



Valbridge
PROPERTY ADVISORS

Blight Study

Bank of the West

740 Northwest Blue Parkway
Lee's Summit, Jackson County, Missouri 64086



Drake Development, LLC

Mr. Matt Pennington
12701 Metcalf Avenue, Suite 100
Overland Park, Kansas 66213

Effective Date

May 18, 2017

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Kansas City**

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Valbridge File # KS01-17-0268



September 17, 2017

Mr. Matt Pennington
Drake Development, LLC
12701 Metcalf Avenue, Suite 100
Overland Park, Kansas 66213

Re: Bank of the West
740 Northwest Blue Parkway
Lee's Summit, Jackson, Missouri 64086

Valbridge File No: KS01-17-0268

Dear Mr. Pennington:

We are pleased to transmit the attached Blight Study that has been prepared for the above referenced property. The purpose of the report is to determine whether the Study Area is blighted, as defined in Section 99.805.1 Revised Statutes of Missouri and Section 67.1401.1 Revised Statutes of Missouri. This analysis represents an accumulation of our findings based on research and investigations performed on the effective date of May 18, 2017. The attached report sets forth the data, research, investigations, analyses, and conclusions for this report.

The report was prepared by Daniel Kann, MAI MSRE who is a state certified real property appraiser. Laird Goldsborough, MAI MRE reviewed the report and assisted with the due diligence process. The subject and market area were inspected on May 18, 2017, which is within three months of the effective date of this report. The Study Area is comprised of two parcels that contain approximately 3.47 acres of land. The Study Area is presently improved with a vacant office building that was the former location of Bank of the West and other various office tenants.

As determined in the following study, it is our opinion that the Study Area represents a "blighted area" which is defined in Missouri Statute Section 99.805.1 and Section 67.1401.1. Primary blighting factors for the Study Area include:

- Defective or inadequate street layout
- Unsanitary or unsafe conditions
- Deterioration of site improvements
- Improper subdivision or obsolete platting
- Conditions which endanger life or property by fire and other causes

It is our opinion that the predominance of these above stated factors within the Study Area constitutes an economic liability as well as a menace to the public health, safety, and welfare in its present condition and use. We have concluded these facts based on the deterioration of site

improvements, potential environmental contamination, aging improvements that are nearing the end of their economic life, and the potential development opportunities for the site.

The Study Area consists of a vacant property that is deteriorating in its present use. The existence of the previous blighting factors indicates that the Study Area constitutes an economic liability in its present condition and use. Because of this and the other blighting factors, it is unlikely that the Study Area will be redeveloped without financial assistance.

Valbridge Property Advisors | Kansas City has not performed valuation services pertaining to the Study Area within the three-year period immediately preceding acceptance of the assignment. Valbridge Property Advisors | Kansas City is a disinterested third party and there is no identity of interest between our firm and the client and intended user for whom the report is prepared.

Sincerely,
Valbridge Property Advisors, Inc.



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Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. Furthermore, my engagement was not conditioned upon the appraisal producing a specific value, a value within a given range, or the approval of a loan.
- 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.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No one provided significant professional assistance to the person(s) signing this report.
- Daniel Kann, MAI MSRE made a personal inspection of the property that is the subject of this report. Laird Goldsborough, MAI MRE did not inspect the property.
- As of the date of this report, Daniel Kann, MAI MSRE and Laird Goldsborough, MAI MRE have completed the continuing education program of the Appraisal Institute.
- Valbridge Property Advisors | Kansas City has not performed valuation services pertaining to the Study Area within the three-year period immediately preceding acceptance of the assignment.



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EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

Extraordinary Assumption: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

- We were provided with limited data regarding the Study Area and the existing and proposed improvements. We have instead relied on a physical inspection, aerial pictures, GIS mapping, third party reports, and various online sources to determine the physical characteristics and salient data points of the existing improvements. If this information is found to be false our conclusions could require revision.

Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

- There are no hypothetical conditions utilized in our analysis.

Other Assignment Conditions

- We have used the 2010 demographic data when available with certain analytical points relying on data from the American Community Survey (ACS). Due to changing demographics and the use of both the 2010 and ACS Census data, the best available information was used from various sources. In addition, due to the 2010 Census being published, ESRI no longer publishes historical demographic data for certain categories. In all cases, we have used the best available information when possible.
- Various sources have been used to determine employment and labor data in the market area (U.S. Census Bureau, Bureau of Labor Statistics, ESRI, OnTheMap, Economic Development Corporation, IRS tax statistics, etc.). Some of the various sources use overlapping data and other sources use historical data trended to a current year. Additionally, some sources report data for residents of an area and others report data for employees of a given geographic location. Due to the use of multiple sources with various methods of reporting labor statistics, we have used the best available information in our analysis.

SUBJECT PHOTOS



View of 50 Highway looking south towards Northwest Chipman Road (subject on the left)



View of interior street within Summit Fair providing access to the subject (subject on the left)



View of Study Area looking northwest towards 50 Highway (aging design)



Representative exterior view of the Study Area with signs for deterioration and aging



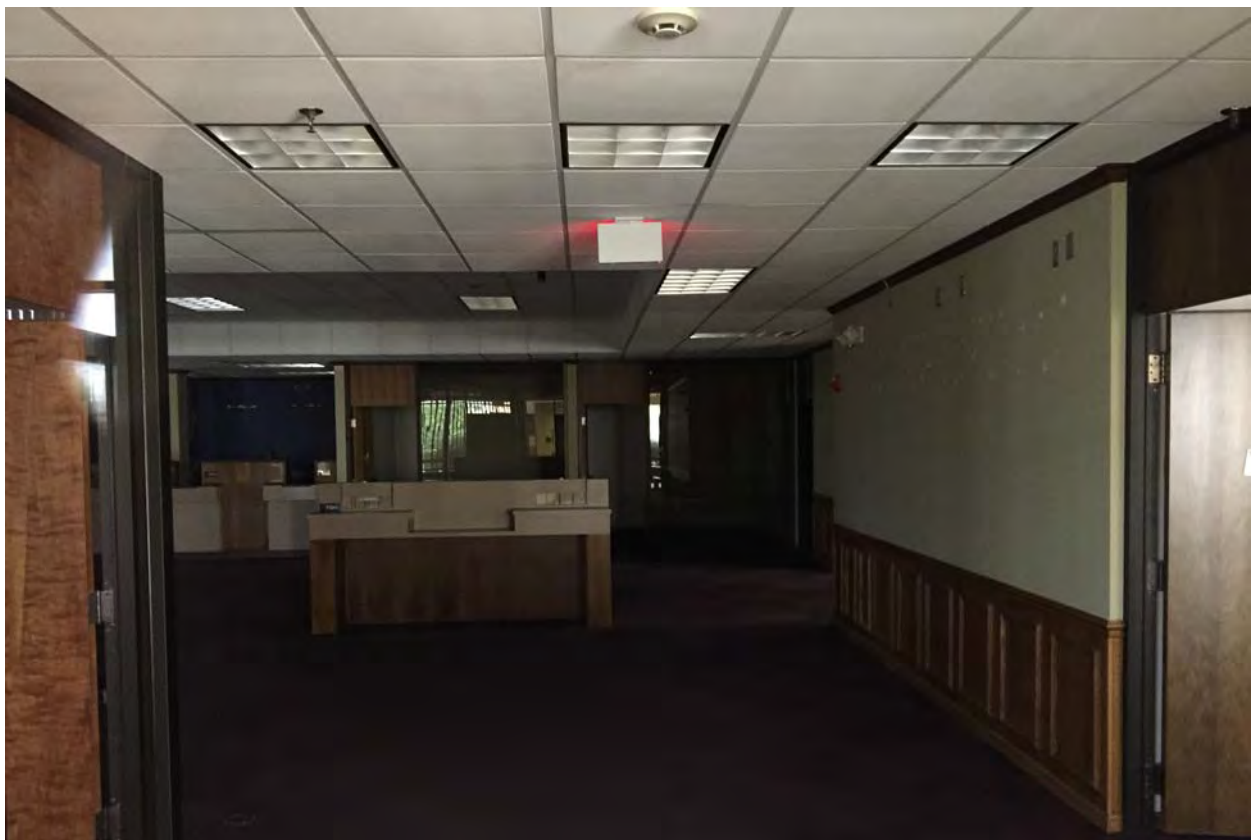
Representative view of the parking area with signs for deterioration and neglect



Representative view of parking on the north side of the property (separate parcel and above grade)



View of exterior façade with deterioration



Representative interior view of vacated space with aging finish



Representative interior view of vacated space with aging finish and deterioration



Representative interior view of unfinished space



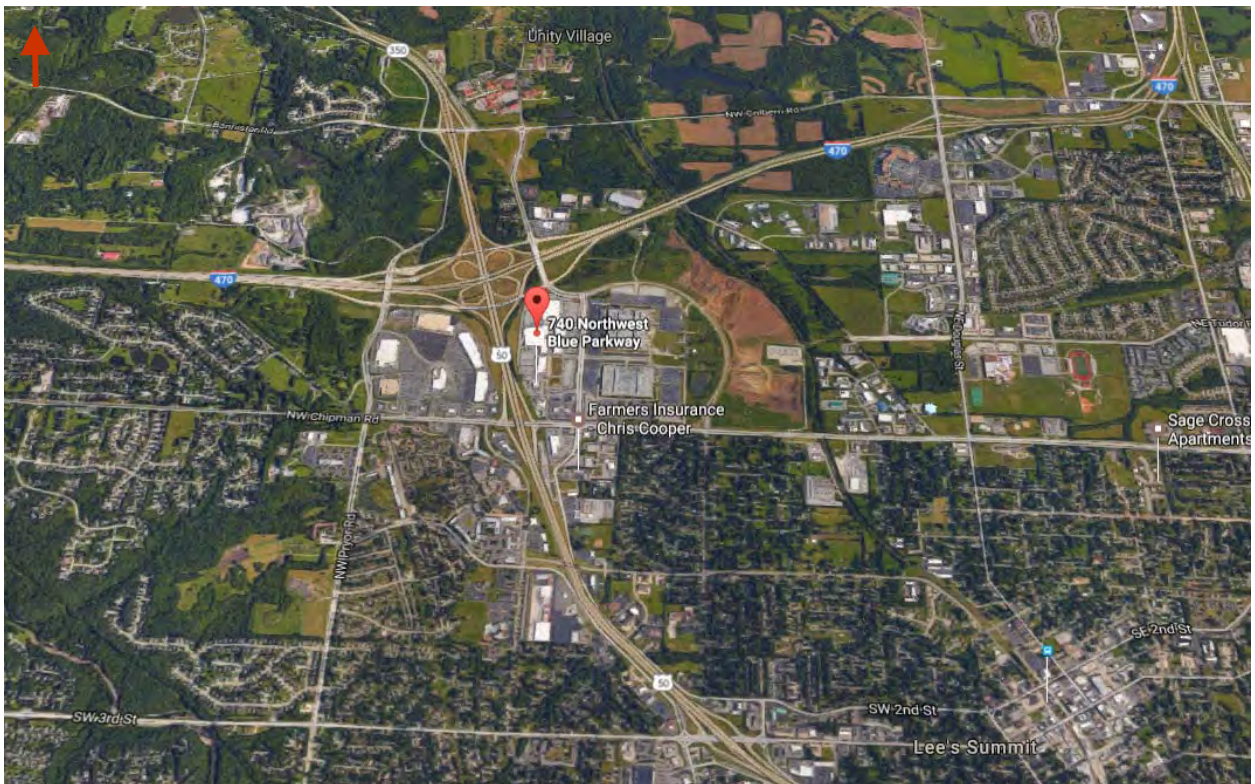
Representative interior view of in need of updating



View of broken glass in the interior lobby



Representative interior view of vacated space in need of updating



Aerial view of the Study Area and surrounding land use

INTRODUCTION

The Study Area is located at 740 Northwest Blue Parkway in Lee's Summit, Jackson County, Missouri. The Study Area is comprised of two contiguous parcels that contain approximately 3.47 acres or 151,349 square feet of land. The site is improved with a former Bank of the West and other various office tenants. The existing improvements were built in 1979 and contain approximately 46,277 square feet of gross building area. Due to feasibility issues, obsolescence, and deterioration, the improvements are currently vacant in anticipation of being redeveloped to its highest and best use. The following table summarizes the Study Area.

Parcel ID Number	Address	Square Feet	Acres	Improvements	Owner
51-700-03-06-00-0-00-000	740 Northwest Blue Parkway	117,708	2.70	Office building	740 Parkway Investors, LLC
51-700-03-04-02-0-00-000	Not Assigned	33,641	0.77	Surface parking	740 Parkway Investors, LLC
Total		151,349	3.47		

As part of the TIF and CID application, the developer acquired the property in August 2016 for a reported cost of \$2,300,000 or \$15.20 per square foot of land area (transaction 2016E0079646). The Study Area is proposed to be improved with a 1.73 acre restaurant pad site and an 8,450 square foot retail center. As part of the redevelopment, the existing building will be razed and the parking will be reconfigures to accommodate two separate buildings. Preliminary development costs are projected to total \$12,238,962 to acquire, raze, and build the proposed improvements. Due to the preliminary nature of the assignment, salient data regarding the proposed project is limited in scope.

Effective Date

The effective date of this study is May 18, 2017. Daniel Kann, MAI MSRE inspected the property on May 18, 2017.

Date of Report

The date of this report is September 17, 2017. A comparison of the date of the report to the effective date of the study indicates that our conclusions are reflective of current market conditions.

User(s) and Function

This study was prepared for the sole and exclusive use of Drake Development, LLC to assist in determining if the Study Area is blighted. It is not to be relied upon by third parties for any purposes. We understand that this report may be submitted by the client to a government entity or agency for the purpose of making a recommendation of a finding that the Study Area is blighted or a legislative determination and/or finding that the Study Area is blighted.

Purpose of Study

The purpose of the report is to investigate and determine if blight conditions exist in the Study Area according to Missouri's Urban Redevelopment Corporation Law and Real Property Tax Increment Allocation Redevelopment Act as defined below.

Definitions

According to the Missouri Revised Statutes, the following definition pertains to Chapter 99 and Chapter 67 incentives.

- "Blighted area", an area which, by reason of the predominance of defective or inadequate

street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

Competency

No steps were necessary to meet the competency provisions established by USPAP. We have completed several blight studies in the past several years. We certify that we have adequate experience and qualifications to prepare this study. Please refer to the qualifications at the end of our report.

Scope of the Investigation

As part of the study, we completed an investigation and analysis of the data considered pertinent to determining if blight is present in the Study Area. The report was prepared to conform to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).

The investigation included, but was not limited to the following:

- Inspection of the site, improvements, and the surrounding area
- Review of the provided plans and specifications
- Gathering of information on local market conditions and trends including population, income, employment levels, crime rates, linkages, support services, etc.
- Confirmation and analysis of the data

Sources of Information

Market, demographic, and area data was obtained from a number of sources including the following:

- The Site To Do Business, a service for demographic and analytic data
- The city of Lee's Summit, Missouri online databases
- The Jackson County Assessor's Office
- United States Department of Labor
- U.S. Census Bureau
- Lee's Summit Chamber of Commerce
- Lee's Summit Economic Development Council
- Kansas City Star and Kansas City Business Journal
- Market participants knowledgeable about the subject market area

SITE DESCRIPTION

Our description of the subject site is based on our physical inspection and a review of various third party data. The subject site is described in the following outline format.

Overview

Location	740 Northwest Blue Parkway, Lee's Summit, Missouri 64086
Size	The site totals 3.47 acres or 151,349 square feet (per survey)
Accessibility	The site has good access from Northwest Chipman Road and Northwest Blue Parkway
Visibility	The site has excellent visibility from 50 Highway
Topography	Gently sloping and above grade with other sites within Summit Fair
Utilities	All utilities are available and in place at the site
Flood Designation	Zone X, areas outside flood zone (#29095C0417G, January 20, 2017)
Environmental	Our physical inspection of the subject property did not reveal any indication of environmental hazard. However, we were not provided with a Phase I report to verify. Based on the age of the building and prior evidence of mold and current level of asbestos, environmental contamination could be possible. It is recommended that a competent third party prepare a Phase I to confirm.

Legal

Zoning Designation	CP-2- Planned Community Commercial
Statement of Intent	The CP-2 District is intended to provide a location for a full-range of retail and office development serving the general needs of the community. The CP-2 District is not considered appropriate for heavier commercial uses that border on being light industrial in nature, and thus more appropriate for the BP or L-I District. The intent of the CP-2 District is to promote a streetscape that encourages buildings to be moved forward adjacent to the front yard setback line or adjacent to the required landscape improvements.
Maximum Density	0.55 floor area ratio with a maximum height of 40 feet
Future Land Use	The Study Area is zoned for a future commercial (office and retail) use according to the amended 2005 Comprehensive Plan, which is consistent with the past and future use of the site.

