

# MARKET VALUE ESTIMATE

December 28, 2019

Former Red Bridge Library  
11140 Locust St  
Kansas City, MO 64131



*An Appraisal Report*

*prepared for  
Mid-Continent Public Library*



*Job No.*

*5039121*



Bliss Associates, LLC  
Real Estate Valuation  
and Professional Services



February 1, 2020

Mr. Qun Fang  
Mid-Continent Public Library  
15616 E 24 Highway  
Independence, MO 64050

Dear Mr. Fang:

The appraisal report you requested is enclosed. The purpose of the appraisal is to develop an opinion of market value. The subject of this report is as follows:

**Former Red Bridge Library  
11140 Locust St  
Kansas City, MO 64131.**

The real property rights appraised are those of the Fee Simple Estate. Note: the existing deed restrictions as it applies to library use only has been ignored. The final value conclusion, as of December 28, 2019, is

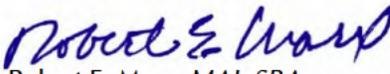
**\$1,000,000.**

The extraordinary assumptions and hypothetical conditions that have been made in this appraisal are listed on the following page. This appraisal is also subject to standard assumptions and general limiting conditions found in the Appraisal section of this report.

Thank you for choosing Bliss Associates, LLC.

Sincerely,  
Bliss Associates, LLC

By:   
Warren A. Thompson,  
Appraiser  
State Certified Appraiser  
Missouri - RA-003191

  
Robert E. Marx, MAI, SRA  
Vice President  
State Certified Appraiser  
Missouri - RA-001238

## EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

USPAP defines extraordinary assumption as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

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

### ***Extraordinary Assumptions***

1. The existing deed restriction that limits the use to library uses was ignored.

### ***Hypothetical Conditions***

1. No hypothetical conditions apply to this appraisal.

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY INFORMATION

<b>Subject Description / Use:</b>	Office/Commercial
<b>Subject Address:</b>	11140 Locust St Kansas City, Jackson County, MO, 64131
<b>Owner:</b>	Consolidated Public Library District #3
<b>Legal Description:</b>	Lot 2, Red Bridge Business Center, Kansas City, Missouri.
<b>Site Data</b>	
Site Size:	54,872 SF, or 1.26 acres
Zoning:	B4-5
Shape:	Rectangular
Visibility:	average
<b>Building Data</b>	
Building Area:	14,826 SF GBA
Year Built:	1986 Weighted Average Age
Condition:	average
Quality:	average
Exterior Walls:	Brick
Parking Spaces:	34 spaces
Ratio:	2.29 spaces per 1,000 square feet
<b>Brief Property Description:</b>	The original building containing 12,506 SF was finished in 1986. The 2,320 SF addition was added in 1995. The total gross building area is 14,826 SF. There is a large open area that was used for bookshelves. There are offices and employee lounge along the east wall. The roof is gabled and has a composition roof cover. The exterior walls are brick over wood frame and the interior walls are wood framed with painted wallboard. The ceiling is acoustical tile with recessed fluorescent light fixtures. There is carpeting in the open area and tile in the restrooms. The building sits on 54,872 SF and the land to building ratio is 3.7 to 1.
<b>Brief Subject History:</b>	The Consolidated Public Library District #3 purchased the site on October 21, 1985. The original building containing 12,506 SF was finished in 1986. The 2,320 SF addition was added in 1995. The total gross building area is 14,826 SF. No other transactions, listings or offers regarding the subject are known to have occurred within the past three years.

**APPRAISAL INFORMATION**

<b>Client/Intended User(s):</b>	The client and intended users are you and the Library's Board of Directors.
<b>Intended Use:</b>	The intended use is for selling purposes.
<b>Purpose:</b>	The purpose of the appraisal is to develop an opinion of market value.
<b>Type of Value:</b>	Market Value
<b>Interest Appraised:</b>	Fee Simple Estate
<b>Effective Date:</b>	December 28, 2019
<b>Exposure and Marketing Time</b>	
Exposure Time:	12 months
Marketing Time:	12 months

**VALUE INDICATIONS**

<b>Cost Approach:</b>	N/A		
<b>Sales Comparison Approach:</b>		Range/SF	
	\$1,000,000	\$60.11 - \$76.86	\$68.00/SF
<b>Income Approach:</b>			
Direct Capitalization Value:	\$1,000,000	Projection	
Stabilized Occupancy:		90.0%	
Effective Gross Income:		\$160,121	\$10.80/SF
Expenses:		\$66,675	\$4.50/SF
Net Operating Income:		\$93,445	\$6.30/SF
Capitalization Rate:		9.00%	
<b>MARKET VALUE CONCLUSION</b>	<b>\$1,000,000</b>		

## APPRAISAL CRITERIA

### ***Purpose***

The purpose of the appraisal is to develop an opinion of market value.

### ***Type of Value***

The type of value developed in this report is the Market Value. The definition of value is stated below.

### ***Definition of Market Value***

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."<sup>1</sup>

### ***Intended Use***

The intended use, or function, of the appraisal is for selling purposes.

### ***Client/Intended Users***

The client and intended users are you and the Library's Board of Directors. The appraisers and Bliss Associates are not responsible for any unauthorized use.

### ***Effective Date***

December 28, 2019

### ***Property Rights***

The real property rights appraised are those of the Fee Simple Estate.

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<sup>1</sup> Code of Federal Regulations; Title 12, FIRREA § 323.2: Section 323.2(g) amended at 57 Fed. Reg. 9049, March 16, 1992; 59 Fed. Reg. 29501; revised as of January 1, 2000

## SCOPE OF WORK

Scope of work is defined by the *Uniform Standards of Professional Appraisal Practice* (USPAP) as “the type and extent of research and analysis in an assignment”. The scope of this assignment complies with USPAP and the specific reporting requirements of the client.

The specific scope of work for this appraisal assignment and report is outlined below. The resulting analysis is considered adequate to provide a credible result given the purpose, intended use, and intended user of the assignment.

### ***Property Identification & Inspection***

The subject property has been identified by the address. Warren A. Thompson inspected the subject property on December 28, 2019. A complete interior and exterior inspection of the subject property has been made. Photographs were taken at the time of inspection. Some of the photographs are included in this report and some remain in the appraisal workfile. An inspection of the surrounding neighborhood was made from public thoroughfares.

### ***Type and Extent of Data Researched***

The information sources used in the development of this appraisal include the following: public records from the county and/or municipality, Bliss Associates' proprietary databases, investor and market surveys, interviews with market participants, and other data sources. Subscription services such as Site to Do Business, CoStar, RealtyRates and others are also researched. When available, building plans, historical income and expense statements and all relevant financial information regarding the subject property is also requested and analyzed.

### ***Type and Extent of Analysis Applied***

The highest and best use of the subject property has been analyzed, both as vacant and as improved. The cost approach was not applied, the sales comparison approach was developed and the income approach was developed. Appropriate methodology and techniques deemed pertinent and necessary to the analysis were utilized. The results of the approaches were reconciled for the final indication of value. The type and extent of the analysis applied is considered adequate to produce credible and reliable results given the purpose, intended use and intended user of this assignment. More discussion of this is contained in the Appraisal Methodology section on page 31.

### ***Type of Appraisal Report***

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions.

**Standard Assumptions and General Limiting Conditions**

This report assumes the following:

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

Additional conditions bearing upon this report are as follows:

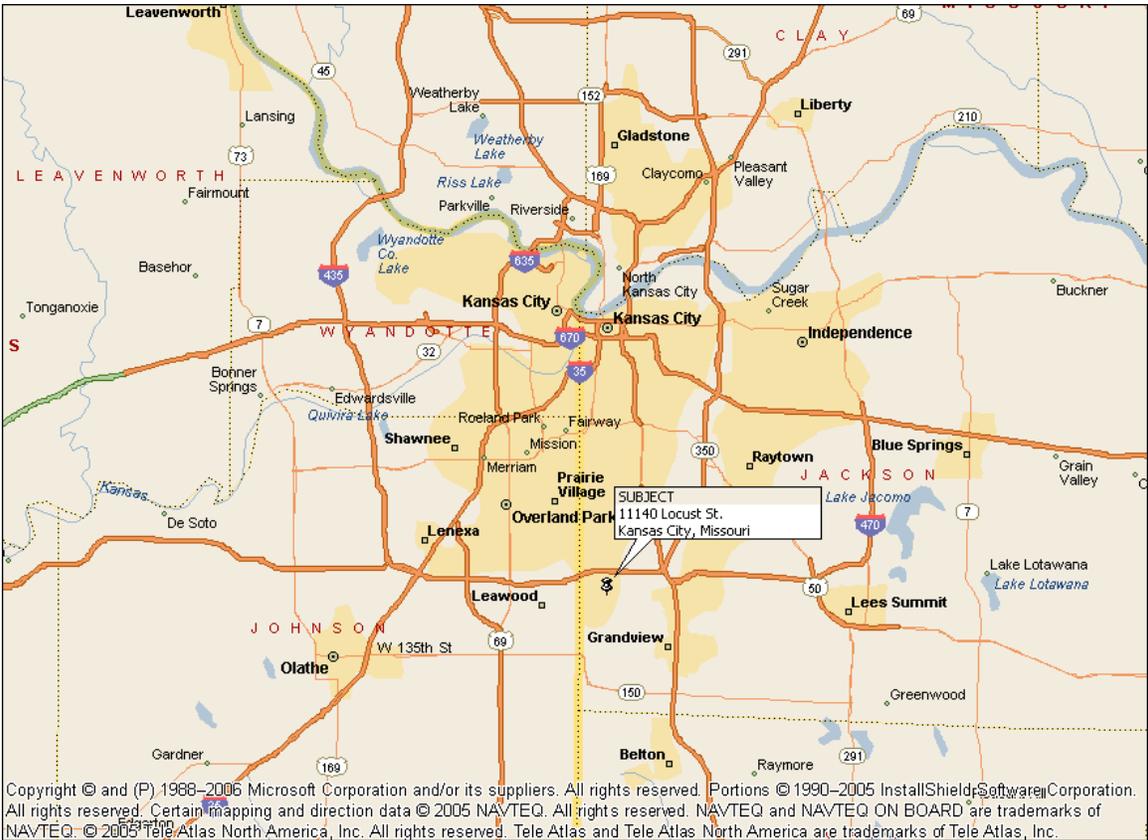
1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization; any separate allocations must not be used in any other appraisal and are invalid if so used.
2. Possession of this report, or any copy hereof, does not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

## AREA PROFILE NEIGHBORHOOD

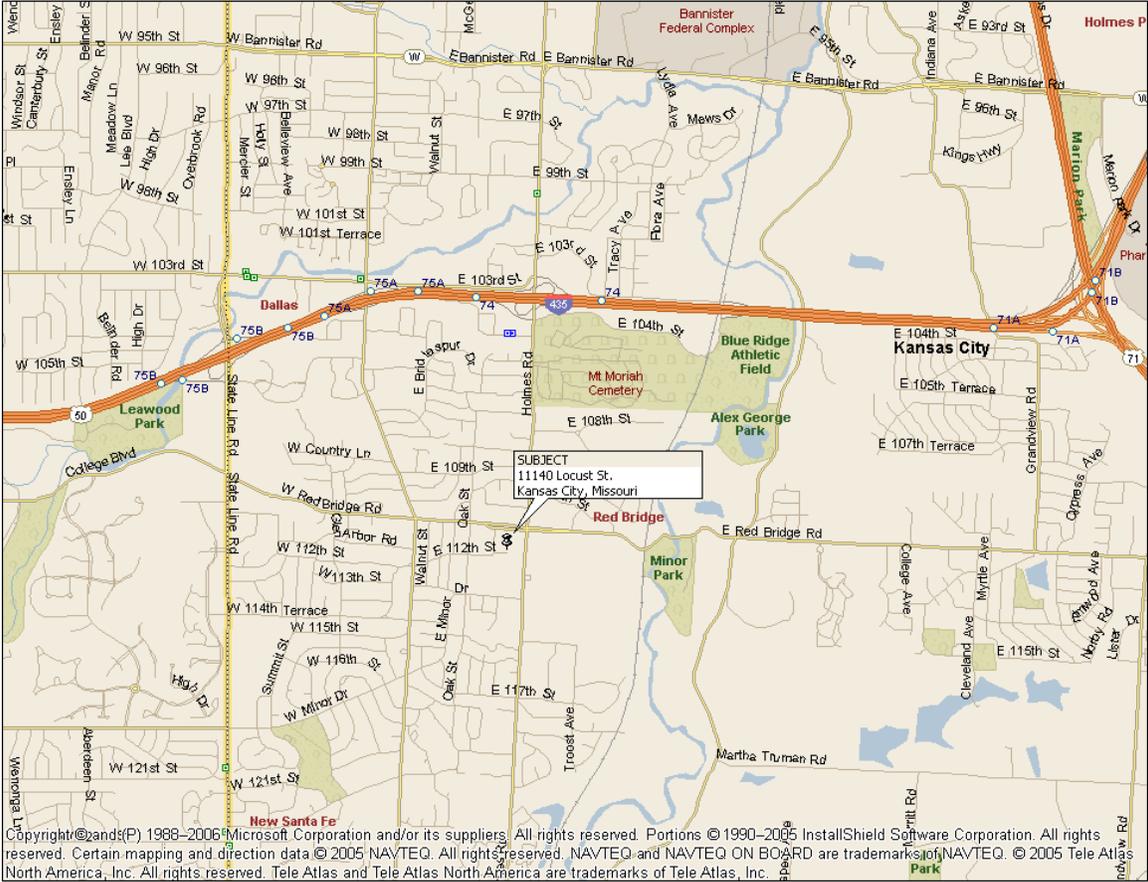
**Location/Access**

The property is a second-tier location in the Red Bridge Business Center at the southwest corner of Holmes and Road Bridge Road in south Kansas City, Missouri. Kansas City is a suburb of the Kansas City Metropolitan area and primary interstate access is provided by I-435, located approximately one mile to the north of the subject. The major traffic arterials in the area are provided by I-435 and Red Bridge Road which serve east/west bound traffic. North/south bound traffic is served by Holmes Road and Wornall and Stateline Roads to the west. The following map indicate the subject's location within the larger metropolitan area:

**Subject Location – Metropolitan Perspective**



Subject Location – Neighborhood Perspective



Land Uses

Land uses along the primary arterials generally consist of Commercial, office, and a few fast food restaurants. The Minor Park Golf Course is east across Holmes Road. Avila College is located southwest along Wornall Road. Mt. Moriah Cemetery is located north along the east side of Holmes Road just south of I-435. St. Joseph’s Hospital and Medical Center is located at the southeast quadrant of I-435 and Stateline Road.

