office	Forest Preserve District of DuPage County	Lake County
Forest Preserve of Cook County	Kane County	Lake County Forest Preserve District
Cook County State's Attorney's Office	Kendall County Board of Review	Lake County State's Attorney's Office
DuPage County Board of Review		

State and Federal Government Agencies

Federal Deposit Insurance Corporation	Illinois Housing Development Authority	Internal Revenue Service
U.S. General Services Administration	Illinois State Toll Highway Authority	The U.S. Postal Service

Schools

Argo Community High School District No. 217	Consolidated High School District No. 230	Morton College
Arlington Heights District No. 25	Darien District No. 61	Niles Elementary District No. 71
Township High School District No. 214, Arlington Heights	DePaul University	North Shore District No. 112, Highland Park
Barrington Community Unit District No. 220	Elmhurst Community Unit School District No. 205	Northwestern University
Chicago Board of Education	Indian Springs School District No. 109	Rosalind Franklin University
Chicago Ridge District No. 127½	LaGrange School District No. 105	Roselle School District No. 12
College of Lake County	Loyola University	Schaumburg Community Consolidated District No. 54
Community Consolidated School District No. 146	Lyons Township High School District No. 204	University of Illinois
	Maine Township High School District No. 207	Wheeling Community Consolidated District No. 21
		Wilmette District No. 39