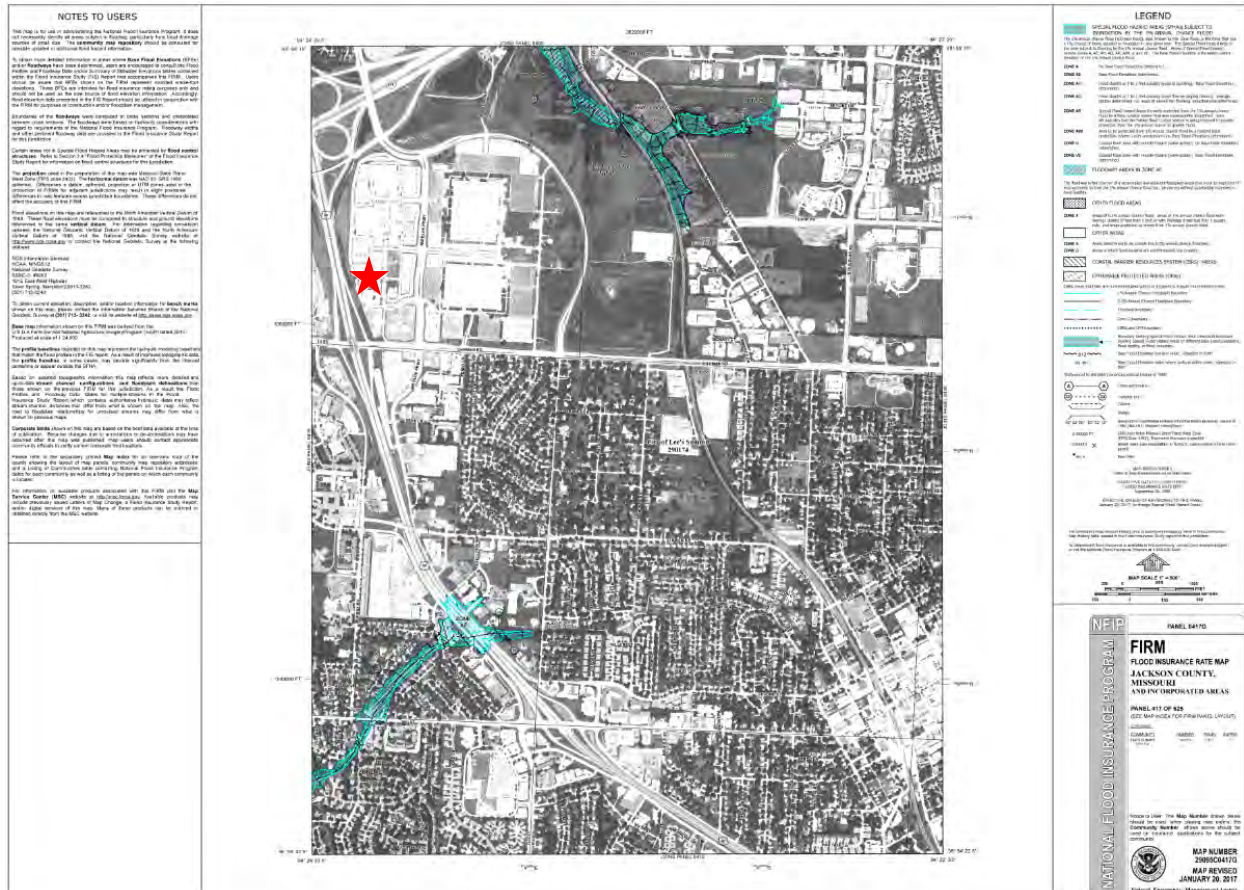
Streets, Access, Frontage

Street	50 Highway	Northwest Blue Parkway
Frontage	Yes	No
Paving	Asphalt	Asphalt
Curbing/Gutters	No	Yes
Sidewalks	No	Yes
Lanes	Four with center divide	Four with turn lanes
Direction of Traffic	North and south	North and south
Condition	Average	Average
Traffic Level	High	High
Signals/Traffic Control	On/off ramp	Signaled intersection

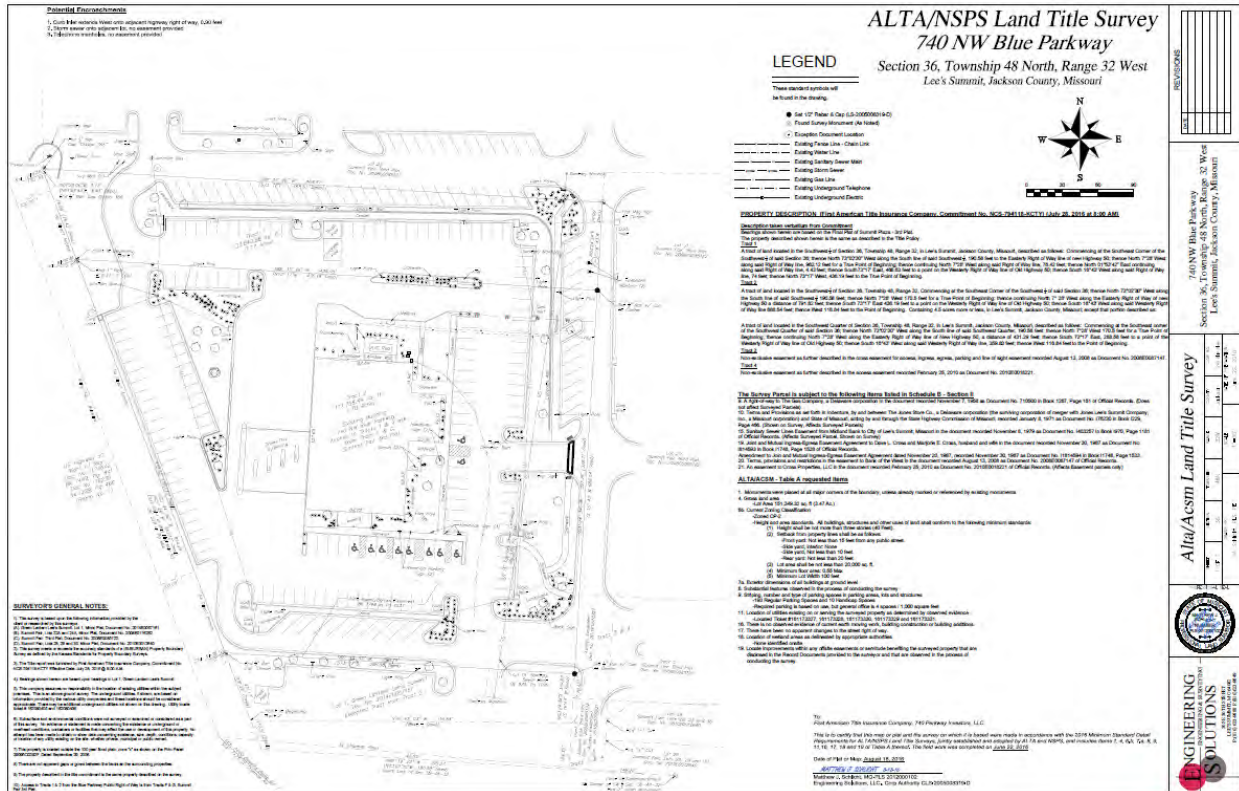
Parcel Map



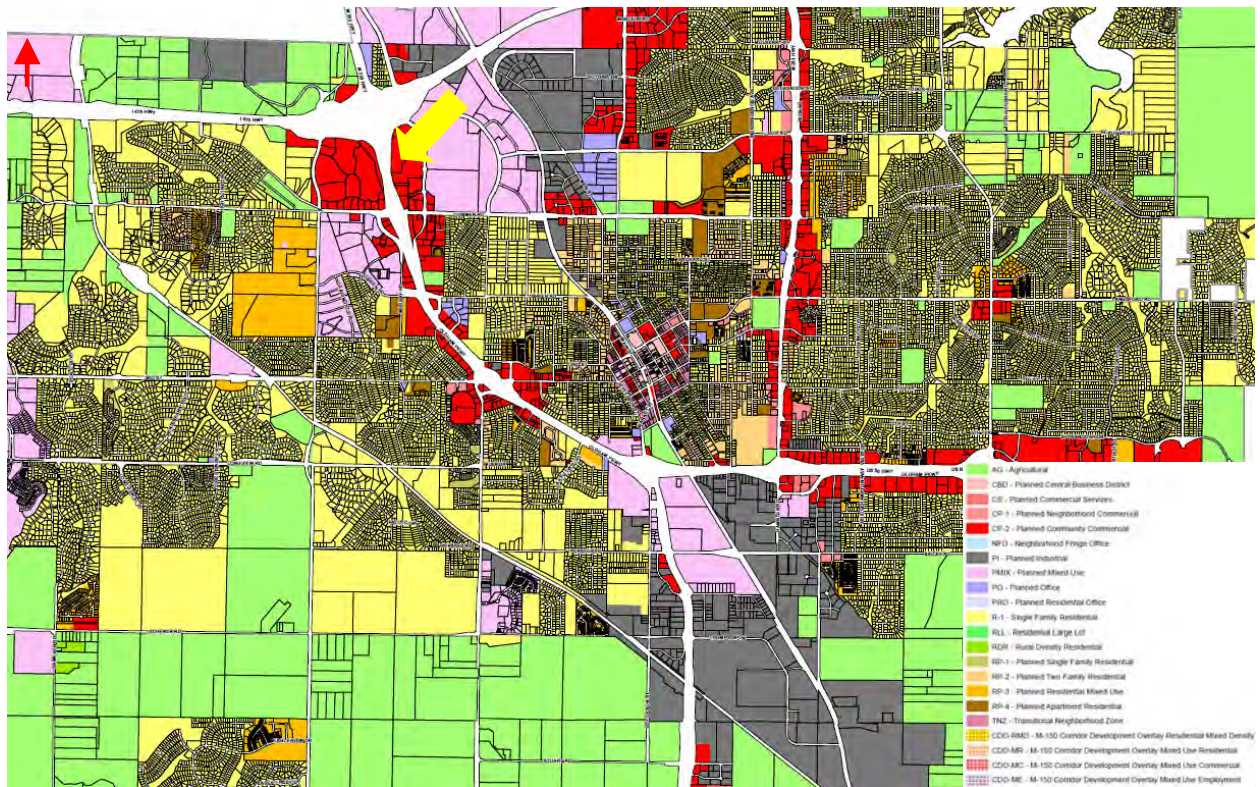
FEMA Flood Map



ALTA Survey

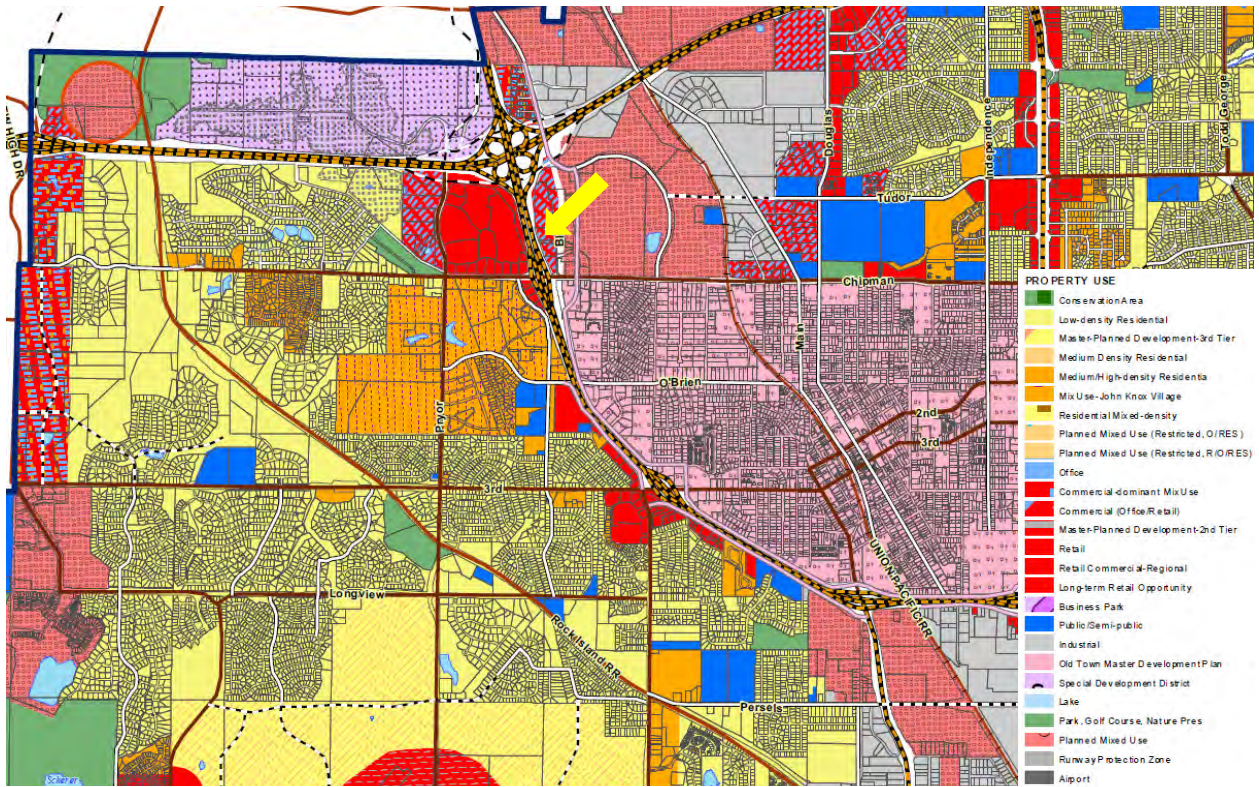


Zoning Map



Future Land Use Map

The subject site is planned for a future commercial (retail and office) use.



Aerial Site View



Site Conclusions

The Study Area consists of a vacant office building that features good visibility and access along a major artery and highway in Lee's Summit, Missouri. The site is proposed to be repurposed into a restaurant pad site and retail center that will be complimentary with the surrounding development and consistent with the future land use plan. The visibility and increased traffic counts along 50 Highway and Northwest Blue Parkway are very favorable for a future retail use. To our knowledge no adverse conditions are known to exist with regard to zoning, environmental, or development restrictions. Based on the age of the building and prior evidence of mold, it is recommended that a Phase I Environmental Report be prepared to determine if contamination is present within the site. In addition, according to a Limited Asbestos Report prepared by Roth Environmental Consultants, Incorporated on August 14, 2017, the subject contains asbestos in the floor tile and structural fireproofing coating. It recommended that an approved asbestos remediation program be implemented and followed in order to mitigate any potential contamination issues.

IMPROVEMENT DESCRIPTION

Our description of the existing improvements are based on a personal inspection on May 18, 2017 and a review of various third party data. The subject improvements are briefly described in the following outline format.

General

Name of Property	Bank of the West
Use and Design	Multitenant office building with four drive-through lanes
Year Built	1979 (per Jackson County)
Gross Building Area	46,277 square feet (per survey)
Number of Buildings	One
Building Height	Three stories with a finished lower level
Estimated Effective Age	30 years (per estimate based on actual age and current condition)
Estimated Economic Life	55 years (per Marshall Valuation Service)
Remaining Economic Life	25 years assuming no capital improvements are completed
Construction Type	Class C office (per Marshall Valuation Service)
Quality	Average (please see the following page)

Exterior/Structural

Framing	Concrete
Foundation	Poured concrete
Exterior Walls	Concrete
Windows	Double pane fixed windows in an aluminum frame
Roof	The property features a flat, rubber membrane roof. According to documents provided by the owner, \$142,420 has been spent on mold remediation due to roof and window issues.

Interior Descriptions

Layout	The subject is a vacant multitenant office building that was previously anchored by Bank of the West. The entry features a small common area with directory, single elevator, access to Bank of the West suite, and an interior stairwell. Smaller office suites are located on the lower, second, and third level of the building.
Floor Cover	Ceramic tile and commercial grade carpet
Wall Cover	Painted drywall with some wood trim
Ceilings	Drop ceiling in various condition
Ceiling Height	Varies depending on the area of the building with most suits being eight or nine feet
Lighting	Fluorescent lighting
Condition	Fair with several areas of deferred maintenance that will need to be repaired before occupancy can occur

Mechanical

HVAC	Pad mounted condensing unit and furnace
Electrical	Adequate at the time of inspection
Plumbing	Adequate at the time of inspection
Fire Protection	Hard wired fire alarm with a wet sprinkler system
Elevators	One servicing all floors

Parking and Site Improvements

Covered Spaces	0 spaces (per survey)
Surface Spaces	203 surface spaces (per survey)
Total Parking Spaces	203 surface spaces (per survey)
Parking Ratio	4.39 spaces per 1,000 square feet of building area
Surface Type	Asphalt
Condition	Fair with areas of deferred maintenance that will need to be cured in order to adequately operate the property
Landscaping	Landscaping includes an irrigated lawn, mature trees, flowers, and shrubs in good condition

Improvement Analysis

Condition/ Deferred Maintenance	The subject improvements have been vacant for an extended period of time and suffer from areas of deferred maintenance that will need to be cured in order to adequately operate the property and extend the economic life of the building.
Functional Utility	The subject is designed as a multi-tenant office building with Bank of the West being the anchor tenant. The building features a drive-thru lane for bank customers, an interior lobby with elevator, lower level office space with limited windows, and general office on floors two and three. The design and finish is not complimentary with the surrounding development and will require significant capital improvements before occupancy can occur.

Class C Construction

According to *Marshall Valuation Service*, a cost provider, the primary characteristic of a Class C building is characterized by masonry or reinforced concrete (including tilt-up) construction. The walls may be load-bearing, i.e., supporting roof and upper floor loads, or non-bearing with open concrete, steel, or wood columns, bents or arches supporting the load. Concrete construction is superior to wood frame construction due to a longer economic life, increased noise cancellation, and better energy efficiency.

Qualities of Construction

According to *Marshall Valuation Service*, there are four qualities of construction. The improvements are considered to be "average" quality construction.

- **Low Quality** - Buildings in this category are generally constructed to minimum code requirements often with little regard for architectural appearance or other amenities. They are built with minimum investment in mind. Little ornamentation is used and interior partitioning and finish is minimal and/or of low quality.
- **Average Quality** - Average-quality buildings constitute the largest group of buildings constructed, approximately fifty percent of all buildings. These are generally buildings designed for maximum economic potential without some of the pride of ownership or prestige amenities of higher-quality construction. They are of good standard code construction with simple ornamentation and finishes.
- **Good Quality** - Buildings designed for good appearance, comfort and convenience, as well as an element of prestige, constitute the good quality category. Ornamental treatment is

usually of higher quality and interiors are designed for upper-class rentals. The amenities of better lighting and mechanical work are primary items in their costs.

- **Excellent Quality** - Excellent buildings are normally prestige buildings. On an economic basis, part of the cost must be written off to pride of ownership and some of the income intangibly derived from advertising. Excellent dwellings are generally built for the established professional or those with higher incomes and will have some expensive finishes and fixtures.