In August of 2015, Lane4 Property Group, Inc. was granted a tax abatement by the Kansas City Planned Industrial Expansion Authority board, and has subsequently invested millions of dollars to renovate the once nearly-vacant Red Bridge Shopping Center. The property tax abatement that the PIEA board approved was negotiated with the taxing jurisdictions and includes for a \$115,000 tax payment to be frozen for 10 years and for Lane4 to pay an additional \$30,000 a year through payments in lieu of taxes to the taxing jurisdictions during that span. During years 11-19, the developers would receive a 50 percent abatement of new property taxes generated by the shopping center improvements.

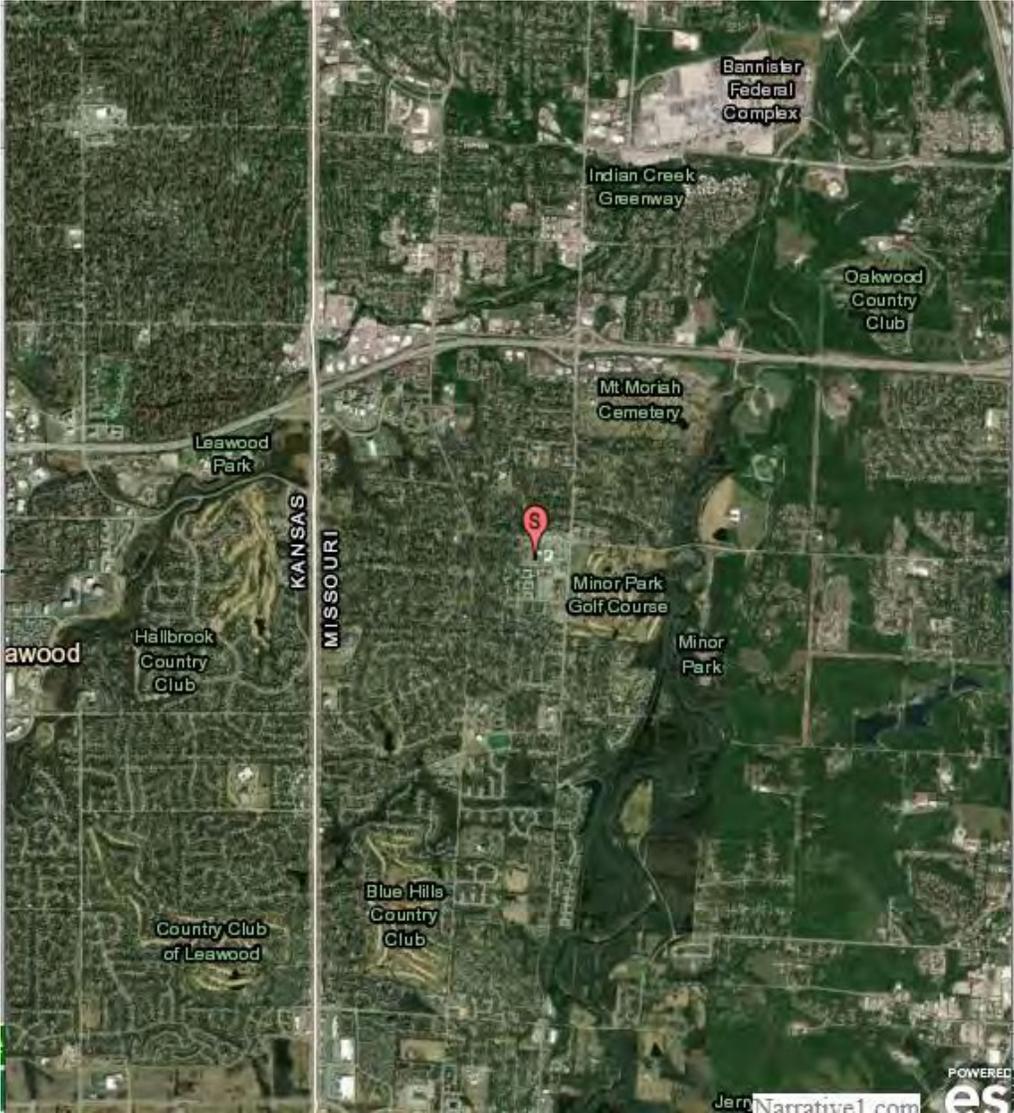
Construction of the new Wonderscope Children’s Museum of Kansas City is underway at Red Bridge Shopping Center adjacent to the subject south in Kansas City, Missouri. The new museum is scheduled to open in fall 2020. The museum, currently located in Shawnee, Kansas is in the process of raising \$12 million to build and design the new facility. The museum’s new facility will be a 30,000 square-foot colorful, state-of-the-art building adjacent to a new Mid-Continent Public Library branch in the Red Bridge Shopping Center, which sits near Red Bridge and Holmes Roads in south

Kansas City. A 300-seat auditorium will connect the library and the museum. The modern design of the exterior will resemble and will be part of the shopping center’s ongoing revitalization.

It features indoor and outdoor event spaces and more exhibits named Design Lab, Water Works, and On the Move. The museum aims to educate children under the age of eight with interactive activities. It is open to families and teachers as well. Kansas City leaders have previously said they hope the museum will draw more traffic to the south side of the city leading to more economic growth. The neighborhood is approximately 98% developed with the majority of the undeveloped land located south of the subject.

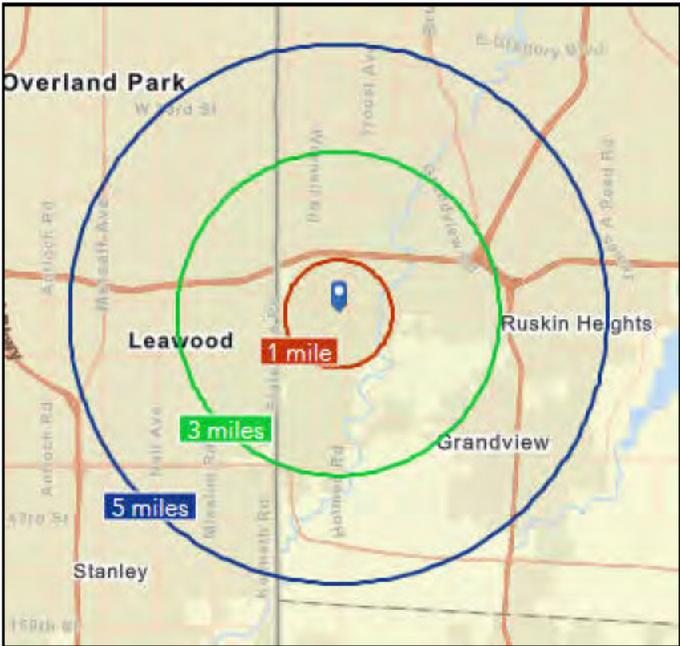
The following aerial map shows the subject’s location and surrounding property uses:

**Subject Location – Aerial Image**



**Area Demographics**

The following map shows a 1-mile, 3-mile and 5-mile radius from the location of 11140 Locust Street in Kansas City, Missouri:



The following charts show population demographics, particularly household and median income demographics within a 1-mile, 3-mile and 5-mile radius from the location of 11140 Locust Street:

	2010	% Change 10-19	2019	% Change 19-24	2024
Population	8,074	2.6%	8,284	1.5%	8,409
Number of Households	3,526	2.2%	3,604	1.3%	3,650
Median Household Income			\$68,752	12.5%	\$77,377

\*Data from STDBOnline

The population within a 1-mile radius of the area has increased 2.6% since the previous census was taken in 2010 to reach 8,284 people. An increase of 1.5% is expected within the next five years. There are currently estimated to be 3,604 households within the area, with a median household income of \$68,752. This is expected to increase to \$77,377 per household by 2024 for 3,650 households.

	2010	% Change 10-19	2019	% Change 19-24	2024
Population	51,559	4.8%	54,049	2.6%	55,447
Number of Households	22,304	4.7%	23,363	2.4%	23,931
Median Household Income			\$73,248	11.5%	\$81,673

\*Data from STDBOnline

The current population in the area within 3-miles of the subject property is estimated to be 54,049 people. Current estimates expect an increase of 2.6% over the next five years to reach 55,447 people by 2024. There are 23,363 households within 3-miles of the area, bearing a median household income of \$238,325. This is expected to increase to \$81,673 per household by 2024 for 23,931 households.

<b>11140 Locust Street (5-Mile Radius) Census Trends</b>					
	2010	% Change 10-19	2019	% Change 19-24	2024
Population	159,468	6.8%	170,384	3.6%	176,547
Number of Households	68,172	6.7%	72,732	3.5%	75,281
Median Household Income			\$64,756	14.5%	\$74,152

\*Data from STDBOnline

The population within a 5-mile radius of the subject property has increased 6.8% since the previous census was taken in 2010 to reach 170,384 people. An increase of 3.6% is expected over the next five years. There are currently estimated to be 72,732 households within the subject area, with a median household income of \$64,756. This is expected to increase to \$74,152 per household by 2024 for 75,281 households.

The following table shows the relative retail sales of the area compared to the relative retail expenditures of the area’s population:

<b>Area Market Profile 2019</b>			
	<b>1-Mile</b>	<b>3-Mile</b>	<b>5-Mile</b>
Demand (Retail Potential)	\$135,437,292	\$1,070,773,167	\$3,090,466,893
Supply (Retail Sales)	\$44,122,781	\$1,230,347,198	\$3,716,246,630
Retail Gap	\$91,314,511	(\$159,574,031)	(\$625,779,737)

\*Data from STDBOnline

The chart shows the total retail expenditures of the subject population and compares them to the actual retail sales within the subject area. If the retail sales are greater than the retail potential, it shows that neighboring communities are shopping within the subject area at a greater rate. If the retail sales are less than the retail potential, it shows that the subject area’s population is doing a portion of its shopping in neighboring communities. This comparison is known as the retail gap.

The table below shows the top ten retail consumer expenditures for households within each radius from the subject property:

Top Retail Consumer Expenditures 2019			
	1-Mile	3-Mile	5-Mile
Food And Beverages	\$9,268	\$11,099	\$10,169
<i>Food At Home</i>	\$5,416	\$6,465	\$5,923
<i>Food Away From Home</i>	\$3,852	\$4,634	\$4,245
Entertainment	\$3,443	\$4,105	\$3,723
<i>TV, Video and Audio</i>	\$1	\$1	\$1
Apparel	\$2,220	\$2,689	\$2,473
Household Furnishings and Appliances	\$1,429	\$1,708	\$1,553
<i>Furniture</i>	\$653	\$788	\$719
Child Care	\$496	\$622	\$578
Lawn and Garden	\$500	\$585	\$517
Computer	\$215	\$259	\$236
Household Supplies	\$796	\$938	\$855
Transportation	\$6,205	\$7,353	\$6,757
<i>Vehicle Purchases</i>	\$2,582	\$3,050	\$2,819
<i>Gasoline and Motor Oil</i>	\$2,341	\$2,793	\$2,574
<i>Maintenance and Repairs</i>	\$1,282	\$1,511	\$1,364

\*Data from STDBOnline

The table takes the area’s retail sales and breaks them down by the type of product being sold for selected categories. Top retail sectors for the subject areas include food and beverages, transportation, entertainment, and apparel.

**Conclusion**

The subject’s neighborhood is considered to be in the stabilization stage of its life cycle, best illustrated by the three-mile radius dataset above. Population growth has seen an increase of 6.8% from 2010-2019, with a further increase of 3.6% expected through 2024 or 6,163 estimated increase. Median household income is also expected to increase 14.5% through 2024, for an average of \$74,154 per household annually. The subject’s neighborhood consists of primarily of single-family and some multi-family residential housing, with commercial activity generally confined to large arterial roadways and a large amount of commercial development located to the north of the subject site near the intersection of I-435 and State Line and Wornall Roads. The new Wonderscope Children’s Museum will be a major draw and should stimulate revitalization in the near term with long term growth anticipated.

## SUBJECT PROPERTY



### ***Brief Property Description***

The original building containing 12,506 SF was finished in 1986. The 2,320 SF addition was added in 1995. The total gross building area is 14,826 SF. There is a large open area that was used for bookshelves. There are offices and employee lounge along the east wall. The roof is gabled and has a composition roof cover. The exterior walls are brick over wood frame and the interior walls are wood framed with painted wallboard. The ceiling is acoustical tile with recessed fluorescent light fixtures. There is carpeting in the open area and tile in the restrooms. The building sits on 54,872 SF and the land to building ratio is 3.7 to 1.

### ***Address***

11140 Locust St  
Kansas City, MO 64131

### ***Legal Description***

The following legal description of the subject property was obtained from county records.

Lot 2, Red Bridge Business Center, Kansas City, Missouri., a subdivision in the City of Kansas City, MO.

### ***Ownership***

Consolidated Public Library District #3

**HISTORY OF THE SUBJECT PROPERTY**

The Consolidated Public Library District #3 purchased the site on October 21, 1985. The original building containing 12,506 SF was finished in 1986. The 2,320 SF addition was added in 1995. The total gross building area is 14,826 SF.

Note: The existing deed restrictions that limits the use to library uses only was ignored.

The library moved to the vacant retail center space to the north and as discussed will be an integral part of the Wonderscope Children's Museum when completed.

We are unaware of any other sales, listings, or offers involving the subject property in the last three years.

SITE DESCRIPTION



Tax Parcel Map

**Location**

The property is a second-tier location in the Red Bridge Business Center at the southwest corner of Holmes and Road Bridge Road in south Kansas City, Missouri.

**Access/Frontage**

The subject property has average access from the surrounding neighborhood. There is a curb cut along the 112<sup>th</sup> St. frontage that allows access to the subject property. There is also access from the parking lot (Locust Street) that extends south from Red Bridge Road. The nearest intersection is controlled by a traffic light with left hand turn lanes.

	Roadway	Length	Improvements
Primary Frontage:	Locust Street	286 feet	Curbs, gutters, sidewalks, streetlights
Secondary Frontage:	E. 112th	191 feet	Curbs, gutters, sidewalks, streetlights

**Site Summary**

Site Size: 54,872 square feet / 1.26 acres  
The data source for the site size is county records.

Shape: The site has 286 ft of frontage and 191 of depth based on the county parcel map.

Visibility: average

Topography: The subject slopes gently down from north to south with adequate drainage.

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and adequate to support development.