Property Condition Rating

According to *Marshall Valuation Service*, there are six property condition ratings. The improvements are in "fair to average" condition with several areas of functional obsolescence and physical deterioration.

- **Excellent** – All items that can normally be repaired or refinished have recently been corrected, such as new roofing, paint, furnace overhaul, state-of-the-art components, etc.
- **Very Good** – All items are well maintained, many having been overhauled and repaired as they show signs of wear, increasing the life expectancy and lowering the effective age.
- **Good** – No obvious maintenance required, but neither is everything new. Appearance and utility are above the standard.
- **Average** - Some evidence of deferred maintenance and normal obsolescence with age in that a few minor repairs are needed, along with some refinishing. But with all major components still functional and contributing toward an extended life expectancy.
- **Fair (Badly Worn)** – Much repair needed. Many items need refinishing or overhauling, deferred maintenance obvious.
- **Poor (Worn Out)** - Repair and overhaul needed on painted surfaces, roofing, plumbing, heating, numerous functional inadequacies, substandard utilities, etc. Excessive deferred maintenance and abuse, approaching abandonment or major reconstruction.

Site View – Proposed Use

The Study Area is proposed to be improved with a 1.73 acre restaurant pad site and an 8,450 square foot retail center. As part of the redevelopment, the existing building will be razed and the parking will be reconfigures to accommodate two separate buildings. The following site plan shows the proposed layout.



DELINEATION OF THE MARKET AREA

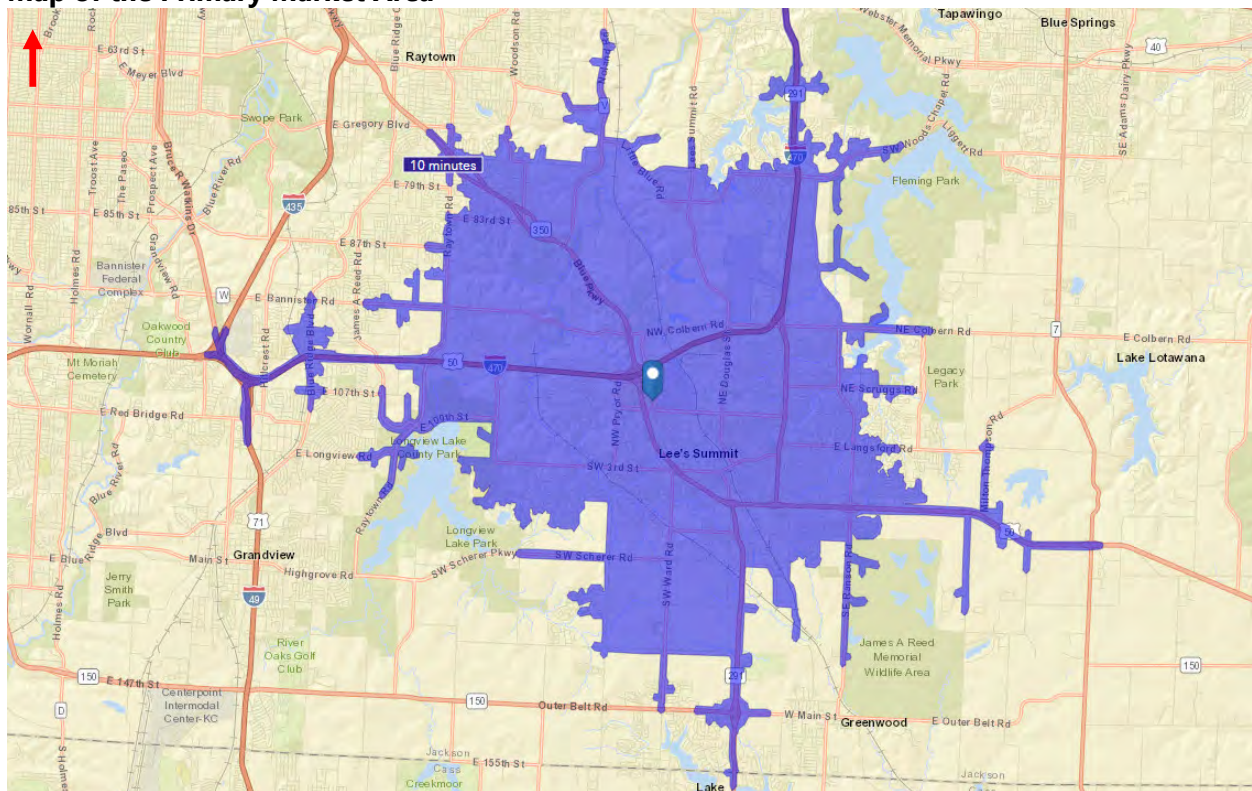
Description of Primary Market Area (PMA)

According to *Market Analysis for Real Estate*, published by the Appraisal Institute, the trade/market area is delineated by physical, political, and socioeconomic boundaries or by the time-distance relationship represented by travel times to and from common destinations. A market area is an area in which alternative, similar properties effectively compete with the subject in the minds of probable, potential users. The subject will contain a restaurant pad site and a multitenant retail building within a larger lifestyle shopping center. According to the Appraisal Institute, a lifestyle shopping center has a drawing capacity of 10 to 20 minutes or a radius of three to five miles.

Based on the geography of the area, the outlying location with a suburban city, and the close proximity to several major interstates and highways, we have used a ten minute drive time as the market area in our analysis. The northern boundary of the market area is approximately East 79th Street, the southern boundary is approximately 150 Highway, the eastern boundary is approximately Southeast Ranson Road, and the western boundary is approximately Raytown Road. The diameter of the market area is approximately seven miles east and west and approximately eight miles north and south.

The market area has a 2016 population of 73,306 people and 27,734 households. Annual household growth from 2000 to 2016 was 0.17% with a median household income of \$65,794. The following map depicts the subject market area.

Map of the Primary Market Area



MARKET SEGMENTATION

Tapestry Segmentation classifies US neighborhoods into 65 distinct market segments. Tapestry Segmentation combines the “who” of lifestyle demography with the “where” of local neighborhood geography to create a model of various lifestyle classifications, or segments, of actual neighborhoods with addresses—distinct behavioral market segments. The following paragraphs discuss the top three lifestyle segments in the subject market area.

1. Soccer Moms (19.7% of Households in the Market Area)

Soccer Moms is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Life in this suburban wilderness offsets the hectic pace of two working parents with growing children. They favor time-saving devices, like banking online or housekeeping services, and family-oriented pursuits.

2. Midlife Constants (11.1% of Households in the Market Area)

Midlife Constants residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Although located in predominantly metropolitan areas, they live outside the central cities, in smaller communities. Their lifestyle is more country than urban. They are generous, but not spendthrifts.

3. Old and Newcomers (10.2% of Households in the Market Area)

This market features singles’ lifestyles on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support environmental causes and Starbucks. Age is not always obvious from their choices.

The following table compares the market area, metro, and U.S.

Segment	Top Lifestyle Segments		
	Subject Market Area	Kansas City Metro	United States
Soccer Moms	19.7%	6.1%	2.8%
Midlife Constants	11.1%	2.6%	2.5%
Old and Newcomers	10.2%	4.6%	2.3%
Percentage of all Households	41.0%	13.3%	7.6%

The market area has significantly more *Soccer Moms*, *Midlife Constants*, and *Old and Newcomers* households when compared to the Kansas City MSA and United States. The top three segments in the market area comprise 41.0% of the households compared to 13.3% in the metro and 7.6% in the United States, making the market area less diverse than the metro and nation.

Summary Conclusions

The existing improvements will be razed and rebuilt with a restaurant pad site and retail building. Based on the market segmentation of the area, the primary users of the retail facility will be families living in Lee’s Summit or eastern Jackson County. Since families will comprise the primary target

market, we have included a brief discussion of the target market below.

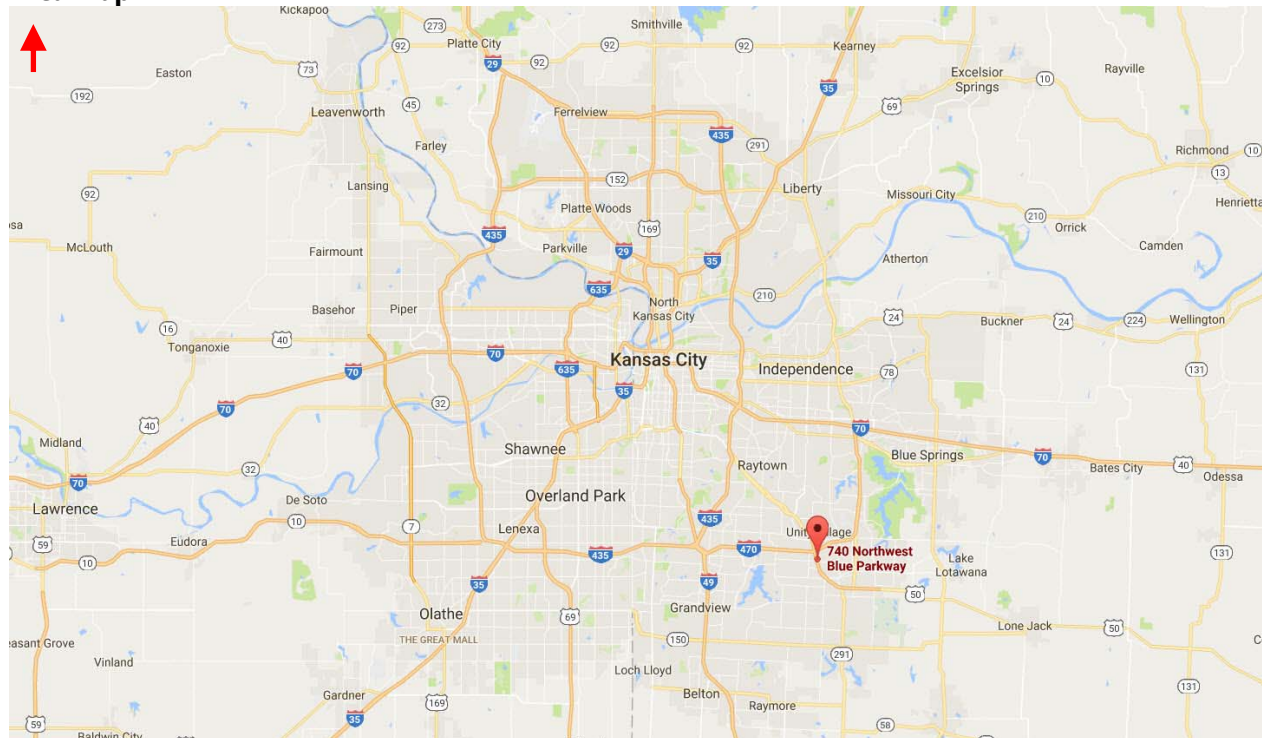
- **Families** – According to the U.S. Census Bureau, "a family includes a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption." In 1970, traditional nuclear families made up 40 percent of all households, but only 26 percent of all households in 1991. The role of provider, once assigned mainly to the father, gradually came in the early 2000s to be shared by both parents. Toward the end of the twentieth century, some families have only one parent; others are combinations based on second marriages; still others are comprised of unmarried couples living with or without children. Families comprise all age groups and typically prefer single family housing over multifamily housing.

MARKET AREA OVERVIEW

Area Overview

The subject is located in the southeastern portion of the Kansas City MSA within Lee's Summit, Missouri. Lee's Summit has a 2016 population of 94,292 people, reported annual population growth of 2.03% from 2000 to 2016, and has a median household income of \$79,311. As a point of comparison, the Kansas City MSA has a 2016 population of 2,098,082 people, reported population growth of 0.99% per year during the same time period, and has a median household income of \$57,817. The following analysis focuses on the social, economic, government, and environmental forces that form the elements of supply and demand and subsequently affect local real estate values.

Area Map



Land Use

The subject is located in the northwestern portion of Lee's Summit with good visibility and access from 50 highway and Northwest Blue Parkway, which is a main artery in the immediate area. The property is located in a growth corridor of Lee's Summit within Summit Fair, which is a lifestyle center totaling 516,000 square feet of gross leasable space. Adjacent to the west is another lifestyle center called SummitWoods Crossing, which contains 793,000 square feet of leasable space. Both centers contain regional and national brands with the area being a destination shopping center for local and nearby residents. Downtown Lee's Summit is located three miles southeast with the area to the north being mostly undeveloped land. The highest concentration of single family homes is located south and southeast from the subject making the area an attractive shopping destination. Significant land use characteristics in the MSA and market area are summarized in the following table.

Predominant Age of Improvements	20 to 30 years
Predominant Quality	Average to above average
Approximate Percent Developed (estimate)	75%
Prevailing Single Family Price Range	\$100,000 to \$200,000
Median Year Structure Built	1984
Median Home Value (market area)	\$175,583
Median Home Value (Kansas City Metro)	\$174,137
Median Household Income (market area)	\$65,794
Median Household Income (Kansas City Metro)	\$57,817
Percentage of Renter Households (market area)	30.9%
Percentage of Renter Households (Kansas City Metro)	34.4%
Median Age (market area)	8.8 years
Median Age (Kansas City Metro)	37.4 years
Annual Household Growth Rate (market area)	0.17% from 2010 to 2016
Annual Household Growth Rate (Kansas City Metro)	0.66% from 2010 to 2016
Number of Housing Units (market area)	30,095
Life Cycle Stage	2 nd , a period of stability with pockets of growth
Surrounding Land Use	
North	Retail
South	Retail
East	Retail
West	Retail

Representative Single Family Home in the Immediate Area (\$125,000 to \$175,000 price range)



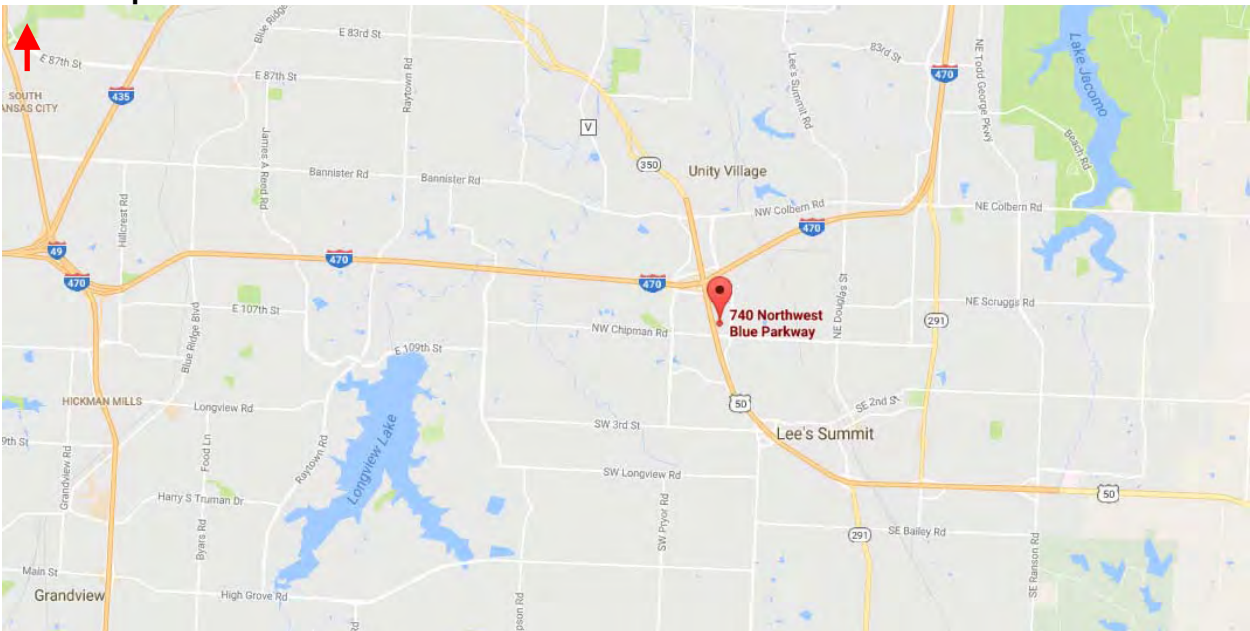
Land Use Aerial Map



Access

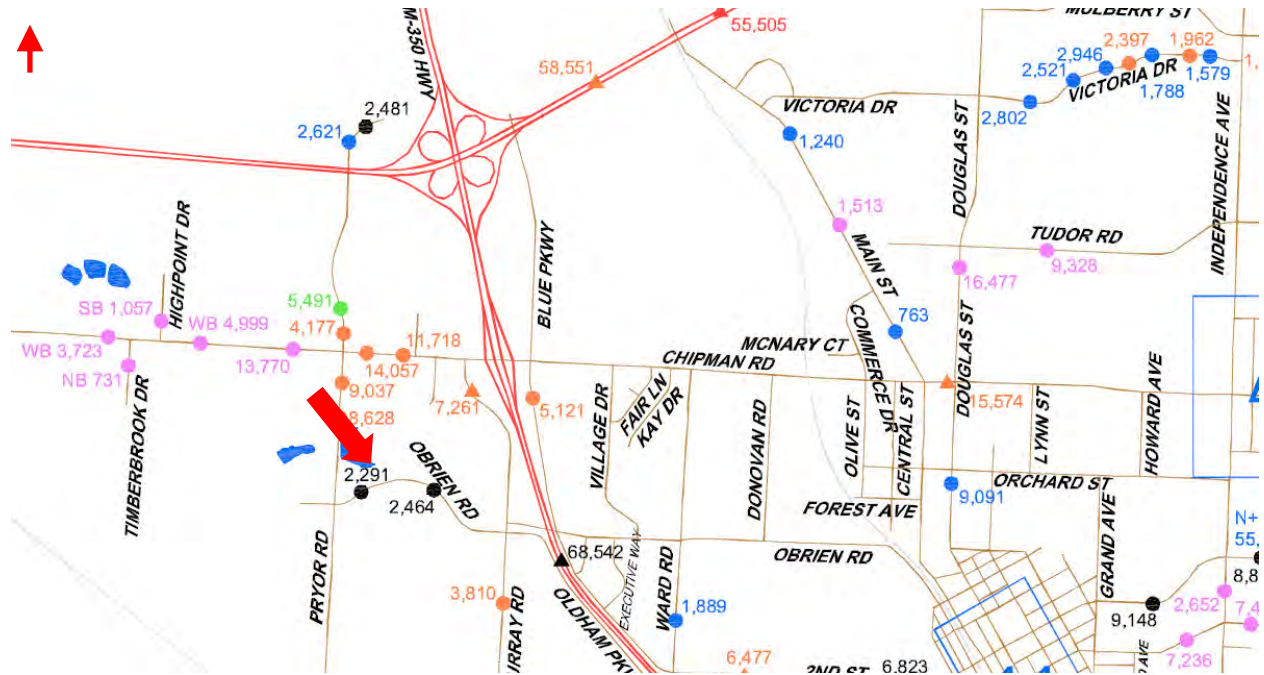
Interstate 470 provides regional access to the local area with 50 Highway extending into Lee's Summit. The subject has good visibility from 50 Highway making it an attractive future retail use. Interstate 435 is located seven miles west allowing for access to other parts of the Kansas City MSA. The following map show access to the subject and local area.

Access Map



Traffic Counts

According to the Missouri Department of Transportation, Interstate 44 to the south experiences approximately 30,000 vehicles per day and is the most heavily traveled road in the area. Rangeline Road experiences approximately 22,000 vehicles per day and is one of the most heavily traveled roads in the city. The subject will have direct visibility from Rangeline Road and 7th Street allowing for increased market awareness and a higher capture of retail consumers. The following map shows daily traffic counts in the market area.



Housing Mix

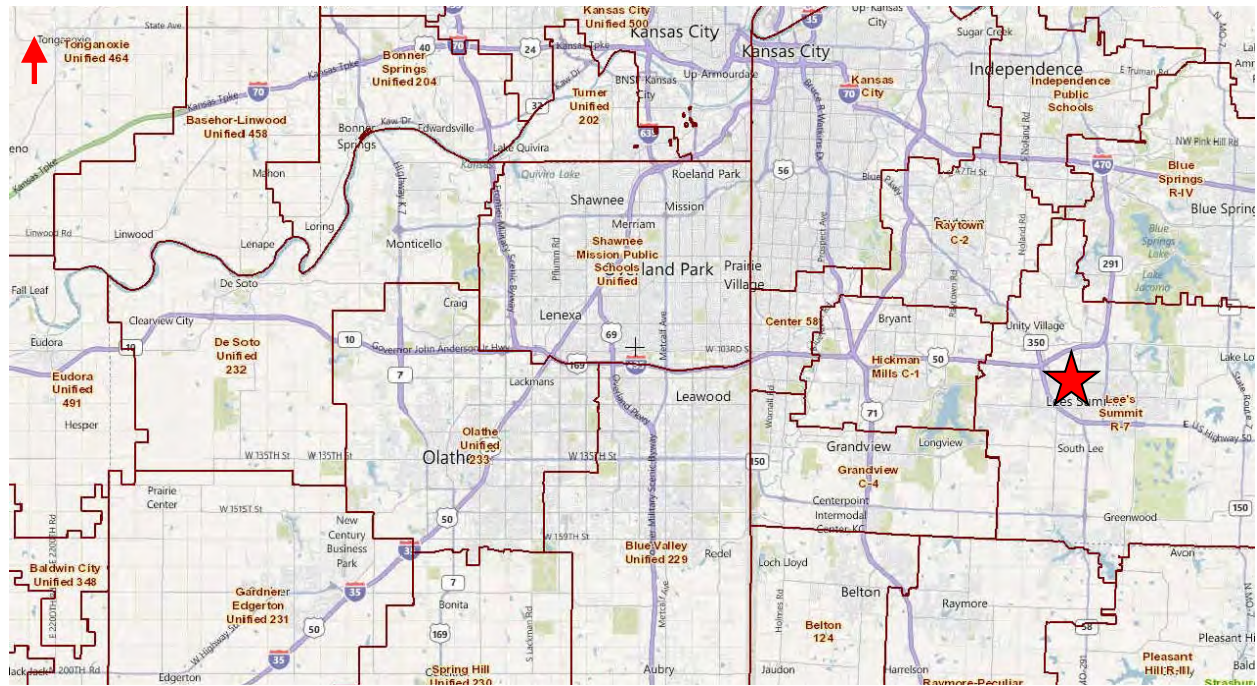
According to the American Community Survey (ACS), 69.7% of the housing units in the subject market area are single-family detached. The second most prevalent housing option in the area are single family attached units (townhomes) accounting for 9.2% of the housing stock. The market area has a higher percentage of single family and single family attached housing and fewer apartment projects when compared to the MSA and nation. The increased number of "for sale" housing units is common in suburban settings that feature a higher median household income and supports the development of increased retail space. The following table compares housing type in the city, metro, and nation.

Type of Housing Unit	Market Area		Kansas City Metro		United States	
	Number	Percent	Number	Percent	Number	Percent
Total	28,488	100.0%	876,997	100.0%	132,741,033	100.0%
1, Detached	19,856	69.7%	612,144	69.8%	81,901,217	61.7%
1, Attached	2,621	9.2%	56,128	6.4%	7,698,980	5.8%
2	1,026	3.6%	19,294	2.2%	4,911,418	3.7%
3 to 4	1,310	4.6%	34,203	3.9%	5,840,605	4.4%
5 to 9	798	2.8%	46,481	5.3%	6,371,570	4.8%
10 to 19	1,339	4.7%	39,465	4.5%	5,973,346	4.5%
20 to 49	741	2.6%	22,802	2.6%	4,778,677	3.6%
50+	712	2.5%	28,941	3.3%	6,637,052	5.0%
Mobile Home / Other	28	0.1%	17,540	2.0%	8,628,167	6.5%

Source: ACS Housing Summary

Education

The following map shows the various school districts in the local area.



The subject is located in the Lee's Summit R-7 School District. Enrollment in 2017 was 17,739 students and has been relatively stable since 2010. Total enrollment growth from 2000 through 2017 was 27.44% or a gain of 3,819 students. In comparison, the State of Missouri reported enrollment loss of negative 0.63% over the same time period. The increasing to stable enrollment supports the market area being in its first and second life cycle stage, a period of growth and stability. The following chart highlights historical enrollment information.



Educational Attainment

When compared to the metro, the market area has a higher percentage of the population with a bachelor's degree or higher accounting for 38.4% of the population. The higher percentage of educational attainment has helped the market area to have a higher median household income and more new development and economic expansion when compared to the nation and metro. The following table reports educational attainment for the market area, metro, and nation.

Educational Attainment	United States	Kansas City Metro	Market Area
High School Diploma	23.6%	22.2%	22.1%
GED	4.0%	3.7%	2.5%
Some College	20.9%	22.9%	24.4%
Associate's	8.2%	7.7%	8.6%
Bachelor's	18.8%	22.2%	24.6%
Graduate, Professional, and Doctorate	11.6%	12.8%	13.8%
Bachelor's Degree and Above	30.4%	35.0%	38.4%

Building Permits

Building permits are a leading indicator of the strength of a real estate market and its local economy. Strong markets tend to see increased permitting activity and construction costs. This is shown by an increase in activity and costs from 2002 to 2006, which was the last expansion phase of the past real estate cycle. According to the Home Builders Association of Greater Kansas City, multifamily permitting in the Kansas City MSA has an average total of 2,851 units per year with permitting from 2013 to 2016 being above the historical average due to pent-up rental demand. It is projected that future permitting will be more in line with the historical average as the new supply absorbs some of the demand. The following table reports permitting for the Kansas City MSA from 2000 through 2016.

Building Permits - Kansas City MSA

Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Average
Single Family	8,224	8,680	10,075	10,741	11,084	10,323	9,384	6,381	3,232	2,154	2,471	2,301	3,299	4,087	4,220	4,700	5,489	6,285
Single Family %	65.73%	62.15%	73.57%	76.22%	77.00%	76.96%	73.98%	80.72%	63.85%	59.00%	90.71%	79.32%	66.94%	58.67%	52.27%	54.13%	56.83%	68.71%
Multifamily	4,287	5,287	3,619	3,352	3,311	3,090	3,300	1,524	1,830	1,497	253	600	1,629	2,879	3,854	3,983	4,169	2,851
Multifamily %	34.27%	37.85%	26.43%	23.78%	23.00%	23.04%	26.02%	19.28%	36.15%	41.00%	9.29%	20.68%	33.06%	41.33%	47.73%	45.87%	43.17%	31.29%
Total	12,511	13,967	13,694	14,093	14,395	13,413	12,684	7,905	5,062	3,651	2,724	2,901	4,928	6,966	8,074	8,683	9,658	9,136

The following table summarizes permitting in Lee's Summit from 2001 through 2016.

Building Permits - Lee's Summit, Missouri

Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Average
Single Family	678	746	887	852	911	791	575	440	147	95	133	145	248	296	295	289	368	464
Single Family %	65.07%	80.65%	66.34%	80.61%	75.10%	67.03%	73.16%	60.44%	100.00%	63.76%	100.00%	100.00%	100.00%	100.00%	54.13%	58.74%	84.79%	78.22%
Multifamily	364	179	450	205	302	389	211	288	0	54	0	0	0	0	250	203	66	174
Multifamily %	34.93%	19.35%	33.66%	19.39%	24.90%	32.97%	26.84%	39.56%	0.00%	36.24%	0.00%	0.00%	0.00%	0.00%	45.87%	41.26%	15.21%	21.78%
Total	1,042	925	1,337	1,057	1,213	1,180	786	728	147	149	133	145	248	296	545	492	434	639

In comparison to the metro, permitting in Lee's Summit accounts for approximately 6.99% of the total amount of new development occurring throughout the MSA. Multifamily permitting in Lee's Summit from 2000 to 2016 has an average of 174 units per year or 21.78% of the total number of permitted units, which is less than the metro percentage (31.29%). Lee's Summit features a high concentration of single family homes resulting in less apartment development. Based on the household growth rate and future land use pattern, most new residential development in Lee's Summit is projected to be single family homes.

Major Developments

Lee's Summit has experienced several new developments over the last few years with most new development occurring within the subject area and along Interstate 470 near New Longview. The following paragraphs highlight some of the more prominent developments in the local area with the subject being located in a highly developed area.

Summit Orchards, Innovation Center and Summit Place

Townsend Capital recently partnered with NorthPoint Development for the \$40 million development of Summit Square Apartments, a 308-unit project northeast of the intersection of Ward and Chipman roads within a larger \$200 million development. The luxury apartment complex, which is the first project to break ground in the Summit Orchards portion of Townsend's \$200 million development, is scheduled for completion by Fall/Winter 2017. In addition to Summit Square Apartments, the Summit Orchards phase will include more than 250,000 square feet of retail and office space. Summit Innovation Center will include a new 90-room Holiday Inn Express, which will open in early 2017 and the \$40 million Missouri Innovation Campus, which is scheduled for completion in August 2017. Just northwest of Townsend Capital's Summit Innovation Center phase, near Interstate 470 and Blue Parkway, RED Development is scheduled to break ground on the Summit Place phase early in 2017. The 352,000-square-foot retail center will be anchored by a 136,000-square-foot Sam's Club store. In addition to the three phases under development, Townsend Capital is planning 30 acres of yet-to-be-determined mixed uses for a future fourth phase on the west side of Blue Parkway.

Village at View High

A developer has control of 76 acres at Third Street and View High Drive and is planning a \$225 million project consisting of 312 luxury apartments, a senior living community and 35 acres of retail, restaurant and office development. The apartments will consist of one, two and three bedroom units and are expected to be completed in December 2018. Projected asking rents and renderings of this project are unknown at this time.

Cerner Innovation Campus (NEC of Interstate 435 and East Bannister Road)

Cerner Corporation is redeveloping the former Bannister Mall site that totals 290 acres. Development is planned to take place over the next ten years at a reported cost of \$4.45 billion (\$2.32 billion in construction and \$2.12 billion in carrying costs). The total project is expected to include 4.7 million square feet of structures, including 3.7 million square feet of offices. The first two towers were recently completed and employ 3,000 people. The total campus is expected to create approximately 16,000 jobs at full build-out in 2025.

Paragon Star

In March 2016, The Lee's Summit City Council voted to approve \$13 million in tax increment financing for Paragon Star, a mixed-use project to be anchored by a youth sports complex at View High Drive and Interstate 470. In November 2016 developers broke ground on the first phase of the project totaling \$212 million. The first phase calls for construction of ten artificial turf multisport fields and a clubhouse, a 220-unit upscale multifamily project, a 90,000 square foot Class A office building, a 120-unit hotel, 79,000 square feet of entertainment, restaurant/bar and boutique retail attractions, and new trails, parks and trailhead facilities. Subsequent phases will include additional housing, office, lodging, retail, entertainment and convention/conference facilities to bring the total development costs to more than \$400 million. Developers intend to open the soccer complex for play in spring 2018.

Summit Woods Crossing (SWC of Interstate 470 and Highway 50)

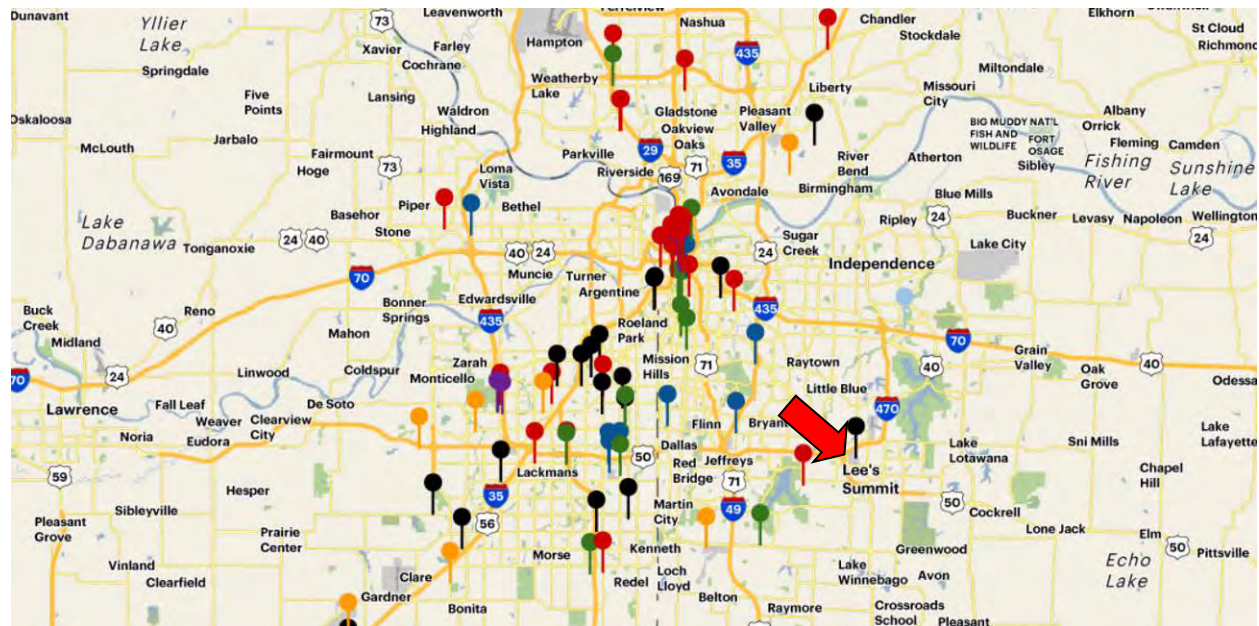
Summit Woods Crossing consists of approximately 800,000 square feet of retail space anchored by Kohl's, Lowe's and a Super Target. Other tenants include Bath and Body Works, Bed Bath and Beyond, Best Buy, Chipotle, Claire's, Dick's Sporting Goods, Famous Footwear, Helzberg Diamonds, Lane Bryant, Men's Warehouse, Michaels, Old Navy, Pier 1 Imports, Starbucks, TJ Maxx, ULTA Beauty and Verizon Wireless. The subject is located adjacent to this project.

Summit Fair (SEC of Interstate 470 and Highway 50)

Summit Fair consists of approximately 500,000 square feet of retail space anchored by JC Penney and Macy's. Other tenants include Beauty Brands, Buckle, Charlotte Russe, Charming Charlie, Chico's, Chick-fil-A, Crazy 8, Dressbarn, DSW, EyeMasters, Freebirds, I.O. Metro, LOFT, Massage Heights, Maurices, McAlister's Deli, Olive Garden, Red Lobster, Rue 21, Sakura Suchi, Victoria's Secret, White House | Black Market, Yankee Candle and Yogurtini. The subject is located within this project.

Kansas City MSA Development

Most development activity in the MSA is occurring in the urban core, south Johnson County, and southwest along Interstate 35. The subject is located in an area with some new development as noted above, which is favorable for a future retail use. The following map shows the location of recent developments in the Kansas City MSA.