Utilities: Electricity: Public electricity  
Sewer: Public sanitary sewers  
Water: Public water  
Natural Gas: Public gas  
Underground Utilities: The site is serviced by some underground utilities.

Adequacy: All utilities are available in adequate capacity to support the development on the subject property.

Flood Zone: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

According to FEMA flood maps, the subject property is not located within a federally designated flood zone.

FEMA Map Number: 29095C0387G  
FEMA Map Date: January 20, 2017

Environmental Issues: There were no hazardous materials observed during an inspection of the property. We assume that no toxic wastes were present within the soils. Bliss Associates, LLC, however, is not qualified to detect the presence or absence of such materials. If further evidence is needed regarding the lack of danger from hazardous materials or toxic waste, authorities with expertise in detecting these conditions should be consulted (see Standard Assumptions and Limiting Conditions, item no. 6).

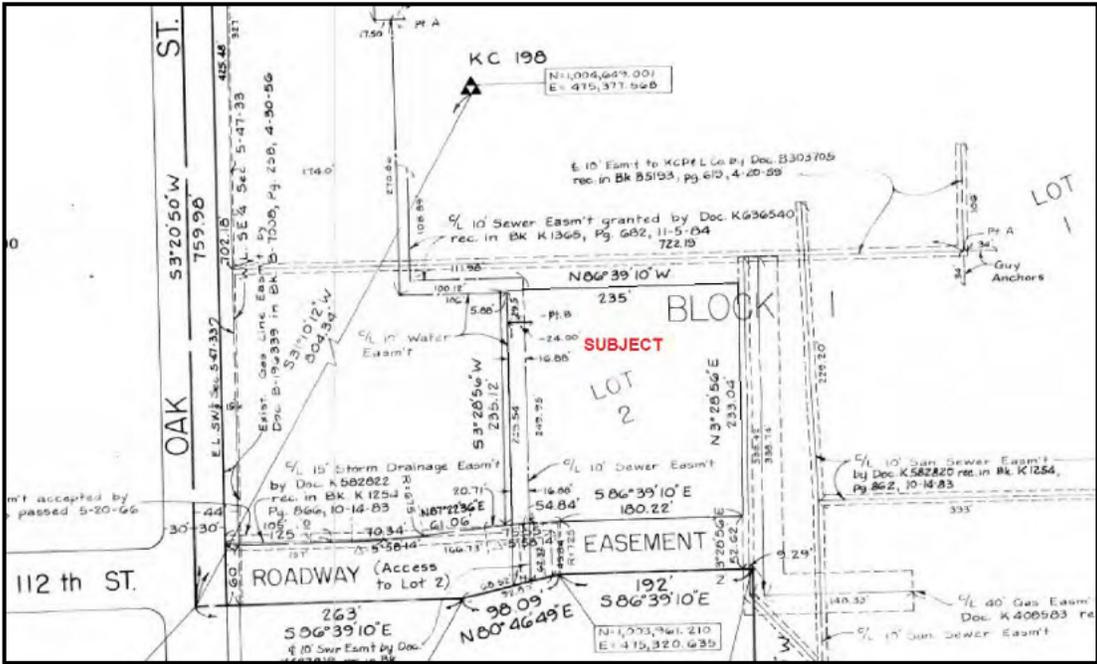
Easements / Encroachments: The subject property is located within a planned commercial development. As such standard crossing, parking and access easements are assumed to be in place. These are typical for similar developments and do not negatively impact value. No other easements or encroachments are known to exist.

Site Comments: The subject property is of a size and shape that could support a variety of potential developments. The topography, soils and layout are not restrictive and the site is served by all utilities. There are no environmental risks or negative conditions, such as hazardous or toxic materials or flood risks. Based on its physical characteristics, the subject site is considered well situated within the market for competitive properties.

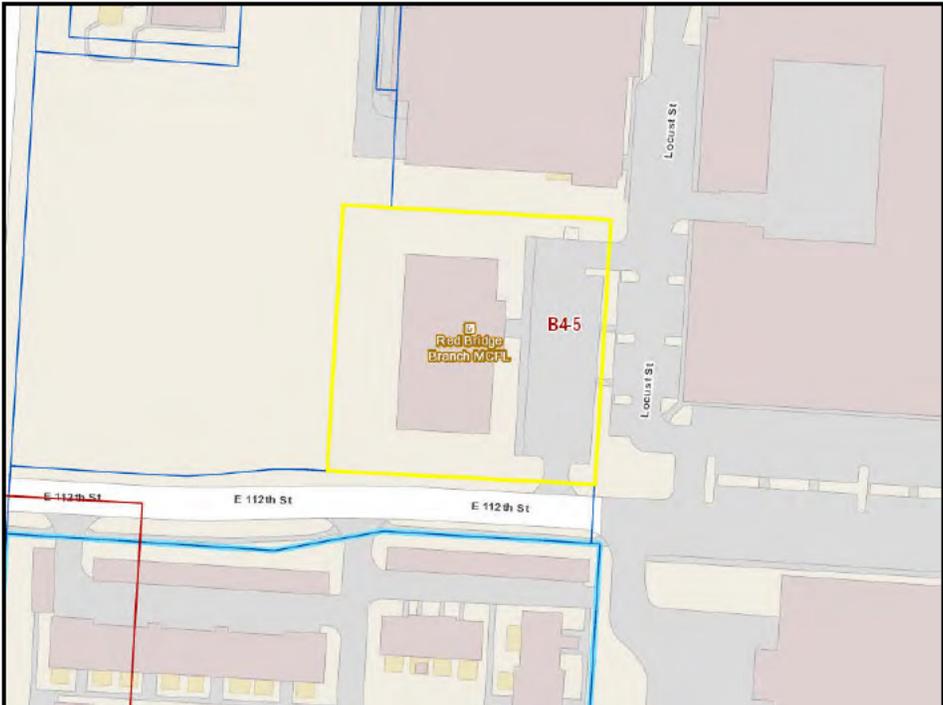
**Zoning**

- Zoning Code: B4-5
- Zoning Description: The primary purpose of the B4, Heavy Business/Commercial district is to accommodate 'heavier' commercial activities and a limited range of industrial uses with operating characteristics that make them generally incompatible with mixed-use or neighborhood-oriented environments.
- Current Use Legally Conforming: The subject is a legal and conforming use.
- Zoning Density/FAR: 0.27
- Zoning Change Likely: A zoning change is unlikely.
- Zoning Comments: When these districts are identified on the zoning map they will include at least one other essential information component: an intensity designator, which will be identified by a dash and a numeral following the initial letter or letter-number combination, as in B4-5. The intensity designator establishes the allowable intensity of development and applicable lot and building standards. This zoning district allows a wide range of different types of uses that includes office use (first floor), and commercial retail uses.

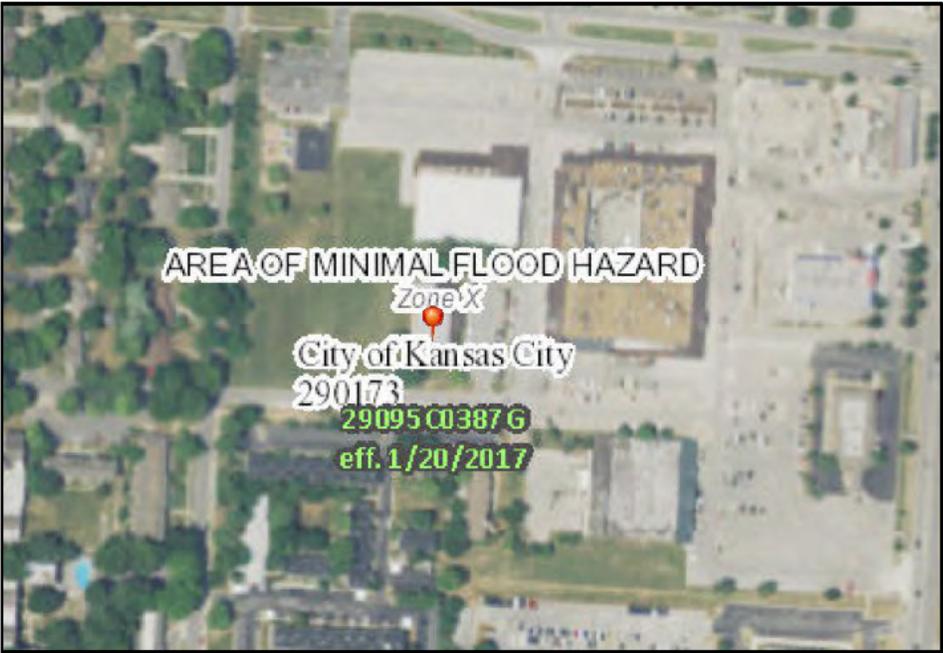
**Original Plat**



Zoning Map



Flood Map



IMPROVEMENTS DESCRIPTION

**Brief Subject Description**

The original building containing 12,506 SF was finished in 1986. The 2,320 SF addition was added in 1995. The total gross building area is 14,826 SF. There is a large open area that was used for bookshelves. There are offices and employee lounge along the east wall. The roof is gabled and has a composition roof cover. The exterior walls are brick over wood frame and the interior walls are wood framed with painted wallboard. The ceiling is acoustical tile with recessed fluorescent light fixtures. There is carpeting in the open area and tile in the restrooms. The building sits on 54,872 SF and the land to building ratio is 3.7 to 1.

**General**

Property Type:	Special Purpose
Building Class:	C
Building Description:	Office/Commercial
Year Built:	1986
Effective Age:	25 years
Condition:	average
Appeal/Appearance:	Average
Number of Stories:	1.00
Gross Building Area:	14,826 SF
Building Size Source:	County records and measurements taken by the appraiser were relied upon for the gross building area.
Land to Building Ratio:	3.7 to 1

**Foundation, Frame & Exterior**

Construction Type:	Class C
Construction Quality:	average
Foundation:	Concrete
Structural Frame:	Wood stud frame
Exterior Walls:	Brick
Windows:	Metal Casement
Doors:	Glass in aluminum Frame
Roof/Cover:	Gable / Composition

**Interior Finish**

Floor Cover:	Carpet, tile, vinyl
Walls:	Drywall
Ceilings & Ceiling Height:	Acoustical / 8 ft.
Lighting:	A mix of fluorescent and incandescent lighting
Restrooms:	3

**Mechanical Systems**

Heating:	Forced Air
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Cooling:	Package Unit
Electrical:	200 AMP
Plumbing:	Commercial
Fire Sprinklers:	None
Security:	Typical

**Site Improvements**

Parking Type:	Paved surface parking
Number of Spaces:	34
Condition:	Average
Parking Ratio:	2.29 spaces per 1,000 square feet
Landscaping:	The property has attractive landscaping which typically consists of landscaping beds, shrubs, trees and sod.
Exterior Signage:	Building Mounted
Exterior Lighting:	Building Mounted
Pedestrian Access:	East and North
Trash Enclosure:	Yes
Comments:	There is an implied cross parking agreement with the shopping center.

**IMPROVEMENTS ANALYSIS**

**Quality and Condition**

The improvements are of average quality construction and are in average condition overall.

**Deferred Maintenance**

No deferred maintenance was noted at the time of inspection.

**Physical Deterioration**

The building was constructed in 1986, which indicates an actual age of 33 years. The building is considered to be in average condition for its age. According to the Marshall Valuation Service (MVS), buildings like the subject have a projected economic life span of 45 years. Considering the condition of the building, the effective age is estimated at 25 years, indicating a remaining economic life of approximately 20 years. The improvements have a significant remaining economic life, assuming adequate ongoing maintenance and repairs.

**Functional Obsolescence**

Functional obsolescence is a type of depreciation resulting from deficiencies or super-adequacies in the structure. In general, a building is functional if it successfully serves the purpose for which it was designed or adapted. Functional obsolescence occurs when ongoing change, caused by technological advances and economic and aesthetic trends, render building layouts and features obsolete to the extent that value is impaired.

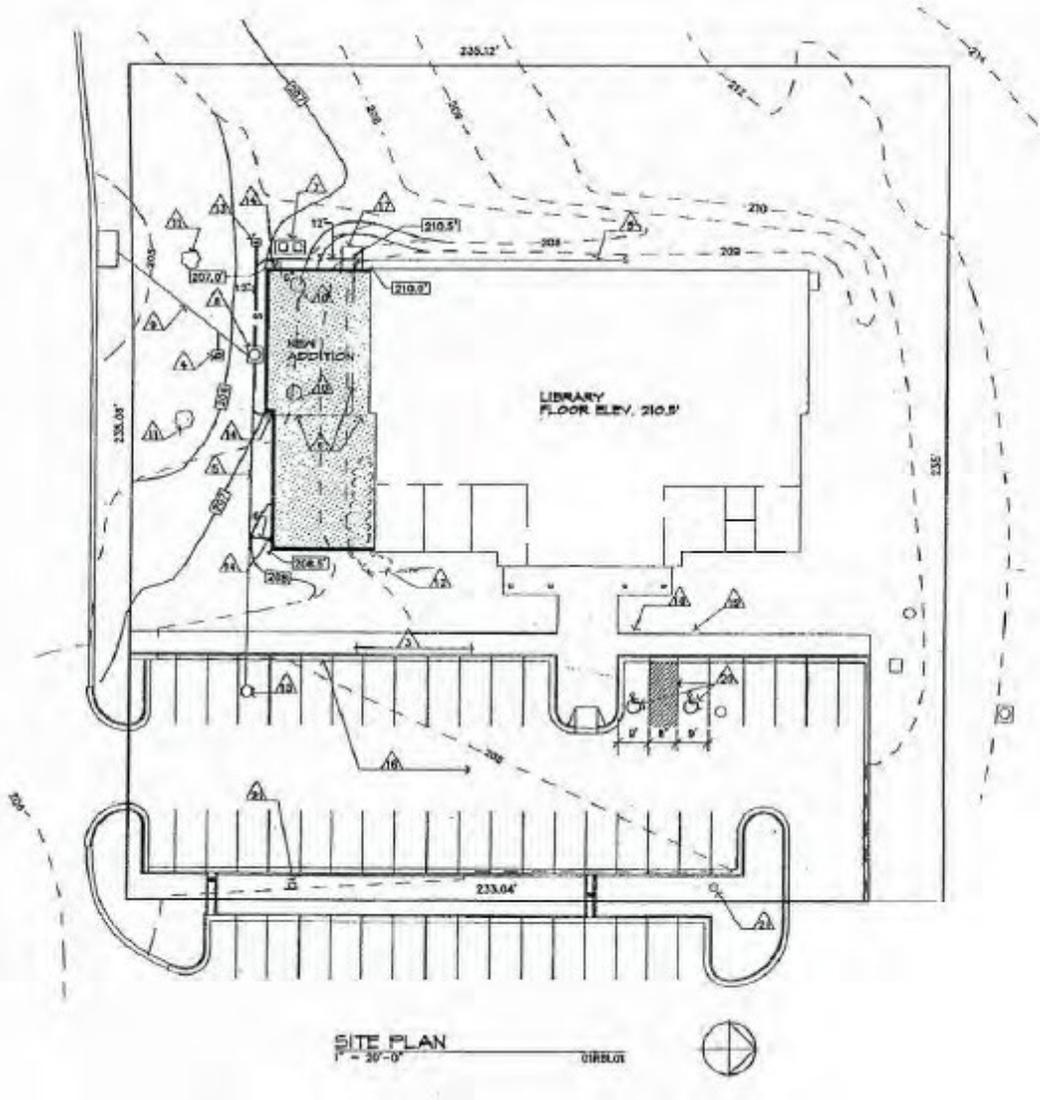
The subject does not suffer from functional obsolescence, as the improvement characteristics are typical of special use buildings.