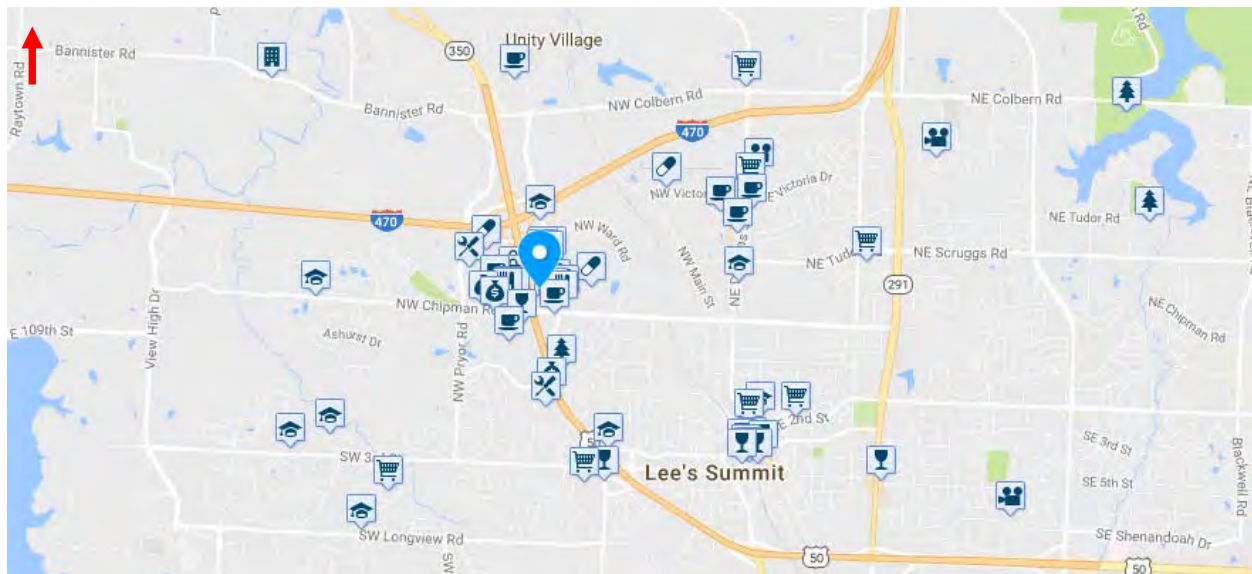


Public Safety

Public safety refers to the capacity of a city, county, or state to adequately manage narcotic use, trespassing, burglary, harassment, juvenile delinquency, unauthorized living, noise, littering, inappropriate social behavior, DUIs, and other quality of life issues. A review of the City-Data Crime Rate reports that the city of Lee's Summit has an overall crime rate that is lower (121) than the national average (300). In addition to City-Data Crime rates, a review of Neighborhoodscout.com reports that the subject area has a violent crime index of 1.49, which is in line with city (1.04) and less than the state (4.97), and the nation (3.80). The subject is located in an area with minimal violent crime.

Support Services

Support services include restaurants, healthcare providers, entertainment destinations, community services, financial institutions, religious organizations etc. The subject is located in an area that contains the highest concentration of support services in the city, which is attractive for a future retail development. The Study Area is an outparcel located within Summit Fair, which is a 500,000 square foot lifestyle center. The location within a newer lifestyle center is favorable for a future retail and restaurant use. The following map highlights local area support services.



Retail Sales

The following table reports retail supply and demand for the subject market area.

Industry Group	Demand (Potential)	Supply (Sales)	Retail Gap	Leakage
Motor Vehicle & Parts	\$256,431,381	\$49,793,503	\$206,637,878	80.58%
Furniture & Home Furnishings	\$32,215,221	\$58,422,184	(\$26,206,963)	-81.35%
Electronics & Appliances	\$52,308,555	\$44,217,295	\$8,091,260	15.47%
Building Materials	\$69,555,768	\$82,550,038	(\$12,994,270)	-18.68%
Food & Beverage Stores	\$185,156,370	\$273,877,085	(\$88,720,715)	-47.92%
Health & Personal Care	\$58,671,416	\$75,869,575	(\$17,198,159)	-29.31%
Gasoline Stations	\$77,216,385	\$61,597,668	\$15,618,717	20.23%
Clothing & Clothing Accessories	\$43,135,584	\$56,631,743	(\$13,496,159)	-31.29%
Sporting Goods & Music	\$29,408,110	\$23,468,618	\$5,939,492	20.20%
General Merchandise Stores	\$224,657,600	\$311,601,560	(\$86,943,960)	-38.70%
Miscellaneous Stores	\$50,215,814	\$39,017,512	\$11,198,302	22.30%
Nonstore Retailers	\$15,856,592	\$7,847,803	\$8,008,789	50.51%
Food Services & Drinking Places	\$115,047,855	\$197,158,082	(\$82,110,227)	-71.37%
Total Retail Trade (surplus / leakag	\$1,209,876,651	\$1,282,052,666	(\$72,176,015)	-5.97%

Source: ESRI and Dun & Bradstreet

The market area has negative leakage of 5.97% of its potential sales meaning that people living outside of the trade area shop within the market area. The market area has retail demand of \$1.209 billion with sales of \$1.282 billion indicating that \$72 million of annual retail sales comes from outside of a ten minute drive time. The intersection of 50 Highway and Interstate 470 features two existing lifestyle centers and several planned developments making it a destination shopping area within the southeast portion of the Kansas City MSA. The high concentration of retailers within the market area has resulted in increased retail sales when compared to market area demand.

Summary Conclusions

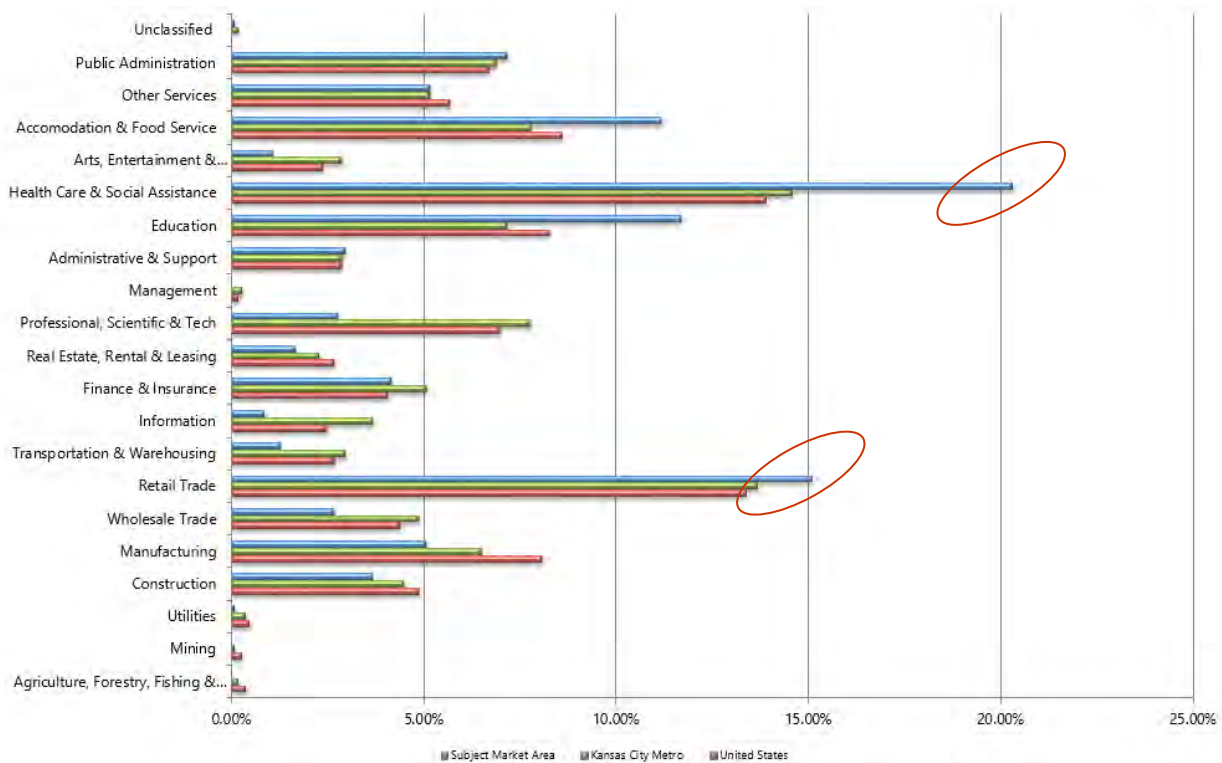
Based on our analysis of the preceding factors, the market area appears to be in its first and second life cycle state, a period of growth and stability. Recent development activity has been above the historical average with several large scale projects planned to capitalize on a recovering economy and favorable capital markets. The subject is located within Summit Fair, which features numerous service amenities and has good visibility and access from 50 Highway. Due to the close proximity to 50 Highway, Interstate 470, and Interstate 35, access to other employment and entertainment destinations within the city and MSA are within a quick commute. Based on the history of the area and growth trends noted in the area analysis, it is our opinion the outlook for the market area is above average with continued public and private investment further enhancing its attractive location.

EMPLOYMENT & WAGE DATA

There are several major economic indicators that drive real estate supply and demand and influence value. The major economic indicators are: gross domestic product (GDP), population growth, inflation (CPI), interest rates (short-term and long-term), and employment growth. Real estate demand is traditionally generated by employment growth, which is a sustainable and long-term demand driver. Since real estate is a cyclical industry that generally follows the broader economic environment, the following data discusses employment by industry, unemployment, and major employers, which have a direct influence on space demand and the type of development in an area.

Employment by Industry

According to the American Community Survey, a-place employment is estimated at 46,823 people in the market area. The following chart compares employment by industry for the market area, the Kansas City MSA, and the nation.



The health care sector is the largest employment category (20.3%) in the subject market area with retail trade (15.1%) being the second largest employment industry. Other major industries are education (11.7%), accommodation and food service (11.2%), and other services (5.2%). In comparison to the Kansas City MSA, the largest positive employment gap is in health care (+5.7%) with the largest negative employment gap being in professional and scientific (negative 5.0%). The market area includes a high concentration of health care employment due to several hospitals (Lakewood, Saint Luke’s, and Lee’s Summit) having a location within the market area. The following table compares employment by industries for various areas.

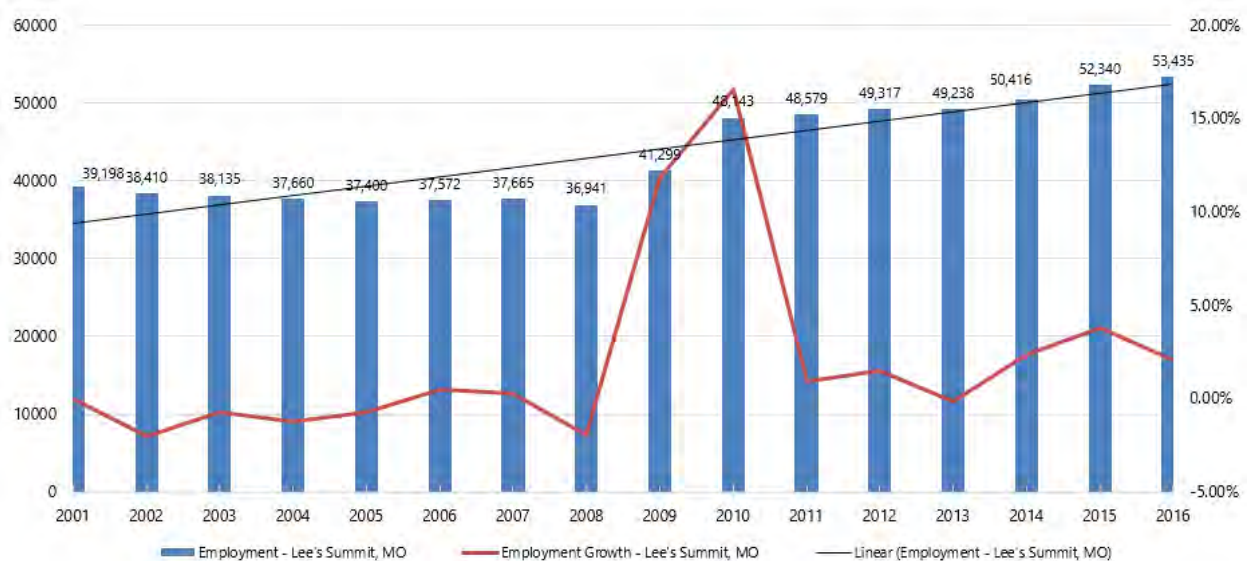
EMPLOYMENT BY INDUSTRY						
Industry	Subject Market Area		Kansas City Metro		United States	
	Percentage	Number of Jobs	Percentage	Number of Jobs	Percentage	Number of Jobs
Agriculture, Forestry, Fishing & Hunting	0.0%	0	0.2%	2,439	0.4%	651,993
Mining	0.0%	0	0.1%	1,220	0.3%	488,995
Utilities	0.1%	47	0.4%	4,879	0.5%	814,992
Construction	3.7%	1,732	4.5%	54,887	4.9%	7,986,919
Manufacturing	5.1%	2,388	6.5%	79,281	8.1%	13,202,866
Wholesale Trade	2.7%	1,264	4.9%	59,766	4.4%	7,171,927
Retail Trade	15.1%	7,070	13.7%	167,101	13.4%	21,841,778
Transportation & Warehousing	1.3%	609	3.0%	36,591	2.7%	4,400,955
Information	0.9%	421	3.7%	45,129	2.5%	4,074,959
Finance & Insurance	4.2%	1,967	5.1%	62,205	4.1%	6,682,932
Real Estate, Rental & Leasing	1.7%	796	2.3%	28,053	2.7%	4,400,955
Professional, Scientific & Tech	2.8%	1,311	7.8%	95,138	7.0%	11,409,884
Management	0.0%	0	0.3%	3,659	0.2%	325,997
Administrative & Support	3.0%	1,405	2.9%	35,372	2.9%	4,726,952
Education	11.7%	5,478	7.2%	87,819	8.3%	13,528,863
Health Care & Social Assistance	20.3%	9,505	14.6%	178,078	13.9%	22,656,770
Arts, Entertainment & Recreation	1.1%	515	2.9%	35,372	2.4%	3,911,960
Accommodation & Food Service	11.2%	5,244	7.8%	95,138	8.6%	14,017,858
Other Services	5.2%	2,435	5.2%	63,425	5.7%	9,290,906
Public Administration	7.2%	3,371	6.9%	84,160	6.7%	10,920,889
Unclassified	0.1%	47	0.2%	2,439	0.3%	488,995

Unemployment – Bureau of Labor Statistics

The following table reports unemployment rates for various areas in April 2017.

United States	Missouri	Kansas	Kansas City Metro	Jackson County	Lee's Summit, MO
4.4%	3.9%	3.7%	3.6%	4.2%	3.1%

Lee's Summit (the smallest geographic area covering the market area) has an unemployment rate that is lower than the nation, state, and metro. Employment growth in Lee's Summit has averaged 2.20% from 2002 through 2016 with the national average being 0.68% and the metro reporting 0.92% annual growth during the same time period. The long-term employment growth rate in Lee's Summit is greater than the metro rate indicating that the city has a stronger and less volatile labor market when compared to the metro as a whole. A stable and growing employment base is attractive for real estate demand as employment is a catalyst for all types of real estate development and growth. The following chart reports employment data for Lee's Summit, Missouri from 2001 through 2016.



Economic Base Analysis (Location Quotient)

There are two types of employment: basic and non-basic employment. Basic employment produces more goods and services that can be consumed in the local area resulting in export goods and drives the local economy and future demand for real estate (manufacturing, tourism, etc.). Non-basic employment refers to activities produced for the local area such as service employment consisting of retail, banking, etc. The inflow and distribution of income from basic employment is the driving force behind economic, employment, and household growth. Location quotient is a method used to determine if a particular industry is basic or non-basic. The following table reports basic and non-basic employment in the Kansas City MSA, Jackson County (smallest geographic area covering the PMA), and the United States.

Location Quotient (LQ) by Sector								
Base Industries	Jackson County, MO			Kansas City MSA			United States	
	Employment	LQ	Type	Employment	LQ	Type	Employment	LQ
Total All Industries	297,490	1.00	-	731,651	1.00	-	121,392,913	1.00
Agriculture	180	0.05	Non-Basic	1,664	0.17	Non-Basic	1,365,365	1.00
Mining	57	0.04	Non-Basic	755	0.18	Non-Basic	598,025	1.00
Utilities	0	0.00	Non-Basic	4,597	1.16	Basic	551,652	1.00
Construction	18,581	1.05	Basic	48,094	0.97	Non-Basic	6,897,959	1.00
Manufacturing	22,683	0.72	Non-Basic	77,126	0.87	Non-Basic	12,317,541	1.00
Wholesale trade	13,543	0.90	Non-Basic	47,032	1.12	Basic	5,863,634	1.00
Retail trade	35,501	0.88	Non-Basic	110,467	0.98	Non-Basic	15,724,152	1.00
Transportation & warehousing	0	0.00	Non-Basic	4,163	1.21	Basic	4,800,088	1.00
Information	8,541	1.19	Basic	17,506	0.87	Non-Basic	2,792,851	1.00
Finance & Insurance	22,776	1.53	Basic	57,945	1.38	Basic	5,828,310	1.00
Real Estate	5,552	1.01	Non-Basic	15,202	0.99	Non-Basic	2,145,439	1.00
Professional & Technical	31,854	1.41	Basic	86,738	1.37	Basic	8,796,535	1.00
Management	8,591	1.50	Basic	26,321	1.64	Basic	2,232,704	1.00
Administrative	17,760	0.76	Non-Basic	67,484	1.02	Basic	9,171,689	1.00
Educational	6,209	0.87	Non-Basic	0	0.00	Non-Basic	2,775,239	1.00
Health care & social assistance	52,113	1.07	Basic	129,107	0.95	Non-Basic	18,966,328	1.00
Arts & entertainment	6,336	1.07	Basic	0	0.00	Non-Basic	2,313,551	1.00
Accommodation & food service	35,708	1.03	Basic	0	0.00	Non-Basic	13,497,636	1.00
Other services	11,505	1.02	Basic	0	0.00	Non-Basic	4,390,829	1.00
Unclassified	0	0.00	Non-Basic	0	0.00	Non-Basic	363,386	1.00

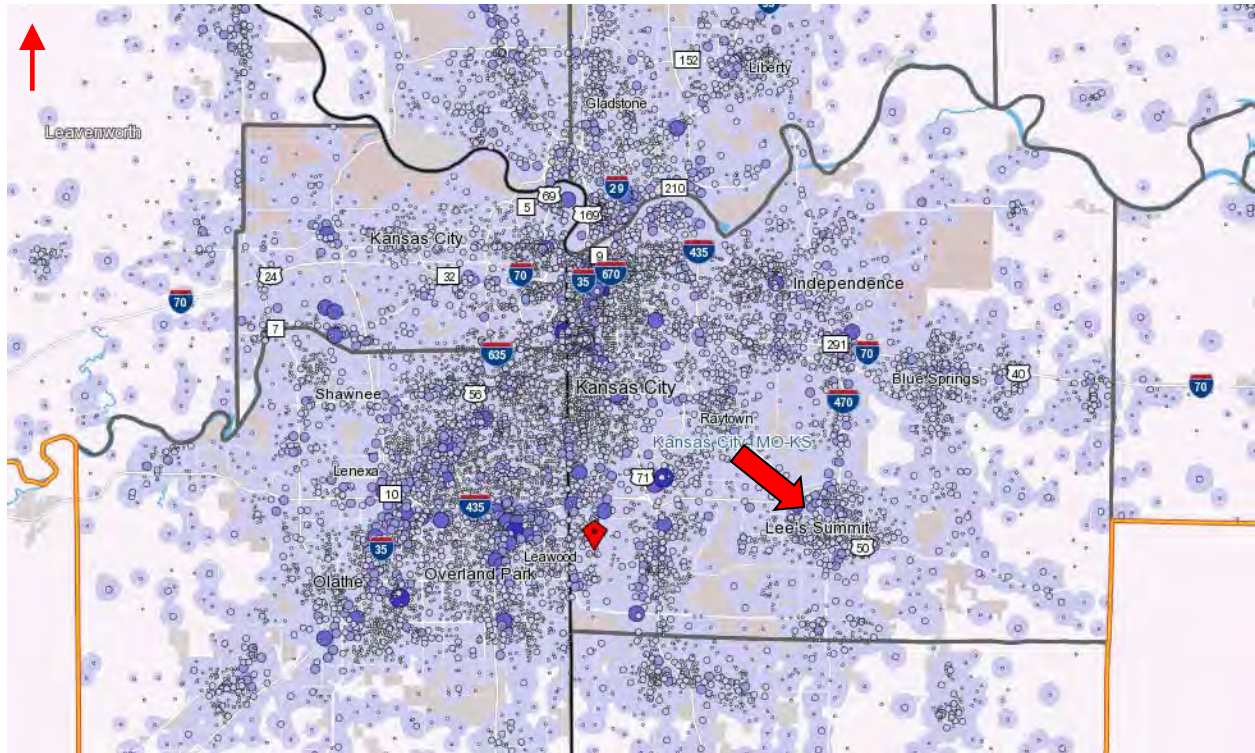
Source: Bureau of Labor Statistics - 3rd Quarter 2016

Location quotient (LQ) is a valuable way of quantifying how concentrated a particular industry, occupancy, or demographic group is in a region as compared to the nation. It can reveal what makes a particular region "unique" in comparison to the national average. If an industry has an LQ greater than one, the community has a greater share of its total employment concentrated in that industry. If the LQ equals one, then the community has a similar share as the nation and an LQ less than one indicates that the community has a smaller percentage of total employment concentrated in that industry. An area with fewer basic industries tends to have less demand for space, less economic variability resulting in one or two dominate industries, and is more susceptible to new development and economic downturns, resulting in greater risk to real estate owners and developers.

According to the Bureau of Labor Statistics, the Kansas City MSA has seven basic types of employment: utilities, wholesale trade, transportation, finance, professional and technical, management, and administrative services. In comparison to the metro, Jackson County has nine basic types of employment resulting in greater economic diversity. Areas that are more diverse are less susceptible to the highs and lows of real estate cycles. A more varied workforce allows for other industries to help balance the economy if a downturn were to occur in one specific industry.

Map of Employment Concentration

Since travel time to and from employment is a major concern for employees when deciding where to live, the following map shows the location of new employment growth and concentration in the metro. According to the Longitudinal Employer-Household Dynamics (LEHD) program, most employment concentration and growth in the Kansas City MSA is occurring in downtown Kansas City, south Johnson County, and along Interstate 35. The subject is located in an area of high employment concentration within Lee’s Summit, which is favorable for market area residents and new development. The following map shows the concentration of metro employment.



Major Employers – Lee’s Summit

The largest employer in Lee’s Summit is the Lee’s Summit R-7 School District with 2,420 employees, which is common in smaller cities. Other major employers are Central Missouri State (2,000), the City of Lee’s Summit (1,380), St. Luke’s Health System (1,300), and Truman Medical Center (1,200). The largest employers in the market area are located within a short drive from the subject, which is attractive for a future retail project.

Employer	Industry	Location	Employees
1 Lee’s Summit R-7 Schools	Education	301 NE Tudor	2,420
2 Central Missouri State	Education	777 NW Blue Parkway	2,000
3 City of Lee’s Summit	Municipal	220 E Green	1,380
4 St. Luke’s Health System	Health care	100 NE Saint Lukes	1,300
5 Truman Medical Center	Health care	7900 Lee’s Summit	1,200
6 John Knox Village	Retirement housing	1001 NW Chipman	1,000
7 Lee’s Summit Medical Center	Health care	2100 NW Chipman	600
8 AT&T Call Center	Call center	777 NW Blue Parkway	500
9 GEHA Holdings	Health care	310 NE Mulberry	500
10 CVS Caremark Call Center	Call center	800 NW Chipman	450
11 Missouri State Highway Patrol	Law enforcement	504 SE Blue Parkway	425
12 Metropolitan Community College	Education	3801 SW Longview	400
13 Quest Diagnostics	Health care	800 NW Chipman	400

Source: Lee’s Summit EDC

Major Employers – Kansas City MSA

The largest employer in the Kansas City MSA is the Federal Government with over 18,000 employees. The metro is home to a diverse workforce with several corporate headquarters being located in the city. Other major employers are manufacturing (Ford Motors), telecommunications (Sprint), and health care all contributing significantly to the workforce. The following table reports the largest employers in the metro.

Rank	Company	Industry	Employees	Change from 2015
1	United States Government	Federal Government	18,621	-8,879
2	Cerner Corporation	Health Care IT	9,367	1,067
3	HCA Midwest Health	Health Care	9,310	-57
4	Saint Luke's Health System	Health Care	7,770	690
5	Ford Motors Assembly Plant	Automotive Assembly	7,700	3,700
6	University of Kansas Hospital	Health Care	6,807	1,438
7	Children's Mercy Hospitals and Clinics	Health Care	6,696	1,273
8	Sprint	Telecommunications	6,000	-1,600
9	Olathe Public Schools	Public Education	4,403	690
10	City of Kansas City, Missouri	Municipal Government	4,300	-263
11	Johnson County, Kansas Government	County Government	3,884	353
12	Garmin International Inc.	Navigation	3,766	-129
13	DST Systems Inc.	Strategic Advisory and Business Operations	3,631	-771
14	General Motors Fairfax Plant	Automotive Assembly	3,500	-500
15	Kansas City, Kansas Public Schools	Public School District	3,500	100
16	Shawnee Mission School District	Public School District	3,358	659
17	Black & Veatch	Engineering, consulting, and construction	3,249	-251
18	University of Kansas Medical Center	Health Care	3,184	36
19	North Kansas City Schools	Public School District	3,131	417
20	Truman Medical Centers	Health Care	3,126	-1,141
21	University of Missouri - Kansas City	Public University	3,093	-66
22	Research Medical Center	Health Care	2,876	N/A
23	Blue Valley School District	Public School District	2,824	20
24	North Kansas City Hospital	Health Care	2,782	68
25	Hallmark Cards Inc.	Greeting Cards	2,700	-1,000

The following map shows the location of the top 25 employers in the southern portion of the MSA.

DEMOGRAPHIC ANALYSIS

The following discusses demographic information that influences the supply and demand of real estate. Demographic gravitation is a social concept that large numbers of people with similar demographics and social preferences behave as an attractive force for other people to migrate causing demographic gravitation. The demographic information is analyzed and relied on to forecast the percentage of population and household growth, housing tenure, age of household, median income levels, etc., which are the primary inputs in a residual demand analysis.

Population

The demographic information below shows population within the market area, the Kansas City MSA, and the United States. The market area comprises 3.42% of the population when compared to the metro. ESRI projects population to increase by 1,512 people through 2021.

Total Population	United States	Kansas City Metro	Market Area
2000 Total Population	281,421,906	1,811,254	62,865
2010 Total Population	308,745,538	2,009,342	70,440
2016 Total Population	323,580,626	2,098,082	71,794
2021 Total Population	337,326,118	2,181,473	73,306

Percentage of Population Growth

The table below reports annual population growth on a percentage basis. Population in the market area increased at an annual rate of 1.20% from 2000 to 2010. This trend decreased from 2010 to 2016 with annual population growth of 0.32% due to a slowdown in single family permitting. The 2016 to 2021 growth forecast of 0.42% is slightly more than the 2010 to 2016 growth rate and is reasonable due to a slowly recovering economy. As the economy continues to recover it is projected that future population growth will be more than reported from 2000 to 2010 and in line with the 2010 to 2016 data.

Population Growth	United States	Kansas City Metro	Market Area
2000	-	-	-
2010	0.97%	1.09%	1.20%
2016	0.80%	0.74%	0.32%
2021	0.85%	0.79%	0.42%

Annual Population Growth

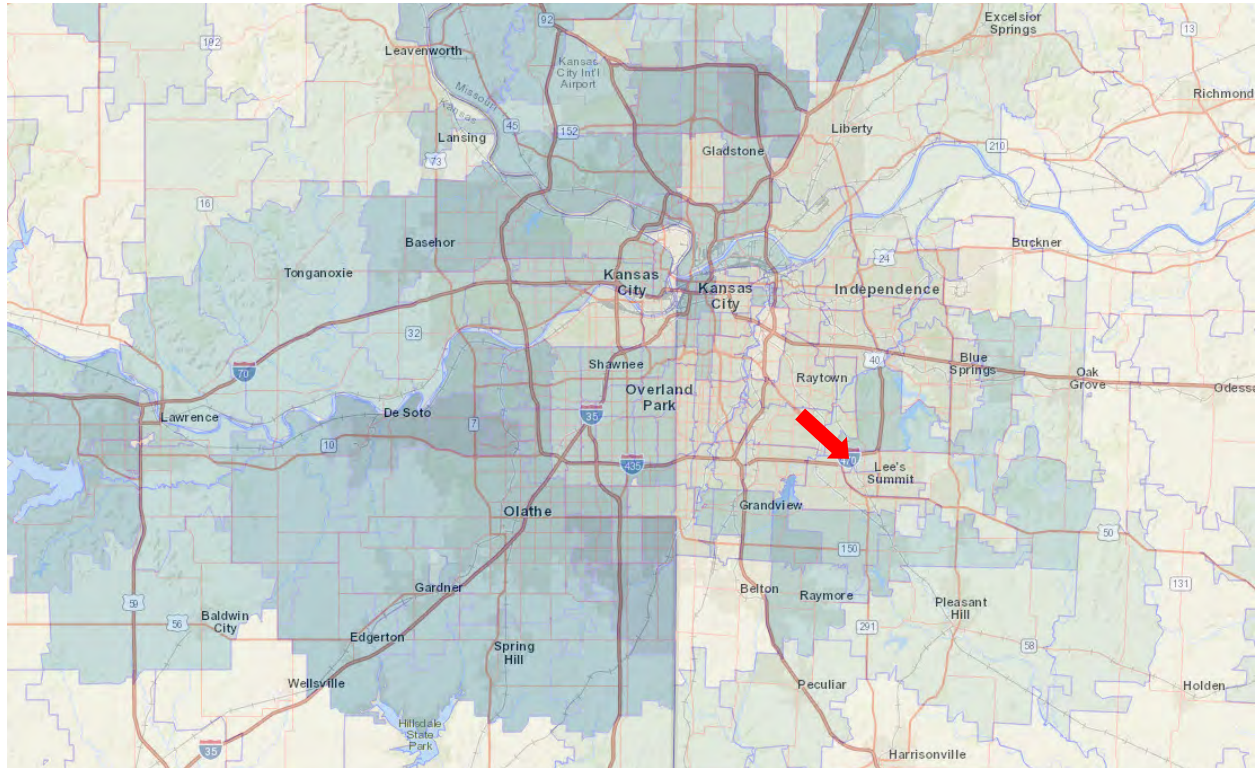
The following table reports annual population growth in terms of people.

Annual Population Growth	United States	Kansas City Metro	Market Area
2000	-	-	-
2010	2,732,363	19,809	758
2016	2,967,018	17,748	271
2021	2,749,098	16,678	302

Population from 2000 to 2010 increased by 758 people per year. Annual population growth slowed to 271 people per year from 2010 to 2016 with it forecasted to remain relatively steady from 2016 through 2021. Other areas of Lee's Summit to the south and east of the subject market area are projected to grow at a faster rate due to a higher concentration of single family homes.

Areas of Population Growth

The following map shows areas of projected population growth and decline from 2016 to 2021 separated by zip code. Areas in blue are projected to experience increased population growth with areas in green projected to experience less population growth or even a decline. Most population growth is projected to occur in the urban core, in south Johnson County, and in the northland near Shoal Creek. The subject is located in an area that is projected to experience a more modest level of population growth from 2016 to 2021.



Population by Age

In the market area most age groups are relatively stable with populations increasing through age 85 plus. The greatest positive change in population is between 65 to 74 years of age with this age group increasing from 6.3% in 2010 to 9.7% in 2021. The increase is attributed to an aging population base. People in the 45 to 54 age group reported the largest decrease from 15.6% of the population to 12.5% in 2021. The market area has an older population base due to the suburban location and increase in family households, which is common in outlying communities.

Population by Age - PMA						
Age	Age Groups - 2010	Percentage (2010)	Percentage (2016)	Percentage (2016)	Age Groups - 2021	Percentage (2021)
0 - 4	4,649	6.6%	4,451	6.2%	4,472	6.1%
5 - 9	5,072	7.2%	4,738	6.6%	4,545	6.2%
10 - 14	5,424	7.7%	5,169	7.2%	5,058	6.9%
15 - 24	8,735	12.4%	8,902	12.4%	8,430	11.5%
25 - 34	8,664	12.3%	9,190	12.8%	9,530	13.0%
35 - 44	9,580	13.6%	9,118	12.7%	9,676	13.2%
45 - 54	10,989	15.6%	10,051	14.0%	9,163	12.5%
55 - 64	7,819	11.1%	9,118	12.7%	9,603	13.1%
65 - 74	4,438	6.3%	5,744	8.0%	7,111	9.7%
75 - 84	3,170	4.5%	3,303	4.6%	3,739	5.1%
85+	1,831	2.6%	2,010	2.8%	1,979	2.7%
18+	51,985	73.8%	54,420	75.8%	56,299	76.8%

Median Age of Population

The median age in the market area is 38.8 years which is slightly older than the median age in the metro at 37.4 years and the nation at 38.0 years. The market area is projected to age slightly through 2021 to 39.6 years. The increasing median age is typical of population trends as there is significant growth among the aging population of the 55 to 74 age group as well as an increasing life expectancy.

Median Age	United States	Kansas City Metro	Market Area
2010 Median Age	37.1	36.5	37.8
2016 Median Age	38.0	37.4	38.8
2021 Median Age	38.7	38.1	39.6

Households

According to Census data, households in the market area grew at a rate of 0.17% per year between 2010 and 2016. Annual growth is forecasted to be 0.32% from 2016 to 2021. Household growth from 2010 to 2016 lagged the metro growth rate of 0.66% due to a slowdown in single family permitting stemming from the Great Recession.

Household Composition - PMA				
	2000	2010	2016	2021
Number of Households	24,136	27,454	27,734	28,172
Annual Household Growth	-	1.37%	0.17%	0.32%
Percentage Renters	28.9%	30.3%	30.9%	30.7%
Number of Renter Households	6,971	8,313	8,573	8,647
Annual Renter Household Growth		1.93%	0.52%	0.17%

Housing Units

The number of housing units in the market area grew 1.74% from 2010 to 2016, which is less than the metro average of 3.97%. According to ESRI, housing units are forecasted to grow 1.55% through 2021, which is similar to the historical rate and less than the metro rate.

Housing Units	United States	Kansas City Metro	Market Area
2000 Housing Units	115,904,641	757,344	24,990
2010 Housing Units	131,704,730	871,952	29,579
2016 Housing Units	137,928,754	906,550	30,095
2021 Housing Units	143,620,503	940,241	30,562

ESRI reports that 516 housing units were added to the inventory from 2010 to 2016, which is less than the total number of new households of 280 resulting in excess supply of 236 units. The following table compares the number of housing units built and the number of households created from 2010 to 2016 for various areas. As shown below, all three areas of comparison reported excess inventory from 2010 to 2016 due to the Great Recession.

New Housing Units Compared to New Households	United States	Kansas City Metro	Market Area
2010 Housing Units	131,704,730	871,952	29,579
2016 Housing Units	137,928,754	906,550	30,095
Change in Housing Units	6,224,024	34,598	516
2010 Households	116,716,292	789,533	27,454
2016 Households	121,786,233	820,791	27,734
Change in Households	5,069,941	31,258	280
Excess Housing Demand	(1,154,083)	(3,340)	(236)

Type of Occupation

Type of occupation refers to white collar (high average salaries and advanced education), services (intangible goods produced by both white and blue collar employees), and blue collar (hourly pay and manual labor) employment. Areas with an increase in white collar and service employment tend to have a high median household income, increased homeownership rate, and a more educated workforce. The market area has a higher percentage of white collar employment and less blue collar and service employment when compared to the metro. As noted earlier, Lee's Summit has a more educated workforce and higher median household income, which is partially attributed to a high concentration of health care, education, and municipal employment.