**External Obsolescence**

External obsolescence results from negative externalities, or factors outside the property. These may include specific adverse influences that impact only one or a few properties (i.e., an adjacent land use that is somehow incompatible with the subject property) as well as broader influences such as general economic conditions which can impact a wide class of properties. External obsolescence can occur from either temporary or permanent influences.

Any obsolescence is reflected in the value indications developed in this report.

**Building Plan-Not to Scale**



SUBJECT PHOTOGRAPHS



East Elevation



South and East Elevations



West and South Elevations



North and West Elevations



Interior Finish



Check out Counter

**Former Red Bridge Library**



*Employee Lounge*



*Restroom Finish*



*Mechanical and HVAC*



*South End Finish*



*Public Restroom Finish*



*Office Finish*

**REAL ESTATE TAXES**

Real estate taxes are calculated by multiplying the assessed value by the applicable mill levies. The assessed value is based upon a percentage of the assessor's estimate of market value. In MO, the assessed value is 32% of the appraised value for commercial property. The following table shows the subject's tax and assessment history.

<b>Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Appraised Value	\$821,604	\$885,887	\$885,887	\$1,018,770
Assessed Value	\$262,914	\$283,484	\$283,484	\$326,006
Percent Change		7.82%	0.00%	15.00%
Real Estate Taxes	Exempt	Exempt	Exempt	Exempt
Special Assessments	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00
Assessment Ratio	32%	32%	32%	32%

Jackson County appraised value increased 15% for 2019. The library is a not-for-profit entity and therefore, has no tax liability. The county appraised value is very near the concluded market value. The tax load in Jackson County has been at or near the 3% level for many years. Based on that anecdotal evidence the tax liability would be approximately \$30,500 based on the recent increase. This will be used in the reconstructed income and expense statement in the income approach of the appraisal.

The Jackson County appraisal department has had problems for over 10 years. The recent appraisal and assessment by the county increased 15%. However, some properties in Jackson County have seen increases of 50% or more in the past years. It is difficult to anticipate what the county may do in the near term since many property owners have filed appeals this past year. A cursory look at other similar properties in the immediate neighborhood saw similar increases in the 2019 Appraised values. Sales disclosure is required therefor the risk of higher valuation for tax purpose in the future is high and that risk was considered.

**MARKET OVERVIEW**  
**OFFICE MARKET**

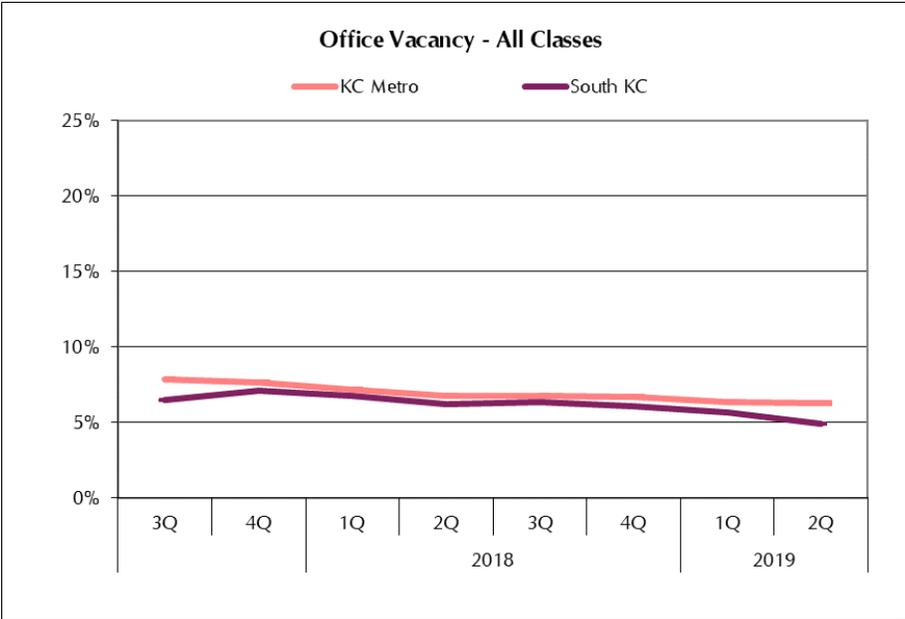
***Kansas City Metropolitan Office Market Overview***

The office market in the Kansas City Metropolitan area has recently been a relatively stable segment in the real estate market, with general improvement occurring over the past few years in terms of occupancy, while rental rates have moderately dropped.

While there are a large number of investors in the office market, very few are currently building upon a speculative basis, and as a result there has been limited speculative space delivered into the overall market. This has played a large part in the relatively stable office market for the Metropolitan Area during the past few years.

Vacancy rates throughout the Metropolitan Area have not been over 10% during the past three years, which is a trend that has generally been present for the past decade. Typically, markets are considered stable when vacancy reaches or remains below 10%. Accordingly, the office sector within the Metropolitan Area is generally considered to be stable and is anticipated to remain so into the foreseeable future.

The following chart shows the Metropolitan Area vacancy rate compared to the South Kansas City vacancy rate for all office properties over the recent past.

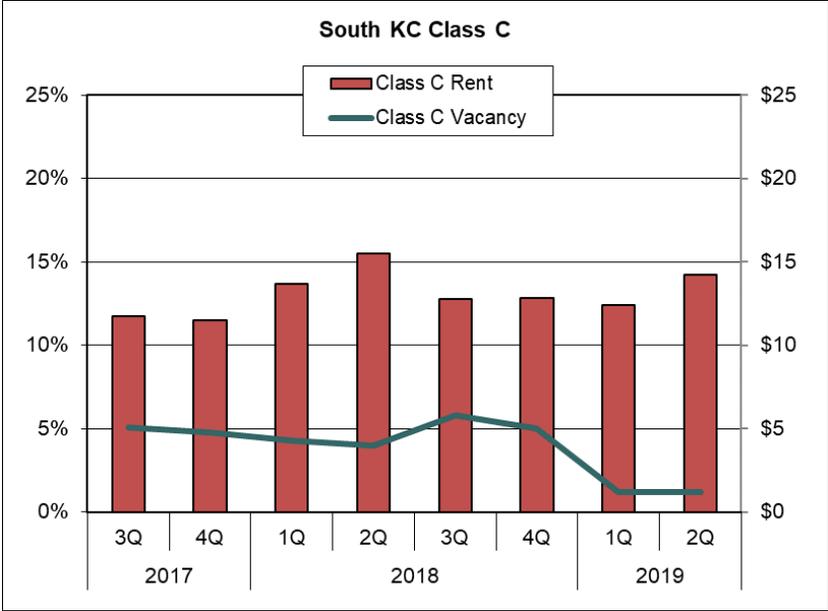


***Office Market – South Kansas City***

According to CoStar, the subject property is located within the South Kansas City submarket for office properties. According to CoStar’s 2Q, 2019 report, this submarket has a vacancy rate of 4.9% for all office properties.

The subject is considered part of the Class C office property category. The Class C sector is currently experiencing vacancy of 1.2% in the South Kansas City submarket. The overall Metropolitan Area has a Class C property vacancy rate of 6.3%, which has ranged from 6.3% to 7.9%, since 2017.

Over the same period, the overall Metropolitan Area’s Class C office property average rental rate has ranged from \$11.51 to \$15.52 per SF, with a current figure of \$14.26 per SF. The subject’s specific South Kansas City submarket has a current Class C office property average rental rate of \$13.09 per SF. The following chart illustrates the vacancy and rent for the Class C office submarket over the recent past.



This Class C office sector South Kansas City is currently experiencing vacancy of 3.9 % with a historical range from 1.2% to 5.8%, showing the vacancy has remained stable in the past couple of years. The South Kansas City submarket has a current Class C office average rental rate of \$13.09 per SF, with a historical range between \$11.51 and \$15.52, showing that vacancies and rental rates have remained stable to slightly increasing throughout the recent past.

**Conclusion**

Given the previous data, it is concluded that the regional office Market has started to stabilize, with signs of improvement. Market rental rates have moderately decreased, while occupancies have moderately increased. This general stability is projected to continue for the general and overall office markets of South Kansas City and the Metropolitan Area.

The subject property is currently in average condition. Under the current ownership the subject has been well maintained. The property is a second-tier location off of a major traffic arterial with average visibility from the surrounding neighborhood. The subject’s submarket rental rates have been moderately fluctuating over the past few years, while the vacancy rates have been primarily declining, but overall there has been improvement in the office market.

## HIGHEST AND BEST USE

Highest and best use is defined by the *Dictionary of Real Estate Appraisal* as

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity<sup>2</sup>.

Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the site as though vacant and available to be put to its highest and best use, and for the property as improved. These criteria are usually considered sequentially; a use may be financially feasible, but this is irrelevant if it is physically impossible or legally prohibited. The four criteria are listed following:

- physically possible
- legally permissible
- financially feasible
- maximally productive.

### ***Highest and Best Use as Vacant***

*Physically Possible:* The subject property contains 54,872 square feet of site area and has average visibility from the primary frontages. Access to the site is considered average. The site has 286 ft of frontage and 191 of depth based on the county parcel map. The subject slopes gently down from north to south with adequate drainage.

The subject property is of a size and shape that could support a variety of potential developments. The topography, soils and layout are not restrictive and the site is served by all utilities. There are no environmental risks or negative conditions, such as hazardous or toxic materials or flood risks. Based on its physical characteristics, the subject site is considered well situated within the market for competitive properties.

*Legally Permissible:* The subject site is zoned B4-5 by the City of Kansas City, Missouri. The primary purpose of the B4, Heavy Business/Commercial district is to accommodate 'heavier' commercial activities and a limited range of industrial uses with operating characteristics that make them generally incompatible with mixed-use or neighborhood-oriented environments. Note: The deed restrictions that limits the use to library use or uses has been ignored.

*Financially Feasible:* There are a wide variety of potential uses that would create a positive return to the investment. Based on the permitted uses a cursory analysis of each of the major categories is made in order to establish the appropriately supported and financially feasible use.

*Maximally Productive:* The maximally productive use is that use which creates highest residual land value. Given the physical characteristics, zoning and financially feasible uses, the maximally productive use is for office use based on current market forces.

Based on the above discussion and analysis the highest and best use of the subject site is for office use as demand warrants.

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<sup>2</sup> *The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed.* (Chicago: Appraisal Institute, 2015)

**Highest and Best Use as Improved**

*Physically Possible:* The subject is a vacant building with a large open area with some peripheral offices along the east side. The improvements were built in 1986 and contain a total 14,826 SF of gross building area. The improvements are considered to be of average quality construction and are in average condition. The improvements consist of a one-story building, which is an open retail box facility designed for the specific use as a public library. Further, office building market conditions in the Jackson County area indicate there is demand for additional office space.

*Legally Permissible:* The subject is a legal and conforming use.

*Financially Feasible:* The existing improvements produce an adequate return for the investment. Therefore, in general terms the existing improvements are financially feasible.

*Maximally Productive:* There is no known alternative use of the existing improvements capable of creating a greater return on investment.

**Conclusion**

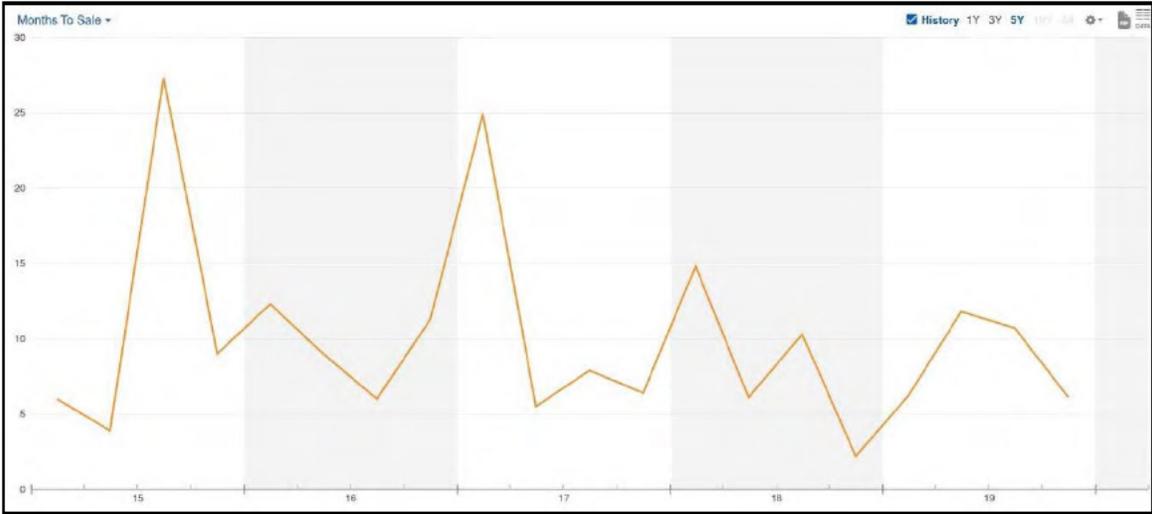
Based on the above analysis the highest and best use of the subject property as improved is the continued use of the improvements

**REASONABLE EXPOSURE AND MARKETING TIMES**

The reasonable exposure time inherent in the market-value concept is always presumed to precede the effective date of the appraisal {USPAP, SR-1-2(c), SMT-6}. By contrast, reasonable marketing time is an estimate of the amount of time it might take to sell a property interest at the concluded market value level during the period of time immediately after the effective date of an appraisal {USPAP, Advisory Opinion, AO-7}.

The subject property was built in 1986 and is considered to be in average overall condition. The subject property is currently vacant and is considered to be well positioned with regard to competitive properties.

The following graph shows sales transactions of strip centers and retail properties within a five mile radius within the past five years. The survey is based on 193 properties and exposure time has ranged between 1 month and 25 months on the market, with an approximate median of 10 to 12 months on the market.



CoStar Property Analytics: Months to sale Five Mile Radius

The data above suggests a reasonable exposure time of approximately 12 months, assuming a price consistent with the value conclusion contained in this report.

If the subject were placed on the market today, the value estimate contained in this report is intended to reflect a reasonable marketing time for the subject of approximately 12 months.

## APPRAISAL METHODOLOGY

There are three distinct methods of valuation in the appraisal process. They include: the cost approach, the sales comparison approach and the income approach. Each of the methods has inherent strengths and weaknesses. The applicability of any method of valuation is dependent on the following:

- Intended User / Intended Use
- Scope of Work
- Quality and Quantity of Market Data
- Economic / Physical Characteristics of the Subject Property

The importance of any given approach to value may carry more weight depending on the assignment conditions. The fundamental methodology of each approach is discussed following.

### ***Cost Approach***

The value of a building can be related to the cost. This is especially true for new or nearly new properties that have suffered little depreciation and reflect the highest and best use of the land as though vacant. Necessary to the reliability of the cost approach conclusion are well supported land value, well supported costs and market support for depreciation estimates.

The cost approach is also an important indicator for proposed construction, special use properties or properties that are rarely transacted on the market. Market participants will also use the cost approach in order to judge the cost of building a substitute to available properties when faced with scarcity or buildings that would require substantial modification.

This approach is an important indicator of value for the following properties:

- Proposed construction
- New or nearly new construction
- Highly specialized property types
- Properties that are rarely transacted
- Property segments that are impacted by scarcity

### ***Sales Comparison Approach***

The sales comparison approach is based on the theory of substitution. This is the understanding that market participants will pay no more for a property than the price of a reasonably similar alternative. Supportable adjustments are made to liken alternatives to the property in question. These adjustments are based on market tastes and preferences and can be supported by either quantitative or qualitative methods.

The sales comparison is an important indicator of value for owner-occupied properties, vacant land and many types of special use properties. Though a good test of reasonableness, the sales comparison approach is not well suited to analyzing complex income producing properties. This approach can however provide reasonable support for indications via the income approach, especially in dynamic markets with adequate transactional data.

This approach is an important indicator of value for the following properties:

- Owner-occupied properties
- Single tenant properties

### ***Income Capitalization Approach***

The income capitalization methodology most reflects the perspective of investors in income producing properties. This method derives value indications from the anticipation of future income reflected in a present value. The process involves research of market data to project future income, future expenses, costs to maintain income and the overall risk associated with the specific property type and general economic conditions.

There are two primary methods employed in the income capitalization approach: direct capitalization and yield capitalization.

*Direct Capitalization:* This method develops an opinion of value from the current or short term economic characteristics of a given property. A market derived overall capitalization rate is applied to one year's income which produces an indication of value. Inherent in the capitalization rate are a variety of factors, including but not limited to, the physical characteristics of the property, the current economic characteristics of the property, general market perceptions, anticipation of change and risk associated with the permanence of the income. Direct capitalization is particularly accurate in the case of stabilized income producing properties.

*Yield Capitalization:* Sometimes referred to as discounted cash flow (DCF), this method differs from the direct capitalization approach in that it requires the analysis of a variety of factors over a projected holding period. Essentially, this method converts a series of anticipated cash flows into a present value. The projected annual cash flow, risk associated with the projections and concluded reversionary value at a future date are all combined to develop an opinion of the present value of a property. This method requires analysis and market support for a variety of components which are typically understood and employed by market participants. Yield capitalization can be used to develop an opinion of value at a variety of points during a holding period and can more accurately assess the changing economic characteristics of a property during the stabilization process.

Both the direct capitalization and yield capitalization methods should produce value indications that are mutually supportive.

This approach is an important indicator of value for the following properties:

- Income producing properties
- Single tenant properties
- Multi-tenant properties
- Institutional grade properties

### **ANALYSES APPLIED**

A cost analysis was considered and was not developed.

A sales comparison analysis was considered and was developed. The subject is considered most similar to an owner-occupied property. Because of this the sales comparison approach is an important indicator of value and most closely reflects the expectations of market participants for similar properties. There is adequate data with which to develop this approach to value and it is considered the most reliable method of valuation.

An income analysis was considered and was developed. The subject is considered most similar to an owner-occupied property. Because of this the income approach is an important indicator of value, but is primarily used by market participants in support of the sales comparison approach to value. There is adequate data with which to develop this approach to value and it is considered supportive of the conclusion of the sales comparison approach.

**SALES COMPARISON APPROACH**

The sales comparison approach is based on the theory of substitution. This is the understanding that market participants will pay no more for a property than the price of a reasonably similar alternative. Supportable adjustments are made to liken alternatives to the property in question. The subject is considered most similar to an owner-occupied property. Because of this the sales comparison approach is an important indicator of value and most closely reflects the expectations of market participants for similar properties. There is adequate data with which to develop this approach to value and it is considered the most reliable method of valuation.

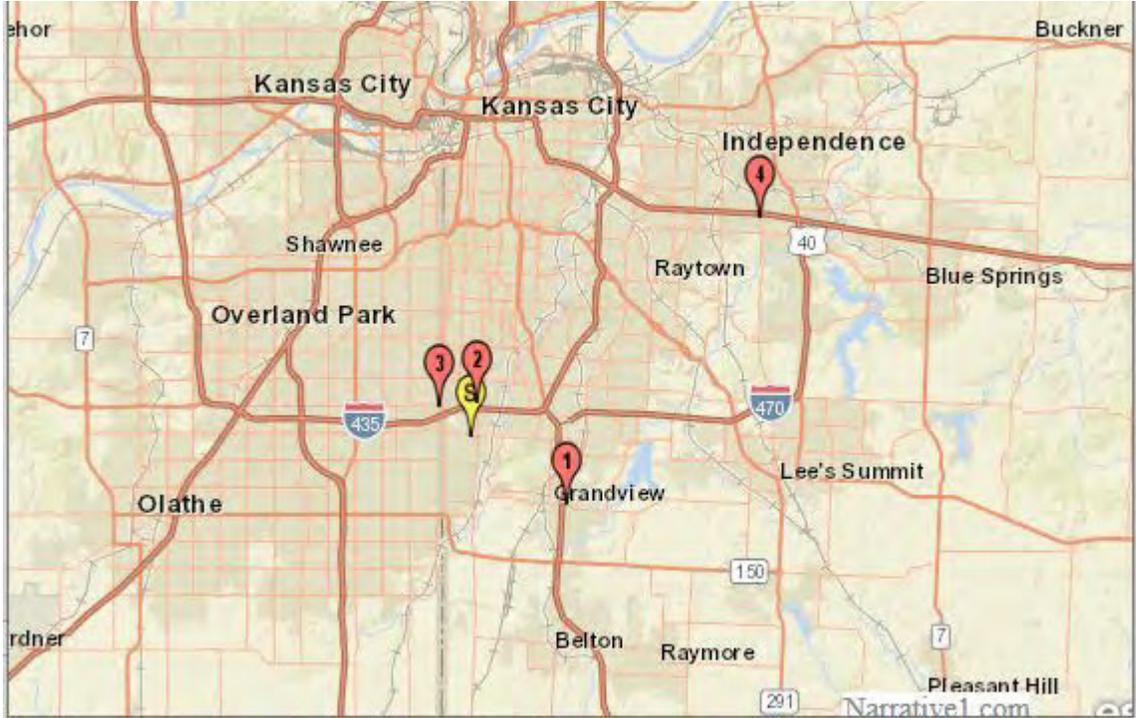
In order to develop an opinion of value for the subject property, sales of similar improvements have been researched for comparison to the subject. The basis of valuation is the price per square foot.

**Improved Comparables**

The following four comparables have been presented for direct comparison.

<i>Comp</i>	<i>Address</i> <i>City</i>	<i>State</i>	<i>Date</i>	<i>Price</i>	<i>GBA</i> <i>Year Built</i>	<i>Price Per SF</i> <i>Exterior Walls</i>	<i>Condition</i> <i>Quality</i>
<b>Subject</b>	11140 Locust St Kansas City	MO	12/28/19	--	14,826 1986	--	average average
<b>1</b>	6200 Main St Grandview	MO	2/28/20	\$802,500	16,020 1991	\$50.01	Average Average
<b>2</b>	10200 Holmes Rd Kansas City	MO	4/9/19	\$530,000	8,275 1965	\$113.32 Stucco;EIFS	Average Average
<b>3</b>	10308 State Line Rd Leawood	KS	12/20/18	\$610,000	11,200 1973	\$54.46 Brick	Average Average
<b>4</b>	4240 S Lees Summit Rd Independence	MO	7/1/18	\$1,100,000	13,002 2001	\$84.60 Concrete	Average Average

The subject and comparables are illustrated on the following map. The adjustment grid and explanation of adjustments follow.



<b>Analysis Grid</b>		<b>Comp 1</b>		<b>Comp 2</b>		<b>Comp 3</b>		<b>Comp 4</b>	
Address	11140 Locust St	6200 Main St	10200 Holmes Rd	10308 State Line Rd	4240 S Lees				
City	Kansas City	Grandview	Kansas City	Leawood	Independence				
State	MO	MO	MO	KS	MO				
Date	12/28/2019	2/28/2020	4/9/2019	12/20/2018	7/1/2018				
Price	--	\$802,500	\$530,000	\$610,000	\$1,100,000				
Price Adjustment	\$0	\$0	\$0	\$0	\$0				
Adjusted Price	N/A	\$802,500	\$530,000	\$610,000	\$1,100,000				
GBA	14,826	16,020	8,275	11,200	13,002				
GBA Unit Price	\$0.00	\$50.09	\$64.05	\$54.46	\$84.60				
<b>Transaction Adjustments</b>									
Property Rights	Fee Simple Estate	Leased Fee	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Leased Fee	0.0%
Financing	Conventional	Market	0.0%	Market	0.0%	Market	0.0%	Market	0.0%
Conditions of Sale	Cash	Market	0.0%	Arm's length	0.0%	mal - Market	0.0%	Arm's length	0.0%
Expenditures After Sale			\$0.00		\$0.00		\$0.00		\$0.00
<b>Adjusted GBA Unit Price</b>			<b>\$50.09</b>		<b>\$64.05</b>		<b>\$54.46</b>		<b>\$84.60</b>
Market Trends Through	12/28/19	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Adjusted GBA Unit Price</b>			<b>\$50.09</b>		<b>\$64.05</b>		<b>\$54.46</b>		<b>\$84.60</b>
Location	Kansas City	Grandview	Kansas City	Leawood	Independence				
% Adjustment		20%	0%	-10%	-10%				
GBA	14,826	16,020	8,275	11,200	13,002				
% Adjustment		0%	0%	0%	0%				
Year Built	1986	1991	1965	1973	2001				
% Adjustment		0%	15%	10%	-10%				
Construction Quality	average	Average	Average	Average	Average				
% Adjustment		0%	0%	0%	0%				
Condition	average	Average	Average	Average	Average				
% Adjustment		0%	0%	0%	0%				
Land to Building Ratio	3.7 to 1	7.83	6.41	1.96	4.19				
% Adjustment		0%	-5%	15%	0%				
Utility (stories)	One story	One Story	Two Story	Two Story	One Story				
% Adjustment		0%	10%	10%	0%				
<b>Adjusted GBA Unit Price</b>			<b>\$60.11</b>		<b>\$76.86</b>		<b>\$68.08</b>		<b>\$67.68</b>
<b>Net Adjustments</b>			20.0%		20.0%		25.0%		-20.0%
<b>Gross Adjustments</b>			20.0%		30.0%		45.0%		20.0%

**Transaction Adjustments**

*Property Rights*

All the sales involved the fee simple property rights or the leased fee property rights at market terms. No adjustments are necessary for property rights.

*Financing Terms*

No unusual financing terms are known to have affected the sales, so no financing adjustments are applied.

*Conditions of Sale*

The sales occurred under typical market conditions with no undue stimulus. For these reasons no adjustments are required for conditions of sale.

*Expenditures after Sale*

No extraordinary expenditures were undertaken immediately after purchase. Therefore, no adjustments are required for this category.

*Market Conditions*

The improved sales occurred between 2018 and 2019. It is difficult to discern any substantial change in market values from this time period to the present day. For this reason, the sales are

considered contemporary with the date of appraisal and no adjustment for market conditions are applied to these sales.

**Characteristics Adjustments**

*Location, Access, Visibility*

The property is a second-tier location in the Red Bridge Business Center at the southwest corner of Holmes and Road Bridge Road in south Kansas City, Missouri. Sale 1 has location in a neighborhood with inferior economic activity and an upward adjustment is made. Sale 2 is located just north in a second tier Sale 3 has superior access and exposure and a downward adjustment is made. Sale 4 is located just south of I-70 in Independence, Missouri and has superior exposure and access and a downward adjustment is made.

*Gross Building Area*

The subject improvements include 14,826 SF of gross building area. The sales range from 8,725 SF to 13,968 SF, which brackets the total size of the subject property. Smaller properties often exhibit a higher price per unit, all other factors being equal, due to economies of scale and the smaller initial acquisition price of smaller properties. Sale 1 is smaller than the subject and a downward adjustment is made. Sale 2, 3, and 4 are somewhat smaller and the size differential is negligible and no adjustments are made.

*Year Built*

The subject property was built in 1986 and has been reasonably well maintained. Sales 1, 2, and 3 are all inferior in age and upward adjustments are made accordingly. Sale 4 is superior in age and a modest downward adjustment is made.

*Construction Quality*

The construction quality of the subject property is considered to be average. According to Marshall & Swift, the construction class is D, with Brick exterior walls. All of the sales are similar in quality and no adjustments are made.

*Condition*

The subject property is considered to be in – condition overall. All of the sales are of similar in condition and no adjustments were made.

*Land to Building Ratio*

The subject property has a land to building ratio of 3.7 to 1. In addition the subject has a total of 34 parking spaces with an overall parking ration of 2.29 spaces per 1,000 square feet of building area. Sales 1 and 4 are similar in land to building ratio and no adjustments are made. Sales 2 and 3 are inferior in land to building ratio and upward adjustments are made.