Type of Occupation	United States	Kansas City Metro	Market Area
White Collar	60.5%	64.8%	71.1%
Services	18.4%	16.2%	13.7%
Blue Collar	21.1%	18.9%	15.2%
Total	100%	100%	100%

Renter Households

The market area is comprised of 30.9% renters, which is less than the metro average of 34.4% and the national average 37.3%. The market area is comprised of fewer renter households when compared to the metro and nation due to its suburban location, older median age, and higher median household income.

Percentage of Renters	United States	Kansas City Metro	Market Area
2000 Percentage of Renter Housing	33.8%	31.9%	28.9%
2010 Percentage of Renter Housing	34.9%	32.8%	30.3%
2016 Percentage of Renter Housing	37.3%	34.4%	30.9%
2021 Percentage of Renter Housing	37.4%	34.3%	30.7%

Income Levels in the Market Area

The largest annual income bracket in the market area is the \$50,000 to \$74,999 cohort accounting for 18.8% of the households. The market area has a slightly skewed income distribution with a higher concentration of households earning more than \$50,000 per year when compared to the metro. According to ESRI, 63.4% of the households in the market area earn over \$50,000 with 57.7% of the households in the metro earning more than \$50,000 per year. The following table shows the income levels in the market area.

Income	Median Household Income - PMA			
	Median Household Income (2016)	Percentage (2016)	Median Household Income (2021)	Percentage (2021)
< \$15,000	2,246	8.1%	2,197	7.8%
\$15,000 - \$24,999	1,997	7.2%	1,888	6.7%
\$25,000 - \$34,999	2,274	8.2%	2,395	8.5%
\$35,000 - \$49,999	3,605	13.0%	2,057	7.3%
\$50,000 - \$74,999	5,214	18.8%	5,465	19.4%
\$75,000 - \$99,999	4,188	15.1%	4,564	16.2%
\$100,000 - \$149,999	5,020	18.1%	5,944	21.1%
\$150,000 - \$199,000	1,914	6.9%	2,310	8.2%
\$200,000+	1,248	4.5%	1,380	4.9%
Median Household Income	\$65,794		\$75,392	

As show below, the market area has an increased number of average and high income cohorts and fewer lower income cohorts when compared to the metro resulting in a higher median household income and an increase in single family development.



Median Household Income and Home Value

The market area has a median household income of \$65,794. In 2016, the median household income in the nation was \$54,149 with the Kansas City MSA reporting an income of \$57,817. The market area has a slightly higher median household income when compared to the nation and metro. An average to slightly higher median household income results in some projects relying on economic incentives in order to close the feasibility gap between cost and value.

Median Household Income	United States	Kansas City Metro	Market Area
2016 Median Household Income	\$54,149	\$57,817	\$65,794
2021 Median Household Income	\$59,476	\$64,954	\$75,392

According to ESRI, the median home value in the market area is 0.83% more than the metro median home value, which supports results in affordability issues for certain developments.

Median Home Value	United States	Kansas City Metro	Market Area
2016 Median Home Value	\$198,891	\$174,137	\$175,583
Change from Metro	14.22%	-	0.83%

Conclusions

Population growth from 2010 to 2016 has lagged the metro growth rate due to the suburban location and slowdown in single family permitting. As the economy slowly recovers and single family permitting increases, it is projected the future population growth will increase. The market area has an increased number of higher income cohorts and fewer lower income groups when compared to the metro resulting in a slightly above average median household income. The average to slightly above average median household income has resulted in some reliance on economic incentives to make projects feasible. Overall, the market area is projected to slightly outpace the Kansas City MSA through 2021 due to a favorable location, increased development, and a recovering economy which favors single family development.

BLIGHT ANALYSIS

Blight Defined

According to the Missouri Revised Statutes, the following definition pertains to Chapter 99 and Chapter 67 incentives.

- "Blighted area", an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

The above definition serves as the basis for further discussion concerning whether the proposed Study Area is blighted.

Blighting Factor #1 – Defective or Inadequate Street Layout

Conditions associated with defective or inadequate street layout can include poor vehicular access and/or internal circulation; substandard driveway definition and parking layout (e.g. lack of curb cuts, awkward entrance and exit points); offset or irregular intersections; and substandard or nonexistent pedestrian circulation and lack of signage. The lack of signage can create uncertainty and a potential for accidents for drivers who are unfamiliar with the area.

The Study Area consists of two parcels. The northern parcel contains a surface parking lot and the southern parcel contains the existing office building. Access to the property is from within the Summit Fair development. The following picture shows access to the Study Area from Northwest Blue Parkway and the two parcel configuration.



The Study Area is comprised of two contiguous parcels that contain approximately 3.47 acres of land. The size and parcel platting does not require interior roads to access the Study Area. The lack of interior infrastructure is not considered an indication of blight. However, the platting of the project as two parcels with the northern parcel containing 0.77 acres limits its future use. The size and shape of the parcel prevents the site from being improved with a vertical structure with the property serving as overflow parking for the larger site to the south. The split site configuration and lack of development potential for the northern parcel is considered an indication of blight.

The Study Area is accessed from interior roads within Summit Fair. The eastern boundary of the property consists of an interior road used for access to other areas of Summit Fair as well as surface parking. The existing infrastructure in the immediate area is in good condition and contains modern infrastructure such as curbs, gutters, street lights, and storm sewer systems. However, the lack of direct access to a city street with tenants and customers required to drive through an existing parking area could prevent a higher intensity use of the site. In the present configuration the existing infrastructure could become strained if a future use were to generate additional traffic flow. The following picture depicts the current state of the existing infrastructure within Summit Fair.



Blighting Factor #2 – Unsanitary or Unsafe Conditions

We were not provided with a Phase I report to verify. It is recommended that a competent third party prepare a Phase I to confirm. The subject was built in 1979 and based on the age of the building environmental contamination could be possible. It is recommended that a Phase I report be prepared to confirm that contamination is not present. In addition, \$142,420 has been spent on mold remediation in 2014 and 2015 due to roof and window issues. In addition, according to a Limited Asbestos Report prepared by Roth Environmental Consultants, Incorporated on August 14, 2017, the

subject contains asbestos in the floor tile and structural fireproofing coating. The remediation of mold and asbestos can be a physiological stigma for potential tenants resulting in a prolonged lease-up period and above market vacancy.

At the time of inspection, the building was 100% vacant with the last remaining tenants in process of relocating their businesses. The subject has been generally vacant since it was acquired. The lack of maintenance and constant use has resulted in accelerated deterioration of the structure and tenant improvements. At the time of inspection, the interior space was dated with several areas being unsecured, which is a potential health and safety hazard to the public. The following picture depicts the current state of the property on the date of inspection with access to the space being unsecured.



Aging interior improvements that will need to be updated before future occupancy can occur

Unless the property is occupied or partially maintained as it remains vacant and the building is adequately secured, the building will continue to decline at a more rapid pace as the physical life of the asset is shortened. Based on the previous analysis we are of the opinion that unsanitary or unsafe conditions are considered to be a significant indication of blight for the Study Area.

Blighting Factor # 3 – Deterioration of Site Improvements

Deteriorating factors that affect the economic life of site improvements consist of oxidation, temperature fluctuations, weather conditions, traffic flow, and a lack of use. According to *Marshall Valuation Service*, a cost provider, asphalt paving has a life expectancy ranging from 10 to 20 years depending on the material with asphalt paving having a shorter economic life. The following picture shows there to be significant deterioration of the site improvements within the Study Area.



The site improvements are considered to be in fair condition and will require repair before the property can be adequately operated. In addition to the asphalt paving, there are several areas of deterioration that pertain to the existing improvements. The subject improvements have been largely vacant and suffer from increased aging when compared to other buildings within Summit Fair. The design and finish is not complimentary with the surrounding development and will require significant capital improvements before occupancy can occur. According to Jackson County, the majority of the existing buildings within Summit Fair were built from 2009 to present and are representative of modern standards. The following table summarizes salient data for Summit Fair.

Property	Address	Building Size (SF)	Site Size (SF)	Year Built	Parcel Number
Red Lobster	670 NW Blue Pkwy	7,031	75,912	2010	51-700-03-21-00-0-00-000
Olive Garden	650 NW Blue Pkwy	7,441	75,304	2010	51-700-04-22-00-0-00-000
Chick-Fil-A	690 NW Blue Pkwy	4,477	62,379	2012	51-700-04-20-00-0-00-000
Dick's Sporting Goods	840 NW Blue Pkwy	50,024	194,675	2017	51-700-04-28-00-0-00-000
Summit Fair Shopping Mall	880-930 NW Blue Pkwy	192,960	742,793	2009 - Present	51-700-03-35-00-0-00-000
Macy's	900 NW Blue Pkwy	120,000	400,054	2009	51-700-03-30-00-0-00-000
JC Penney	950 NW Blue Pkwy	105,000	406,086	2009	51-700-03-32-00-0-00-000
Jersey Mike's/Sleep Number/Summit Modern Dentistry	940 NW Blue Pkwy	7,740	47,516	2013	51-700-04-17-00-0-00-000
Noodles & Co./America's Best/T-Mobile	651-659 NW Blue Pkwy	7,090	48,099	2009	51-700-04-08-00-0-00-000
Jimmy John's/Sleep One/Summit Fair Dental	691-699 NW Blue Pkwy	7,500	75,379	2011	51-700-04-09-00-0-00-000
Green Lantern Car Wash	950 NW Chipman Rd	13,124	82,568	2014	51-700-03-34-00-0-00-000
Unoccupied Pad Site	1000 NW Blue Pkwy	4,500	35,073	-	51-700-04-16-00-0-00-000

The following picture is representative of the existing improvements in Summit Fair, which are designed with modern building standards.



Based on the previous analysis we are of the opinion that deterioration of site improvements is considered to be a significant indication of blight for the Study Area.

Blighting Factor #4 – Improper Subdivision or Obsolete Platting

There are specific conditions that can be used to determine the existence of improper subdivision or obsolete platting. Among these conditions are irregular or faulty lot shape and/or layout, inadequate lot size, and poor access. The Study Area is comprised of a split site design with the improvements being located on the larger parcel that contains 2.70 acres of land. The following table summarizes the Study Area.

Parcel ID Number	Address	Square Feet	Acres	Improvements	Owner
51-700-03-06-00-0-00-000	740 Northwest Blue Parkway	117,708	2.70	Office building	740 Parkway Investors, LLC
51-700-03-04-02-0-00-000	Not Assigned	33,641	0.77	Surface parking	740 Parkway Investors, LLC
Total		151,349	3.47		

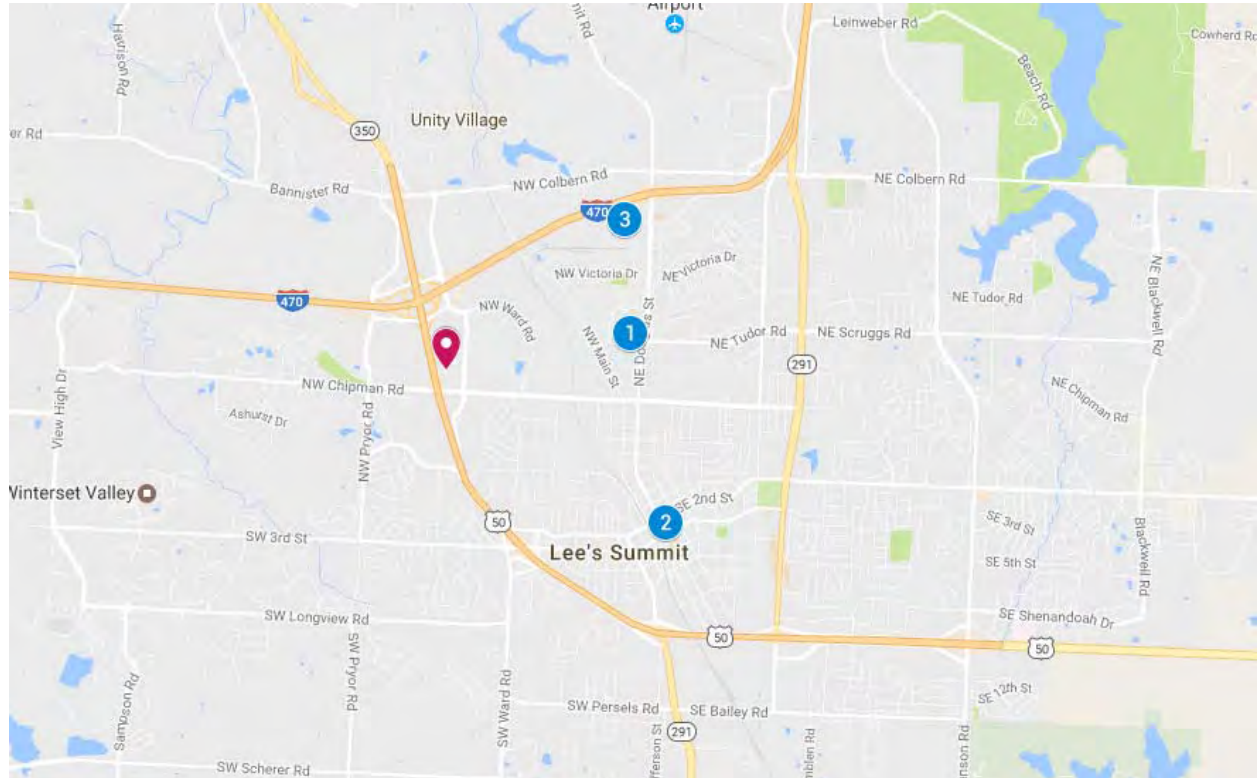
As noted earlier, based on the size and shape of the two parcels, we are of the opinion that improper subdivision and the lack of platting is considered to be a significant indication of blight for the Study Area.

Blighting Factor #5 – Existence of Conditions which Endanger Life or Property

The Study Area is conveniently located near support services. The following table reports that location and distance from the Study Area.

	Public Service	Address	Distance from Subject	Adequately Located
1	Lee's Summit Police Department	10 Northeast Tudor	1.9 miles	Yes
2	Lee's Summit Fire Department	207 Southeast Douglas	2.7 miles	Yes
3	St. Luke's Hospital East	100 Northeast St. Luke's	2.8 miles	Yes

The Lee's Summit Police and Fire Department are located less than three miles from the subject and are conveniently located. In addition, St. Luke's Hospital East is located 2.80 miles east of the subject and is in close proximity. As shown in the following map, life, fire, and safety services are within a reasonable driving distance and response time from the subject.



As previously noted, the Study Area suffers from areas of deferred maintenance consisting of asphalt paving, mold, asbestos, and aging improvements not built to modern standards. As the building continues to deteriorate due to a lack of use, additional life and safety issues could result and become a hazard to the citizens of Lee's Summit and the tenants who shop at the adjacent Summit Fair shopping center.

Given the existing conditions, the remaining economic life of the building, and the unsecured structure, endangerment of life or property by fire or other causes is considered to be a significant indication of blight for the Study Area.

Economic Liability

School districts and cities are highly dependent on real property taxes, personal property taxes, utility taxes, and sales taxes generated by the tax base. The Study Area is currently taxed based on a commercial use with an assessment ratio of 32% of the implied market value. According to Jackson County, the 2015 value decreased by 18.89% due to the property being partially vacant and a deteriorating asset. Without redevelopment or significant improvements being made to the existing structure, the real estate tax generated by the Study Area is projected to continue to decline and lag other parts of the city that are being developed. A summary of the real estate taxes for the Study Area is shown below.

Tax Year	2014	2015	2016
Implied Market Value	\$3,409,625	\$2,765,625	\$2,765,625
Assessed Value	\$1,091,080	\$885,000	\$885,000
Taxable Value (economic incentives)	\$1,091,080	\$885,000	\$885,000
Percentage Change (actual value)	-	-18.89%	0.00%
Real Estate Taxes	\$105,453	\$82,337	\$82,541
Special Assessments	\$0	\$0	\$0
Total Taxes	\$105,453	\$82,337	\$82,541
Mill Levy	96.65011	93.03616	93.26667
Change in Mill Levy	-	-3.6139	0.2305
Taxes per Square Foot	\$2.28	\$1.78	\$1.78
Effective Tax Rate (excludes special assessments)	3.09%	2.98%	2.98%
Payment Status	Paid	Paid	Paid
Amount Due	\$0	\$0	\$0

The Study Area is being taxed as a commercial use and is generating taxes of \$82,541 per year. The amount of real estate taxes levied against a property is a function of the operating budget of the taxing jurisdiction and the mill levy. Properties that are more valuable are taxed at a higher amount when compared to less valuable properties. Due to the subject consisting of a vacant, deteriorating structure that is not being utilized to its highest and best use, the Study Area is being valued for tax purposes significantly less than it would be valued if redeveloped. The preliminary development budget for the redevelopment of the Study Area is \$12,238,962. The following table summarizes the potential increase in real estate taxes based on the preliminary development costs.

Mill Levy	Assessment Ratio	Effective Tax Rate	Preliminary Costs	Taxes at Stabilization*	Existing Taxes	Increase in Tax Base
93.2667	32.0%	2.9845%	\$12,238,962	\$365,276	\$82,541	\$282,735

*Assumes the property will be assessed at 100% of the actual development costs

The Study Area consists of an aging property that has not been updated to modern standards and suffers from deferred maintenance. The existence of the previous blighting factors clearly indicates that the Study Area constitutes an economic liability in its present condition and use. Because of this and the other blighting factors, it is unlikely that the Study Area will be redeveloped without assistance.

The concept of an economic liability or the economic underutilization of a property as a basis for blight has been upheld by the Missouri Supreme Court. The Court has determined that "the concept of urban redevelopment has gone far beyond *slum clearance* and the concept of economic underutilization is a valid one." Blight exists to the extent an area is operating at less than its potential. The community is harmed by the foregone tangible and intangible benefits resulting from underperformance. The following are references to the Missouri Supreme Court Cases.

- **Parking Systems, Inc. v. Kansas City Downtown Redevelopment Corporation** - The courts determined that it is not necessary for an area to be what commonly would be considered a "slum" in order to be blighted.
- **Crestwood Commons Redevelopment Corporation v. 66 Drive-In, Inc.** - The courts determined that an otherwise viable use of a property may be considered blighted if it is an

economic underutilization of the property.