**Conclusion**

The adjusted values of the comparable properties range from \$60.11/SF to \$76.86/SF; the average is \$68.18/SF. All of the value indications have been considered, and a per SF value above the mean is concluded at our reconciled per SF value of \$68.00. The concluded value for the subject property is calculated as follows:

$$14,826 \text{ SF} \times \$68.00/\text{SF} = \$1,008,168, \text{ rounded to } \$1,000,000.$$

**VALUE CONCLUSION – SALES COMPARISON APPROACH:**

**\$1,000,000**

## INCOME APPROACH

The income capitalization methodology most reflects the perspective of investors in income producing properties. This method derives value indications from the anticipation of future income reflected in a present value. The subject is considered most similar to an owner-occupied property. Because of this the income approach is an important indicator of value, but is primarily used by market participants in support of the sales comparison approach to value. There is adequate data with which to develop this approach to value and it is considered supportive of the conclusion of the sales comparison approach.

### DIRECT CAPITALIZATION ANALYSIS

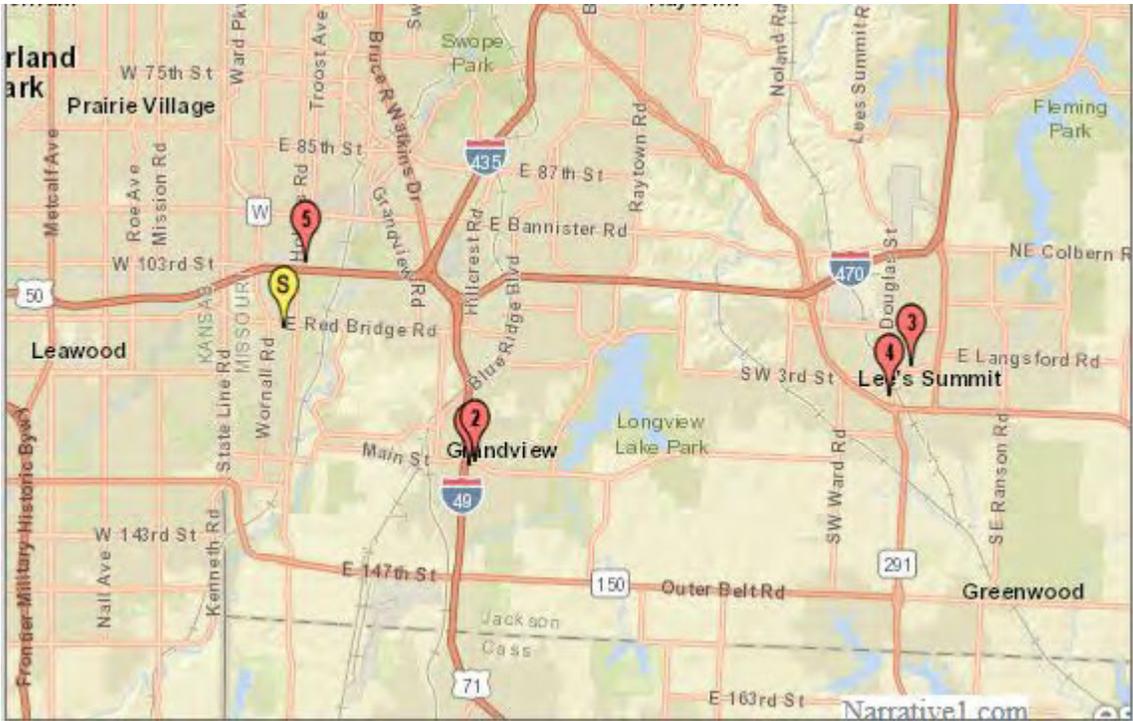
This method develops an opinion of value from the current or short-term economic characteristics of a given property. A market derived overall capitalization rate is applied to one year's income which produces an indication of value. Inherent in the capitalization rate are a variety of factors, including but not limited to, the physical characteristics of the property, the current economic characteristics of the property, general market perceptions, anticipation of change and risk associated with the permanence of the income. Direct capitalization is particularly accurate in the case of stabilized income producing properties. The subject is operating at stabilization; therefore, we have employed the direct capitalization method of the income approach.

#### Market Rent

The subject property is currently 100% vacant. The following five comparables are presented for direct comparison.

#	Address City/State	Year Built Condition	Property Name Tenant	Date	Term	Type	Size	Rent/SF
1	13010 White Ave Grandview, MO	1987 Average	45392.1.1.2 N/A	Jan-20	3.0 Yrs.	Full Service	4,520	\$12.00
2	6200 Main St Grandview, MO	1991 Average	47048.2.1.2 Oldham Insurance	Jan-00	5.0 Yrs	Full Service	3,300	\$10.55
3	410 SE 3rd Street Lee's Summit, MO	2006 Average	410 SE 3rd Street Multiple Tenants Measuring	Jan-19	3-5	NNN	18,000	\$15.00
4	600 SW Jefferson Lees Summit, MO	2001 Average	Various Tenants Paulson Insurance American Family Ins.	Apr-17 Jun-15	5.5 Yrs. 5.2 Yrs.	Full Service Full Service	1,692 8,881	\$13.71 \$18.25
5	1001 E 101st Terrace Kansas City, MO	1980 Good to Average	Holmes Corporate Center I Confidential Confidential	Sep-16 Aug-16	11.0 Yrs 7.58 Yrs	Full Service Full Service	35,846 8,193	\$19.82 \$19.42

The subject and comparables are illustrated on the following map. The adjustment grid and explanation of adjustments follow.



<i>Lease Analysis Grid</i>		<i>Comp 1</i>	<i>Comp 2</i>	<i>Comp 3</i>	<i>Comp 4</i>	<i>Comp 5</i>	
Address	11140 Locust St	13010 White	6200 Main St	410 SE 3rd Street	600 SW Jefferson	1001 E 101st	
City	Kansas City	Grandview	Grandview	Lee's Summit	Lees Summit	Kansas City	
State	MO	MO	MO	MO	MO	MO	
Tenant		Medical	Oldham	Mid Continent	Paulson	Confidential	
Date	Dec-19	Jan-20	Dec-19	Jan-19	Apr-17	Sep-16	
Rent/SF		\$12.00	\$10.55	\$15.00	\$13.71	\$19.82	
Lease Type		Full Service	Full Service	NNN	Full Service	Full Service	
Term		3.0 Yrs.	5.0 Yrs	3-5	5.5 Yrs.	11.0 Yrs	
Size		4,520	3,300	3,300	1,692	35,846	
<b>Transaction Adjustments</b>							
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%	Similar	0%
<b>Adjusted Rent</b>		<b>\$12.00</b>	<b>\$10.55</b>	<b>\$15.00</b>	<b>\$13.71</b>	<b>\$19.82</b>	
Market Trends/Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Adjusted Rent</b>		<b>\$12.00</b>	<b>\$10.55</b>	<b>\$15.00</b>	<b>\$13.71</b>	<b>\$19.82</b>	
<b>Expenses</b>		<b>-\$2.00</b>	<b>-\$2.00</b>	<b>\$2.00</b>	<b>-\$2.00</b>	<b>-\$3.00</b>	
<b>Adjusted Rent</b>		<b>\$10.00</b>	<b>\$8.55</b>	<b>\$17.00</b>	<b>\$11.71</b>	<b>\$16.82</b>	
Location	Kansas City	Grandview	Grandview	Lee's Summit	Lees Summit	Kansas City	
% Adjustment		0%	0%	0%	0%	0%	
Year Built	1986	1987	1991	2006	2001	1980	
% Adjustment		0%	0%	0%	0%	0%	
<b>Adjusted Rent</b>		<b>\$10.00</b>	<b>\$8.55</b>	<b>\$17.00</b>	<b>\$11.71</b>	<b>\$16.82</b>	
<b>Net Adjustments</b>							
<b>Gross Adjustments</b>							

**Conclusion**

The rent values of the comparable properties range from \$8.55/SF to \$17.00/SF; the average is \$12.82/SF. Leases 1, 2, 4 and 5 are full service (FS) leases. These leases are adjusted downward \$2 to \$3.00 to reflect a MG lease. Lease 3 is adjusted upward \$2.00 to reflect a MG lease. The adjusted rental range is \$6.50 to \$14.76/SF. All of these leases have been given equal weight in arriving at our reconciled per SF rental rate of \$12.00 for the subject property.

**Lease Basis**

The predominant lease structure in the subject's marketplace is Modified Gross (MG) basis. MG leases are those in which the landlord assumes all expenses of operating a property except that the tenant is responsible for utilities, CAM and janitorial

**Vacancy and Collection Loss**

Based on a review of market conditions and the subject's operating history the projected vacancy and collection loss at 10.00%.

**Expenses Analysis and Projection**

*Utilities*

Within a Modified Gross lease basis, tenants are responsible for their own utility costs.

*Repairs/Maintenance*

Landlords are responsible for repairs and maintenance that are exterior in nature within a Modified Gross lease basis. The subject was noted to be in average condition at the time of inspection, however is still considered to require a moderate amount of maintenance to remain in its current condition. We have estimated this expense to be \$1.00/SF, or \$14,826 annually for the subject property.

*Management Fee*

Management fees are costs incurred by the landlord in the collection of rents, searching for tenants to fill vacancies, etc. These costs generally range between 3-6% of EGI annually. Due to the subject's multi-tenancy nature as well as current 100% vacancy, we have estimated this expense to be toward the higher end of the range at 5%.

*Common Area Maintenance*

Tenants are responsible for expenses incurred in the maintenance of common areas within a Modified Gross Lease.

*Real Estate Taxes*

Landlords are responsible for all Real Estate Taxes. As discussed in the Real Estate Taxes portion of this report, we have estimated this expense to be \$30,500.

*Insurance*

Landlords are responsible to acquire and maintain property insurance throughout the duration of a Modified Gross lease. We have estimated this expense to be \$.40/SF, or \$3,540 annually.

*Miscellaneous/Other*

This category includes some contingency expenses that may include administrative. We have estimated \$0.50 per SF.

**Total Expenses**

Based on market expense comparables, we have projected total expense for the subject property of \$66,675, which is \$4.50/SF or 57.3% of EGI.

**Expense Reimbursements**

As discussed previously, the subject property would be leased on Modified Gross lease terms. Based on this, tenant reimburses the landlord for their prorated share of expenses. The reimbursements for the subject property are summarized in the following table.

**STABILIZED STATEMENT OF INCOME AND EXPENSE**

<i>Income</i>		<i>Annual</i>	<i>\$/SF</i>	<i>% EGI</i>
Large Office		\$177,912		
Rental Income		\$177,912	\$12.00	
Expense Reimbursements		\$0	\$0.00	
Other Income		\$0	\$0.00	
Potential Gross Income		\$177,912	\$12.00	
Vacancy & Collection Loss	10.00%	(\$17,791)	-\$1.20	
<b>Effective Gross Income (EGI)</b>		<b>\$160,121</b>	<b>\$10.80</b>	<b>100.0%</b>
<b>Expenses</b>		<b>Annual</b>	<b>\$/SF</b>	<b>% EGI</b>
Utilities		\$0	\$0.00	0.0%
Repairs/Maint./Janitorial		\$14,826	\$1.00	9.3%
Management Fee		\$8,006	\$0.54	5.0%
CAM		\$0	\$0.00	0.0%
Insurance		\$5,930	\$0.40	3.7%
Real Estate Taxes		\$30,500	\$2.06	19.0%
Misc. / Other		\$7,413	\$0.50	4.6%
<b>Total Expenses</b>		<b>\$66,675</b>	<b>\$4.50</b>	<b>41.6%</b>
<b>Net Operating Income (NOI):</b>		<b>\$93,445</b>	<b>\$6.30</b>	<b>58.4%</b>

**CAPITALIZATION RATE**

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price. There are several methods used for estimating a capitalization rate, they include: market extraction, band of investment and debt coverage ratio.

**Market Extracted Rates**

The table below details capitalization rates extracted from the market.

Comparable Capitalization Rates							
Address	City	State	GBA	Date	Price Per SF	Year Built	Cap Rate
9225 Ward Pkwy.	Kansas City	MO	32,250	9/17/2019	\$65.89	1982	9.3%
215 W. 18th St.	Kansas City	MO	13,796	9/11/2019	\$123.22	1925	8.3%
211 SW Noel St.	Lees Summit	MO	7,008	8/1/2019	\$103.45	1999	8.2%
8301 State Line Rd.	Kansas City	MO	29,751	7/8/2019	\$94.11	1973	9.3%
1439 Minter Way	Grain Valley	MO	4,117	7/1/2019	\$160.80	2005	8.5%
101 Apple Valley Pkwy.	Belton	MO	3,743	3/1/2019	\$207.05	2005	9.3%
6501 Commerce Ave	Kansas City	MO	39,100	8/15/2018	\$75.45	1980	9.4%
Average			18,538		\$118.57	1981	<b>8.9%</b>

The capitalization rates included above are for properties operating at or near stabilization. They range in size from 3,743 SF to 39,100 SF and were built between 1925 and 2005. They are considered to bracket the subject in terms of economic and physical characteristics.

The capitalization rates indicate a range from 8.2% to 9.4% and average 8.9%.

The original building containing 12,506 SF was finished in 1986. The 2,320 SF addition was added in 1995. The total gross building area is 14,826 SF. There is a large open area that was used for bookshelves. There are offices and employee lounge along the east wall. The roof is gabled and has a composition roof cover. The exterior walls are brick over wood frame and the interior walls are wood framed with painted wallboard. The ceiling is acoustical tile with recessed fluorescent light fixtures. There is carpeting in the open area and tile in the restrooms. The building sits on 54,872 SF and the land to building ratio is 3.7 to 1.

The following factors were taken into consideration when estimating the capitalization rate for the subject property:

- *Economic Characteristics:* The subject property was an owner-occupied property for a not for profit organization.
- *Physical Characteristics:* The property was built in 1986 and is considered to be in - overall condition. The parking lot is considered to be in average condition. No other deferred maintenance or negative physical characteristics were noted for the subject property.
- *Location:* It has been well maintained and has average location and access. It is located in the south Kansas City, Missouri which is a stable older neighborhood with high employment, high income per capita but average rental rates.

Based on the foregoing analysis, we have concluded to a capitalization rate of 9.00% for the subject property. The value is calculated as follows:

$$\$93,445 \div 9.00\% = \$1,038,282, \text{ or } \$1,000,000 \text{ rounded.}$$

**VALUE CONCLUSION – INCOME CAPITALIZATION APPROACH:**

**\$1,000,000**

**RECONCILIATION**

There are three distinct methods of valuation in the appraisal process. They include: the cost approach, the sales comparison approach and the income approach. Each of the methods has inherent strengths and weaknesses. The importance of any given approach to value may carry more weight depending on the assignment conditions. The fundamental methodology of each approach is discussed following.

<b>Cost Approach:</b>	N/A
<b>Sales Comparison Approach:</b>	<b>\$1,000,000</b>
<b>Income Approach:</b>	<b>\$1,000,000</b>

A cost analysis was considered and was not developed. –

A sales comparison analysis was considered and was developed. The subject is considered most similar to an owner-occupied property. Because of this the sales comparison approach is an important indicator of value and most closely reflects the expectations of market participants for similar properties. There is adequate data with which to develop this approach to value and it is considered the most reliable method of valuation.

An income analysis was considered and was developed. The subject is considered most similar to an owner-occupied property. Because of this the income approach is an important indicator of value, but is primarily used by market participants in support of the sales comparison approach to value. There is adequate data with which to develop this approach to value and it is considered supportive of the conclusion of the sales comparison approach.

**Conclusion**

Based on the data and analyses developed in this appraisal, we have given greatest consideration to the sales comparison approach with support from the income approach.

**FINAL VALUE CONCLUSION:** **\$1,000,000**

## CERTIFICATION

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

- statements of fact contained in this report are true and correct;
- reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved;
- Neither Bliss Associates, LLC nor I have performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation and the *Supplemental Standards of Professional Appraisal Practice* and *Code of Professional Ethics* of The Appraisal Institute;
- Warren A. Thompson has made a personal inspection of the property that is the subject of this report;
- no one provided significant real property appraisal assistance to the person(s) signing this report;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

By:



Warren A. Thompson  
Appraiser  
State Certified Appraiser  
Missouri - RA-003191

Effective date of the opinion: December 28, 2019

Date of the appraisal report: February 1, 2020

CERTIFICATION

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

- statements of fact contained in this report are true and correct;
- reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved;
- Neither Bliss Associates, LLC nor I have performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation and the *Supplemental Standards of Professional Appraisal Practice* and *Code of Professional Ethics* of The Appraisal Institute;
- Robert E. Marx has not made a personal inspection of the property that is the subject of this report;
- no one provided significant real property appraisal assistance to the person(s) signing this report;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
- as of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

By:   
Robert E. Marx, MAI, SRA  
Vice President  
State Certified Appraiser  
Missouri - RA-001238

Effective date of the opinion: December 28, 2019  
Date of the appraisal report: February 1, 2020

**ADDENDA**



VIA EMAIL: QFang@mymcpl.org

December 6, 2019

Qun Fang  
Consolidated Public Library District #3  
Mid-Continent Public Library  
15616 E US Hwy 24  
Independence, MO 64050

RE: Mid-Continent Public Library  
Red Bridge Branch  
11140 Locust St.  
Kansas City, MO 64131

Jackson County, Missouri tax parcels:  
65-240-02-07-00-0-00-000

Dear Mr. Fang:

I am pleased to submit the following proposal for valuation services.

**Service Requested**

Estimate market value of the property.

**Real Property Interest to be Valued**

Real property interest to be valued is fee simple estate.

**Function or Intended Use of the Appraisal**

The function or intended use of the appraisal is for selling purposes.

**Client/Intended User(s)**

The client and intended users are you and the Library's Board of Directors.

**Effective Date**

The effective date of the appraisal will be the date of the inspection.

**Scope of Services**

The appraisals will conform to Uniform Standards of Professional Appraisal Practice (USPAP), Missouri statutes, and supplemental Standards of Professional Appraisal Practice and Code of Professional Ethics of the Appraisal Institute. The proposed scope of work will include the sales comparison and income approaches. The reporting will be communicated in an *Appraisal Report* (narrative style) per USPAP:

**Fees**

The fee for the assignment is based up the time budgeted on the assignment but will be billed at a flat rate. I estimate that 24 hours will be expended. Our blended hourly rate is \$150. Therefore, the flat-fee quote is \$3,600.

Supplemental services - At the following hourly rates:

Consultation	\$150
Travel	\$125
Testimony	\$250

Qun Fang  
December 6, 2019  
Page 2

**Appraisal Statements and Conditions**

The appraisal performed under this agreement will be subject to all statements, assumptions, limiting conditions, and other conditions (collectively, "Appraisal Conditions") set forth in the appraisal report. Client agrees to review the Appraisal Conditions upon receipt of the report and that Client's use of the appraisal will constitute acceptance of the Appraisal Conditions.

**Reimbursable Expenses**

The above fee quotes include all ordinary business expenses excluding travel and lodging. Extraordinary expenses, such as survey, engineering, title, etc. will be billed at actual cost (without mark-up) and subject to your authorization.

**Delivery**

The appraisal will be completed by January 15, 2020. Delivery by this date is subject to acceptance and notice to proceed by December 13, 2019.

**Terms**

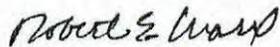
Net 30 days of appraisal report delivery.

**Client's Obligations**

1. Assistance is coordinating an inspection of the property.
2. Provide a summary of the cost basis if reasonably available.

Thanks for your consideration. I look forward to working with you.

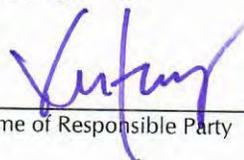
Sincerely,  
Bliss Associates, LLC



Robert E. ("Robin") Marx, MAI, SRA  
Vice President  
Missouri State-certified General Appraiser #RA001238

Encl.

Understood and Agreed to:

  
\_\_\_\_\_  
Name of Responsible Party

12/9/2019  
\_\_\_\_\_  
Date

## APPRAISAL CONDITIONS

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### SPECIAL LIMITING CONDITIONS

Special limiting conditions consist of extraordinary assumptions and hypothetical conditions. *The Uniform Standards of Professional Appraisal Practice (USPAP)*<sup>1</sup> defines extraordinary assumption as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>2</sup>

A hypothetical condition is defined as

“a condition, directly relative to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”<sup>3</sup>

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

#### **Extraordinary Assumption(s)**

The following extraordinary assumption is made in this appraisal.

1. None at this time.

#### **Hypothetical Condition(s)**

The following hypothetical condition is imposed on this appraisal.

1. None at this time.

### ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

This report assumes the following:

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

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<sup>1</sup> The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP)*, 2018-2019 ed.

<sup>2</sup> *Ibid*, p. 3

<sup>3</sup> *Ibid*, p. 3

Additional conditions bearing upon this report are as follows:

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

K685383

K1473P1852

CORPORATION WARRANTY DEED

THIS INDENTURE, Made <sup>AS OF</sup> on this 21<sup>st</sup> day of October, A.D., One Thousand Nine Hundred and Eighty Five by and between J. C. NICHOLS COMPANY, a corporation duly organized under the laws of the State of Missouri, of the County of Jackson, State of Missouri, hereafter "Grantor", and CONSOLIDATED PUBLIC LIBRARY DISTRICT NO. 3 of the County of Jackson, State of Missouri, hereinafter "Grantee", (Mailing address of said first named grantee is 15616 East Highway 24, Independence, Missouri 64050.)

WITNESSETH: THAT GRANTOR in consideration of the sum of Ten Dollars and other valuable consideration to it in hand paid by the Grantee the receipt of which is hereby acknowledged, does by these presents, GRANT, BARGAIN AND SELL, CONVEY AND CONFIRM, unto Grantee, its successors and assigns, the following described lots, tracts, or parcels of land (the "Property") lying, being and situate in the County of Jackson and State of Missouri to-wit: All

Lot Two (2) Block One (1), Red Bridge Business Center, a subdivision of land in Kansas City, Jackson County, Missouri, according to the recorded plat thereof. 09-1860 41-253

Subject to easements, rights of way, declarations, reservations, and community contracts of record.

In addition to the exceptions to title as hereinabove described, the Property is conveyed subject to the following:

- I. Deed Restrictions.
  - A. No building or improvements may be erected upon the Property hereby conveyed, nor may any part of any construction thereon be commenced, until the plans, plot plans (showing set back lines of buildings, improvements, structures, and parking facilities from lot or property lines), elevations, landscape plan and landscape maintenance plan, location, grade, material to be used in construction, the color scheme thereof and the proposed use thereof have been submitted to J. C. Nichols Company, its successors or assigns, and by it or them approved in writing; nor may any alterations or change be made in the exterior design or the construction of any such building or improvements, nor may any such exterior alteration or change be commenced, until the plans thereof have been submitted to J. C. Nichols Company, its successors or assigns, and by it or them approved in writing. J. C. Nichols Company, its successors and/or assigns shall not unreasonably withhold approval of any building or improvement plans or modifications thereof provided such plans are consistent with J. C. Nichols Company's, its successors or assigns building or improvement standards then in practice. The term "building" and "improvements" as used herein shall be deemed to include any and all exterior portions of buildings or structures of every kind and character, including all walls, fences, parking areas, storm and other drainage facilities, landscaping, exterior lights, signs, signboards, and lettering of every kind.
  - B. The Property hereby conveyed may be improved, used and occupied only for the purpose of erecting, operating and maintaining thereon public library and related storage and/or administrative purposes or a combination thereof, which shall include adequate appurtenant surface vehicle parking facilities. Grantee's maintenance of the improvements constructed upon the Property, both interior and exterior, plus Grantee's maintenance of all exterior improvements including paved areas, signage and landscaping shall be comparable to Grantor's maintenance of its ownership of surrounding properties.

- C. Each of the restrictions specifically set forth above shall continue and be binding upon the Grantee herein, and upon its successors and assigns, until December 1, 2023, and shall automatically be continued thereafter for successive periods of twenty-five (25) years each, unless sooner released or modified by the Grantor, its successors or assigns upon the written consent of Grantee.

## II. Right of First Refusal.

Grantor reserves and Grantee, by its acceptance of this Deed, does hereby grant unto Grantor a right of first refusal to purchase and/or acquire merchantable fee simple title to the Property along with all improvements located thereon. For purposes of these provisions, the term "Site Improvement Costs" shall consist of all expenditures actually made by Grantee in making site and infrastructure improvements to the Property (the "Site Improvements") excluding however expenditures made in constructing and erecting any building(s) or parking lot(s) on the Property. For any calculations described herein, Site Improvement Costs shall not exceed Thirty Eight Thousand and no/100 Dollars (\$38,000.00). Upon Grantee's intention to convey the Property with all improvements located thereon, it shall first give written notice of such intention to Grantor. Within thirty (30) days after the receipt of such Grantee's written notice, Grantor may acquire the Property and Site Improvements for the Site Improvement Cost sum so stated in Grantee's notice plus Sixty-Two Thousand and NO/100 Dollars (\$62,000.00) and in connection therewith Grantor shall also acquire all building improvements and surface parking upon the Property (the "Buildings") for a sum equal to the fair market value of Buildings so constructed upon the Property. If the parties fail to agree upon such fair market value, then each of the parties shall, within ten (10) days thereafter, appoint a qualified appraiser. The term "qualified appraiser" shall mean a person who is (i) not an affiliate of either party (ii) qualified to appraise similar buildings in the Greater Kansas City metropolitan area, (iii) a member of the American Institute of Real Estate Appraisers, the Society of Real Estate Appraisers or any other successor or similar associations. Each party shall be entitled to provide such qualified appraiser such information as each party deems relevant. Each of the qualified appraisers appointed by the parties (the "original qualified appraisers") shall, within thirty (30) days after the date upon which he is appointed, independently determine the value of the Buildings constructed upon the Property without consideration of any Site Improvements. In the event of the failure, refusal, or inability of the original two appraisers to reach an agreement as to fair market value of the Buildings, then each of the original qualified appraisers shall, within five (5) days after the last of the two reports of the original qualified appraisers is delivered to the parties, agree upon a third qualified appraiser, (the "third qualified appraiser"). If the two original qualified appraisers are unable to agree upon a third qualified appraiser, then the person who is then serving as the local president of the Chapter of American Institute of Real Estate Appraisers located within the Greater Kansas City metropolitan area shall select the third qualified appraiser. Within thirty (30) days after the selection of the third qualified appraiser, the third qualified appraiser, shall independently determine the value of the Buildings. Thereafter all three values as determined by the qualified appraisers shall be compared and the two values with the least variation between them shall be averaged to determine the fair market value of the Buildings. In making any determination of the fair market value of the Buildings, there shall not be included therein any value for the Property or the Site Improvements inasmuch as Grantor is acquiring these items from Grantee for a sum not in excess of \$100,000.00 (\$62,000.00 + \$38,000.00) pursuant to the procedure described above.

Notice to Grantor or Grantee shall be sent by United States mail, postage prepaid, both first class and certified, return receipt requested to the following address of each respective party to this instrument with notice effective as of the date of signing of the return receipt card or as of the date of first refused delivery.

TO GRANTOR: J. C. Nichols Company  
c/o Legal Department  
310 Ward Parkway  
Kansas City, MO 64112

TO GRANTEE: Consolidated Public Library District No. 3  
15616 East Highway 24  
Independence, MO 64050

or to such other addresses or parties as the Grantor or Grantee may designate in writing from time to time.

Within said thirty (30) day period pending Grantee's notice to Grantor of its intention to so convey the Property, Grantor shall deliver written notice to Grantee of its intention either to so acquire the Property or to waive its right of first refusal as described within this section. In the event Grantor does not so deliver to Grantee a notice of its intention to so exercise or waive its right of first refusal as described herein, then Grantee may transfer and/or convey the Property free and clear of Grantor's right of first refusal upon the execution and recordation of an affidavit establishing Grantee's right to so convey the Property free and clear of Grantor's right of first refusal based upon its response to waive its right of first refusal or its absence of response within the time period described within this section. In connection therewith, in the event Grantor does not so exercise the right of first refusal, then paragraph I B of this Deed shall be automatically deleted without the execution of subsequent documentation, effective as of the date of Grantee's deed to its Grantee, and substituted therefore herein shall be the following restriction:

"The Property hereby conveyed may be improved, used and occupied for any use or purpose compatible with the use-mix and character of Grantor's surrounding commercial properties and consistent with the then existing zoning and land use ordinances of the City of Kansas City, Missouri. Grantee's maintenance of the buildings and improvements constructed upon the Property, both interior and exterior, plus Grantee's maintenance of all exterior improvements including paved areas, signage and landscaping shall be compatible to Grantor's maintenance of its ownership of surrounding properties."

TO HAVE AND TO HOLD, the premises aforesaid, with all and singular the rights, privileges, appurtenances and immunities thereto belonging or in anywise appertaining, unto the Grantee and unto its successors and assigns forever, the said J. C. Nichols Company hereby covenanting that it is lawfully seized of an indefeasible estate in fee in the premises herein conveyed; that it has good right to convey the same; that the said premises are free and clear from any incumbrance done or suffered by it or those under whom it claims; and that J. C. Nichols Company will warrant and defend the title of the said premises unto the Grantee and unto its successors and assigns forever, against the lawful claims and demands of all persons whomsoever, except as above provided, and except also for real estate taxes and assessments not delinquent as of the date of this deed.

IN WITNESS WHEREOF, the Grantor has caused these presents to be signed by its President and attested by its Secretary, and the cor-

porate seal to be hereto attached, the day and year first above written.

J. C. NICHOLS COMPANY

BY Lynn L. McCarthy  
Lynn L. McCarthy, President

Clarence L. Roeder  
Clarence L. Roeder, Secretary

MISSOURI CORPORATE ACKNOWLEDGMENT

STATE OF MISSOURI )  
                          ) ss.  
COUNTY OF JACKSON)

On this 16<sup>th</sup> day of October, 1985, before me, appeared Lynn L. McCarthy, to me personally known, who being by me duly sworn, did say that he is the President of J. C. Nichols Company, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Clarence L. Roeder acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at my office in Kansas City, Missouri, the day and year last above written.

Sally C. Smart  
Notary Public  
Sally C. Smart

My commission expires:

June 21, 1987



(STATE OF MISSOURI - SS  
(COUNTY OF JACKSON) SS  
I CERTIFY INSTRUMENT RECEIVED

1985 OCT 22 P 1:38.5

**K1473P1852**  
RECORDED BOOK FILE  
CATHERINE T. ROCHA  
DIRECTOR OF RECORDS

E. Christman  $\frac{3.00}{14.00}$   
17.00

## COMPARABLE SALE NO. 1

Office  
Other

Converted Residence  
10200 Holmes Rd  
Kansas City, MO 64131

BlissWorld No. 97954



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### Transaction

Sale Price:	\$530,000	Sale Date:	4/9/2019
Seller:	James Montee	Deed No.:	WD-2019E0026422
Buyer:	2570 Associates, LLC		

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### Analysis

Price / SF Building: \$64.04

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### Building

Year Built:	1965	Building SF:	8,275
Exterior Walls:	Stucco;EIFS		

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### Land

SF:	30,000	Topography:	Steep Land
Zoning:	R4-0	Utilities - Water:	Yes
Shape:	Rectangular	Utilities - Gas:	Yes
Frontage:	120.00	Utilities - Sewer:	Yes
Depth:	250.00	Utilities - Electric:	Yes
Legal:	Tract 3, of HBA Addition 2nd Plat to Jackson County, Kansas City, Missouri.		
Subdivision:	HBA Addition		

The subject property is located along the west side of Holmes Road just north of the I-435 interchange. The subject site has 120 ft. of frontage and averages 250 ft. deep. Access is by a curb cut in the Holmes Road frontage. The site is zoned R-4-0-P, low apartment, administrative office building district which is an apartment and office building district, with a predominantly residential character. It is designed to provide, within the higher density residential districts or within residential districts which adjoin and are reasonably related to higher density residential districts or business districts, areas for the location and development of administrative office buildings and related office uses which are subject to more restrictive controls on lot area coverage and off-street parking requirements than required for residential structures within the same district.

According to Jackson County records the original house was constructed in 1940. The current owners purchased the property in 1978 as a residence and converted the building including the basement to office use in 1979. At that time there was approximately 2,275 SF of office space including a finished basement. In 1990 there was a 6,000 SF addition and the original building was completely renovated at the same time. The exterior is stone and EIFS (stucco) on the east elevation and EIFS on the west and south elevations. The interior is a mix of wood paneling and painted sheetrock walls. The flooring is all carpeting except the tile in the restrooms. The owner's office has a box vault ceiling with wallpaper covered walls. The conference room is wood paneled with a faux fireplace. The main level offices are the most ornately finished. There is a small kitchenette on the

main level. There are two entrances on the east elevation for the main level and an enclosed stairwell at the southwest corner provides additional access to all levels.

The second floor has two small office spaces and a large open office area. There is a unisex restroom on the second level. The finish is average painted sheetrock walls and ceilings with exposed incandescent fixtures.

The lower level is a walk-out basement with two entrances on the west elevation. There are several file storage areas on the east side of the basement as well as restrooms and an employee kitchen. The west side of the basement is office space that is average finish.

## COMPARABLE SALE NO. 2

**Office**  
**Office Building**  
**Low Rise**

Manfield Building  
10308 State Line Rd  
Leawood, KS 66206

BlissWorld No. 77956



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### **Transaction**

Sale Price:	\$610,000	Sale Date:	12/20/2018
Seller:	Cornerstone Bank (REO)	Book:	20181227
Buyer:	Why Not Now KS, LLC	Page:	6910

The property sold out of foreclosure from Cornerstone Bank. It was appraised in September of 2018 for \$650,000. The sale appears to be at market.

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### **Analysis**

Price / SF Building: \$54.46

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### **Building**

# Parking Spaces:	24	Land / Bldg. Ratio:	1.96
Year Built:	1973	Building SF:	11,200
Exterior Walls:	Brick	Quality:	Average
Condition:	Average	Const. Class:	Class D

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### **Land**

SF:	22,057	Topography:	Level
Acres:	0.51	Utilities - Water:	Yes
Zoning:	BP	Utilities - Gas:	Yes
Shape:	Nearly rectangular	Utilities - Sewer:	Yes
Frontage:	100.00	Utilities - Electric:	Yes
Depth:	180.00		
Easements:	Typical		
Tax ID:	HF251311-1007		

The property is located along the east side of State Line Rd. north of I-435. The site

### COMPARABLE SALE NO. 3

**Office  
Office Building  
Low Rise**

Horton Office Bldg  
5845 Horton  
Mission, KS 66202

BlissWorld No. 34483



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#### **Transaction**

Sale Price:	\$592,200	Sale Date:	12/13/2018
Conditions of Sale:	Arm's Length	Deed No.:	T20180068945
Interest Conveyed:	Leased Fee	Book:	201812
Seller:	U.S. Properties Inc.	Page:	004724
Buyer:	Mission Property LLC		
Terms:	Market		

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#### **Analysis**

Price / SF Building: \$43.23

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#### **Building**

Land / Bldg. Ratio:	1.70	Year Built:	1963
Building SF:	13,968	Exterior Walls:	Brick
Quality:	Average	Condition:	Average

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#### **Land**

SF:	24,080	Topography:	Level
Acres:	0.56	Utilities - Water:	Yes
Zoning:	C 2a	Utilities - Gas:	Yes
Shape:	Rectangle	Utilities - Sewer:	Yes
Frontage:	140.00	Utilities - Electric:	Yes
Depth:	174.15		
Easements:	Typical		
Tax ID:	KF251208 3013		
Legal:	Part of the NEQ, S 8, T 12, R 25		
Section: 8	Township: 12	Range: 25	Quarter Section: NE

The square footage includes two stairwells on the west and east sides of the building. The lower level is a finished "garden" level. The roof is one year old. Heat is via two circulating hot water boilers - one needed replacement after the sale. Subsequent to purchase, the buyer reportedly spent a total of ±\$50,000 including tenant improvements.

## COMPARABLE SALE NO. 4

**Office  
Office Building  
Low Rise**

Lincare Office Building  
4240 S Lees Summit Rd  
Independence, MO 64055

BlissWorld No. 61285



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### **Transaction**

Sale Price:	\$1,100,000	Sale Date:	7/1/2018
Conditions of Sale:	Arm's length	Deed No.:	WD-2018E0056907
Interest Conveyed:	Leased Fee		
Seller:	West Independence MO, LLC		
Buyer:	Hamilton Ross, LLC		

The subject was recently renewed with a three-year lease with Lincare, Inc, a subsidiary of The Linde Group. After the lease extension renewal, the property had been listed on the open market for approximately two months for \$1,180,000, or \$90.76/SF prior to going under contract for \$1,100,000, or \$84.60/SF. The indicated cap rate is 9.28%, based on estimated expenses for the subject.

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### **Analysis**

Price / SF Building:	\$84.60	Cap. Rate:	9.280%
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### **Building**

Year Built:	2001	Building SF:	13,002
Exterior Walls:	Concrete Block;Stone;EIFS	Quality:	Average
Condition:	Average	Const. Class:	Class C

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### **Land**

SF:	54,432	Topography:	Hilly
Acres:	1.25	Utilities - Water:	Yes
Zoning:	C-2	Utilities - Gas:	Yes
Shape:	Rectangular	Utilities - Sewer:	Yes
Frontage:	215.00	Utilities - Electric:	Yes
Depth:	191.00		
Tax ID:	33-140-11-24-00-0-00-000		
Legal:	Lot 1, Independence Crossing Lot 1		
Subdivision:	Independence Crossing Lot 1	Lot:	1

This property is located along the west side of Lee's Summit Road, just south of the interchange with I-70. The property has some visibility from I-70. The site has a curb cut from the shopping center's access drive. The total paved area is estimated at 23,500 SF with 65 marked spaces including 4 handicap.

The building consists of 13,255 SF of gross and net rentable area and is designed for single tenant occupancy. The site contains about 54,450 SF or 1.25 acres. The building, is constructed on a

poured concrete foundation and concrete slab floor. The exterior walls are stucco siding. The gabled roof is constructed on wood trusses and plywood decking covered with composition shingles. The Interior finish is carpet or vinyl tile floor covering, painted sheetrock walls, and suspended acoustical tiles with recessed fluorescent lighting or drywall ceilings. The site improvements consist of ground cover around the improved area and a sidewalk around the building.



## WARREN A. THOMPSON

### ***Certifications***

Missouri State Certified General Real Estate Appraiser No. RA 003191

### ***Experience***

33 years full-time real estate appraisal experience involving all types of property

### ***Advanced Course Work***

#### *Courses*

- 2019 McKissock Appraisal of Fast Food Facilities
- 2019 McKissock Advanced Hotel Appraising-Full-Service Hotels
- 2019 McKissock Sales Comparison Approach
- 2018 McKissock, Appraising Assisted Living Facilities
- 2018 McKissock, Land and Site Valuation
- 2018 McKissock, Cost Approach
- 2016 Lowman & Co., Diversification with Direct Capitalization
- 2016 Lowman & Co., Building Green
- 2016 McKissock, Basic Hotel Appraising
- 2013 McKissock, Land and Site Valuation
- 2013 McKissock, Appraising and Analyzing Retail Shopping Centers for Mortgage Underwriting
- 2013 McKissock, Appraisal Applications of Regression Analysis
- 2012 McKissock, REO and Foreclosures
- 2012 McKissock, Appraising Apartments: The Basics
- 2011 McKissock, Appraising and Analyzing Industrial and flex Buildings
- 2011 McKissock, Environmental Issues for Appraisers
- 2010 McKissock, Principles, procedures, & Case Studies
- 2010 McKissock, Land and Site Valuation
- 2010 McKissock, Income Capitalization
- 2008 McKissock, The Cost Approach
- 2008 McKissock, Income Approach
- 2006 McKissock, Appraising the Oddball
- 2000 AI Course 410, Standards of Professional Practice
- 1991 AI, Case Studies in Real Estate Valuation
- 1989 AI, Part B, Capitalization Theory & Techniques
- 1988 AI, Part A, Capitalization Theory & Techniques
- 1988 AIREA, Basic Valuation Procedures
- 1987 AIREA, Real Estate Appraisal Principles

#### *Seminars*

- 2018, USPAP Update
- 2016, USPAP Update
- 2014, USPAP Update
- 2012, USPAP Update
- 2010, USPAP Update
- 2008, USPAP Update
- 2007, Analyzing Commercial Lease Clauses
- 2006, USPAP 2006 Update
- 2006, STDB Seminar
- 2006, NFIP-Flood Map Update
- 2006, A Convicted Felon Speaks Out
- 2004, USPAP Update
- 2004, FEMA-NFIP Flood Map Update



## ROBERT E. MARX, MAI, SRA

### **Certifications**

- MAI designation, 1992, (M-9207), the Appraisal Institute
- SRA designation, 1988, the Appraisal Institute
- IRM designation, 1978, the Institute of Residential Marketing, National Association of Home Builders
- Colorado State Certified General Real Estate Appraiser No. CG100048101
- Kansas State Certified General Real Property Appraiser No. G-383
- Kansas Licensed Real Estate Broker No. BR00052260
- Missouri State Certified General Real Estate Appraiser No. RA001238
- Missouri Licensed Real Estate Broker-Salesperson (inactive) 1999023167

### **Experience**

- Over 44 years full-time real estate appraising with Bliss involving all types of properties
- Expert Valuation Witness  
District Courts in Kansas Counties:  
Geary, Johnson, Leavenworth, Riley, Sedgwick, Shawnee, and Wyandotte  
Circuit Courts in Missouri Counties:  
Buchanan, Cass, Clay, Jackson, and Platte  
Federal Bankruptcy Courts:  
Western Missouri and Kansas  
Various local planning and zoning hearings
- Recent teaching and related experience  
June 2016, Co-presenter, Conservation Panel, Burns & McDonnell, *Wildlife & Energy Interaction Symposium\Conservation Easements*  
March 2013, Co-presenter, CLE Seminar, National Business Institute, *Eminent Domain from Start to Finish*  
October 2009, Speaker, KC Regional Chapter of the International Association of Assessing Officers, *Valuation and Appraisal in a Dysfunctional Market*  
October 2009, Co-presenter, CLE Seminar, KC Metropolitan Bar Association, *Handling Distressed Commercial Properties in 2009*  
2000, Approved instructor for appraiser continuing education in Idaho, Illinois, Indiana, Kansas, Missouri, Pennsylvania and Virginia  
2000, Co-author: manuscript *Police Power Regulation of Highway Access and Traffic Flow in the State of Kansas*

### **Associations**

- Member: Appraisal Institute Review Panel
- Member: Kansas City Regional Association of Realtors®
- Member: Missouri Association of Realtors
- Member: National Association of Home Builders
- Member: Young Advisory Council of the Appraisal Institute
- Past President: KC Data Service, Inc. (1991)

### **Formal Education**

- BA Chemistry  
University of Kansas, 1973

### **Recent/Advanced Course Work**

- Yellow Book Seminar
- Valuation of Conservation Easements, Appraisal Institute
- Litigation Professional Development Program, Appraisal Institute
- Regression Analysis and Special Topics in Statistics – SAS, UMKC\STAT 5590