- **State ex. Rel Atkinson v. Planned Industrial Expansion Authority** - The courts determined that blight may also be found if the redevelopment of an area “could promote a higher level of economic activity, increased employment, and greater services to the public.”
- **Maryland Plaza Redevelopment Corporation v. Greenberg** - The courts found that real property may be property found to be blighted even though it contains improvements, which by themselves do not constitute blight.

Economic incentives are used in cases where prevailing market forces are inadequate to generate the necessary return on cost to undertake a project of similar size and risk. “But-for” the use of economic incentives, the development would not be built. This is shown by other large scale projects in Lee’s Summit utilizing TIF in order to make the project feasible. “But-for” the use of economic incentives, the Study Area will continue to deteriorate increasing life, fire, and safety issues within the area. Based on the economic underutilization of the Study Area, it is our opinion that the Study Area is an economic liability. The lack of adequate tax revenue results from the underutilization of the site due to a combination of blighting factors, which endanger life or property by fire and other causes, and thus by these factors the Study Area is an economic liability in its present condition and use.

Social Liability

To our knowledge the term social liability has not been defined in Missouri’s statutes or in Missouri cases. According to the Merriam-Webster dictionary, social and liability are defined as:

- Social is defined as “of, or relating to human society, the interaction of the individual and the group, or the welfare of human beings as members of society.” Liability is defined as “the state of being legally responsible for something”

Based on the two definitions, “social liability” can be anything that works to the disadvantage of the welfare of members of a given community or of interaction among such members. The welfare of the community is substantially based on job opportunities and adequate amenities such as shopping and community services provided by various taxing jurisdictions from its tax base. As the Study Area is built-out the tax base is projected to grow due to increased real estate taxes, retail sales, and ancillary services that will benefit from the concentration of jobs and consumers.

The lack of retail sales, real estate taxes, and employment that the Study Area is generating retards the educational and community services that could be provided to community members of Lee’s Summit and Jackson County. Taken together these factors lead to the conclusion that the Study Area by reason of the blighting factors constitutes a social liability in its present condition and use.

Based on the data and information contained in this report, we have determined that as of May 18, 2017, the Study Area constitutes both a “social liability” and an “economic liability” and meets the definition of a “blighted area” according to the definition provided in Missouri Statute Section 99.805.1 and Section 67.1401.1.

Menace to Public Health and Safety

In addition to the Study Area constituting an economic and social liability in its present condition and use due to the previously stated blighting factors, the same blighting factors also present a menace to the public health, safety, and welfare in its present condition and use. Therefore, we have determined that on May 18, 2017, the Study Area is a “blighted area” according to the definition provided in Missouri Statute Section 99.805.1 and Section 67.1401.1.

CONCLUSIONS

The following blight factors are present in the Study Area.

Study Area		
Blighting Factors - Chapter 67 and 99	Yes	No
Defective or Inadequate Street Layout	X	
Unsanitary or Unsafe Conditions	X	
Deterioration of Site Improvements	X	
Improper Subdivision or Obsolete Platting	X	
Conditions which Endanger Life or Property by Fire and Other Causes	X	

The previous analysis demonstrates that five of the five blighting factors are present in the Study Area. The defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, and potential environmental contamination and aging improvements that are nearing the end of their economic life are a major detriment to a future project and are considered to be the preponderance of the blighting factors for the Study Area. "But-for" the use of economic incentives, the Study Area will most likely remain underdeveloped causing a social liability due to decreased tax revenue and future development. According to the Missouri Revised Statutes, the following definition pertain to Chapter 99 and Chapter 67 incentives.

- "Blighted area", an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

By reason of the previously stated blighting factors, the Study Area in its present condition and use constitutes both an economic and social liability, as well as a menace to public health and safety, as defined in Missouri Statute Section 99.805.1 and Section 67.1401.1.

ADDENDA

**Qualifications
Area Demographics
Engagement Letter
County Information**

QUALIFICATIONS

Qualifications of Laird Goldsborough, MAI MRE Senior Managing Director

Valbridge Property Advisors | Shaner Appraisals, Inc.



Independent Valuations for a Variable World

State Certifications

State of Kansas
State of Missouri

Education

BA University of Virginia
MRE University of Denver

Contact Details

913-451-1451 (o)

Valbridge Property Advisors |
Shaner Appraisals, Inc.
10990 Quivira Road
Suite 100
Overland Park, KS 66210

www.valbridge.com

lgoldsborough@valbridge.com

Membership/Affiliations:

Member: Appraisal Institute - MAI Designation

Appraisal Institute and Related Courses:

Advanced Sales Comparison and Cost Approaches
Uniform Standards of Professional Appraisal Practice
Appraisal Practices for Litigation
Easement Valuation
Valuation of Partial Interests - Undivided
Valuation of Detrimental Conditions
Appraisal Review - Commercial
Fundamentals of Separating Real Property, Personal Property, and
Intangible Business Assets
Analyzing Operating Expenses
Business Practices and Ethics
Supporting Capitalization Rates

Experience:

Senior Managing Director

Valbridge Property Advisors | Shaner Appraisals, Inc. (1990-Present)

Appraisal/valuation and consulting assignments include: apartment buildings; retail buildings and shopping centers; office buildings; industrial buildings; religious and special purpose properties including schools, churches and cemeteries; hotels and motels; residential subdivisions; and vacant industrial, commercial and residential land. Assignments also include tax credit valuations, Fannie Mae and Freddie Mac reports, and HUD MAP valuations and comparability studies.

I have received a Certificate of Completion for the Valuation of Conservation Easements certificate program as offered by the American Society of Appraisers, the American Society of Farm Managers and Rural Appraisers and the Appraisal Institute and endorsed by the Land Trust Alliance which indicates that I have the completed the Valuation of Conservation Easements educational requirements and passed the examination.

State of Missouri

**Department of Insurance, Financial Institutions and Professional Registration
Division of Professional Registration
Real Estate Appraisers Commission
State Certified General Real Estate Appraiser**



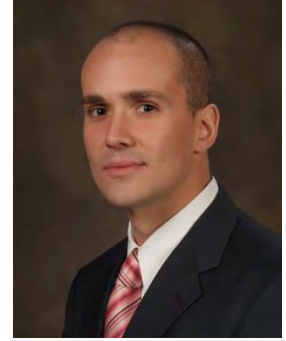
VALID THROUGH JUNE 30, 2018
ORIGINAL CERTIFICATE/LICENSE NO. RA002834

H. LAIRD GOLDSBOROUGH
SHANER APPRAISALS, INC.
10990 QUIVIRA ROAD SUITE 100
OVERLAND PARK KS 66210
USA

Vanessa Beauclair
EXECUTIVE DIRECTOR

Heidi Sue Danner
DIVISION DIRECTOR

Qualifications of Daniel Kann, MAI MSRE
Director – Multifamily Valuation
Valbridge Property Advisors | Kansas City



Independent Valuations for a Variable World

State Certifications

State of Kansas
State of Missouri
State of Iowa
State of Nebraska

Education

Bachelor of Arts (2005)
University of Northern Iowa
Real Estate Finance | Marketing

Master's (2016)
University of Denver
Real Estate Finance | Construction

Contact Details

913-451-1451 (O)
913-647-4094 (D)
913-529-4121 (F)

Valbridge Property Advisors
10990 Quivira Road, Suite 100
Overland Park, Kansas 66210

www.valbridge.com
DKann@Valbridge.com

Membership/Affiliations

Appraisal Institute (MAI Designation)
CCIM Candidate (CCIM Institute)
Licensed Real Estate Agent (State of Iowa)
Urban Land Institute (Young Leaders)
National Apartment Association (Kansas City Chapter)
International Right of Way Association (Chapter Secretary, 2017)

Recent Appraisal Institute & Related Courses

Real Estate Finance & Investments (University of Denver)
Real Estate Tax (University of Denver)
Residential Construction Systems (University of Denver)
Real Estate Securities and Syndications (University of Denver)
Real Estate Investments & Appraisal (University of Northern Iowa)
Apartment Appraisal and Concepts (Appraisal Institute)
Finance, Statistics and Valuation Modeling (Appraisal Institute)
Argus, Excel, and Computer Modeling (University of Denver)
Understanding Commercial Capitalization Rates (ULI)
General Market Analysis and Highest & Best Use (Appraisal Institute)
Discounted Cash Flow Model: Concepts & Issues (Appraisal Institute)
Advanced Income Capitalization (Appraisal Institute)
Forecasting Revenue (Appraisal Institute)
Advanced Sales Comparison & Cost Approaches (Appraisal Institute)
Analyzing Operating Expenses (Appraisal Institute)

Experience

Director – Multifamily Valuation

Valbridge Property Advisors | Kansas City (2013 - Present)

Real Estate Analyst / General Certified Appraiser

Shaner Appraisals, Inc. (2007 - 2012)

I currently perform valuation and due diligence for investors/developers, life insurance companies, lenders, and REITS pertaining to multifamily properties. The due diligence process consists of property valuation (FHA, Fannie Mae, Freddie Mac, and conventional financing), market studies, feasibility studies, and real estate tax analysis for market rate, Section 42 (LIHTC), and Section 8 (HAP contracts) pertaining to senior, student, and family housing projects.

State of Missouri

**Department of Insurance, Financial Institutions and Professional Registration
Division of Professional Registration
Real Estate Appraisers Commission
State Certified General Real Estate Appraiser**

Reciprocity

VALID THROUGH JUNE 30, 2018
ORIGINAL CERTIFICATE/LICENSE NO. 2013034806

DANIEL KANN
VALBRIDGE PROPERTY ADVISORS
10990 QUIVIRA RD. #100
SHAWNEE MISSION KS 66210
USA

Vanessa Beauchamp

EXECUTIVE DIRECTOR

Kathleen Hill Danner

DIVISION DIRECTOR

AREA DEMOGRAPHICS

740 NW Blue Pkwy, Lee's Summit, Missouri, 64086 2
 740 NW Blue Pkwy, Lee's Summit, Missouri, 64086
 Drive Time: 10 minute radii

Prepared by Esri
 Latitude: 38.92811
 Longitude: -94.40105

10 minutes

Population Summary	
2000 Total Population	62,865
2010 Total Population	70,440
2016 Total Population	71,794
2016 Group Quarters	1,116
2021 Total Population	73,306
2016-2021 Annual Rate	0.42%
2016 Total Daytime Population	75,828
Workers	41,577
Residents	34,251
Household Summary	
2000 Households	24,136
2000 Average Household Size	2.55
2010 Households	27,454
2010 Average Household Size	2.53
2016 Households	27,734
2016 Average Household Size	2.55
2021 Households	28,172
2021 Average Household Size	2.56
2016-2021 Annual Rate	0.31%
2010 Families	18,962
2010 Average Family Size	3.05
2016 Families	19,048
2016 Average Family Size	3.08
2021 Families	19,299
2021 Average Family Size	3.10
2016-2021 Annual Rate	0.26%
Housing Unit Summary	
2000 Housing Units	24,990
Owner Occupied Housing Units	68.7%
Renter Occupied Housing Units	27.9%
Vacant Housing Units	3.4%
2010 Housing Units	29,579
Owner Occupied Housing Units	64.7%
Renter Occupied Housing Units	28.1%
Vacant Housing Units	7.2%
2016 Housing Units	30,095
Owner Occupied Housing Units	63.7%
Renter Occupied Housing Units	28.5%
Vacant Housing Units	7.8%
2021 Housing Units	30,562
Owner Occupied Housing Units	63.9%
Renter Occupied Housing Units	28.3%
Vacant Housing Units	7.8%
Median Household Income	
2016	\$65,794
2021	\$75,392
Median Home Value	
2016	\$175,583
2021	\$198,741
Per Capita Income	
2016	\$32,418
2021	\$35,343
Median Age	
2010	37.8
2016	38.8
2021	39.6

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

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Prepared by Esri
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10 minutes

2016 Households by Income

Household Income Base	27,734
<\$15,000	8.1%
\$15,000 - \$24,999	7.2%
\$25,000 - \$34,999	8.2%
\$35,000 - \$49,999	13.0%
\$50,000 - \$74,999	18.8%
\$75,000 - \$99,999	15.1%
\$100,000 - \$149,999	18.1%
\$150,000 - \$199,999	6.9%
\$200,000+	4.5%
Average Household Income	\$83,125

2021 Households by Income

Household Income Base	28,172
<\$15,000	7.8%
\$15,000 - \$24,999	6.7%
\$25,000 - \$34,999	8.5%
\$35,000 - \$49,999	7.3%
\$50,000 - \$74,999	19.4%
\$75,000 - \$99,999	16.2%
\$100,000 - \$149,999	21.1%
\$150,000 - \$199,999	8.2%
\$200,000+	4.9%
Average Household Income	\$91,185

2016 Owner Occupied Housing Units by Value

Total	19,170
<\$50,000	3.1%
\$50,000 - \$99,999	9.1%
\$100,000 - \$149,999	22.9%
\$150,000 - \$199,999	29.1%
\$200,000 - \$249,999	13.1%
\$250,000 - \$299,999	8.7%
\$300,000 - \$399,999	7.5%
\$400,000 - \$499,999	3.4%
\$500,000 - \$749,999	2.1%
\$750,000 - \$999,999	0.4%
\$1,000,000 +	0.6%
Average Home Value	\$205,894

2021 Owner Occupied Housing Units by Value

Total	19,534
<\$50,000	1.9%
\$50,000 - \$99,999	7.0%
\$100,000 - \$149,999	10.3%
\$150,000 - \$199,999	31.7%
\$200,000 - \$249,999	20.3%
\$250,000 - \$299,999	12.8%
\$300,000 - \$399,999	9.1%
\$400,000 - \$499,999	3.5%
\$500,000 - \$749,999	2.3%
\$750,000 - \$999,999	0.5%
\$1,000,000 +	0.7%
Average Home Value	\$230,178

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

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Prepared by Esri
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	10 minutes
2010 Population by Age	
Total	70,440
0 - 4	6.6%
5 - 9	7.2%
10 - 14	7.7%
15 - 24	12.4%
25 - 34	12.3%
35 - 44	13.6%
45 - 54	15.6%
55 - 64	11.1%
65 - 74	6.3%
75 - 84	4.5%
85 +	2.6%
18 +	73.8%
2016 Population by Age	
Total	71,796
0 - 4	6.2%
5 - 9	6.6%
10 - 14	7.2%
15 - 24	12.4%
25 - 34	12.8%
35 - 44	12.7%
45 - 54	14.0%
55 - 64	12.7%
65 - 74	8.0%
75 - 84	4.6%
85 +	2.8%
18 +	75.8%
2021 Population by Age	
Total	73,305
0 - 4	6.1%
5 - 9	6.2%
10 - 14	6.9%
15 - 24	11.5%
25 - 34	13.0%
35 - 44	13.2%
45 - 54	12.5%
55 - 64	13.1%
65 - 74	9.7%
75 - 84	5.1%
85 +	2.7%
18 +	76.8%
2010 Population by Sex	
Males	33,411
Females	37,029
2016 Population by Sex	
Males	34,180
Females	37,614
2021 Population by Sex	
Males	35,096
Females	38,211

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

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	10 minutes
2010 Population by Race/Ethnicity	
Total	70,440
White Alone	81.8%
Black Alone	12.4%
American Indian Alone	0.4%
Asian Alone	1.4%
Pacific Islander Alone	0.1%
Some Other Race Alone	1.3%
Two or More Races	2.6%
Hispanic Origin	4.2%
Diversity Index	37.0
2016 Population by Race/Ethnicity	
Total	71,794
White Alone	81.1%
Black Alone	12.2%
American Indian Alone	0.3%
Asian Alone	1.7%
Pacific Islander Alone	0.2%
Some Other Race Alone	1.4%
Two or More Races	3.0%
Hispanic Origin	4.7%
Diversity Index	38.7
2021 Population by Race/Ethnicity	
Total	73,307
White Alone	80.3%
Black Alone	12.2%
American Indian Alone	0.3%
Asian Alone	2.0%
Pacific Islander Alone	0.2%
Some Other Race Alone	1.6%
Two or More Races	3.4%
Hispanic Origin	5.3%
Diversity Index	40.7
2010 Population by Relationship and Household Type	
Total	70,440
In Households	98.4%
In Family Households	84.1%
Householder	26.9%
Spouse	20.3%
Child	32.6%
Other relative	2.4%
Nonrelative	1.8%
In Nonfamily Households	14.4%
In Group Quarters	1.6%
Institutionalized Population	1.4%
Noninstitutionalized Population	0.2%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

740 NW Blue Pkwy, Lee's Summit, Missouri, 64086 2
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10 minutes

2016 Population 25+ by Educational Attainment	
Total	48,497
Less than 9th Grade	1.2%
9th - 12th Grade, No Diploma	2.8%
High School Graduate	22.1%
GED/Alternative Credential	2.5%
Some College, No Degree	24.4%
Associate Degree	8.6%
Bachelor's Degree	24.6%
Graduate/Professional Degree	13.8%
2016 Population 15+ by Marital Status	
Total	57,387
Never Married	28.1%
Married	53.1%
Widowed	6.6%
Divorced	12.2%
2016 Civilian Population 16+ in Labor Force	
Civilian Employed	97.1%
Civilian Unemployed	2.9%
2016 Employed Population 16+ by Industry	
Total	38,222
Agriculture/Mining	0.2%
Construction	4.5%
Manufacturing	7.6%
Wholesale Trade	4.6%
Retail Trade	12.7%
Transportation/Utilities	3.8%
Information	3.8%
Finance/Insurance/Real Estate	8.6%
Services	49.3%
Public Administration	4.8%
2016 Employed Population 16+ by Occupation	
Total	38,223
White Collar	71.1%
Management/Business/Financial	18.1%
Professional	26.0%
Sales	12.1%
Administrative Support	14.9%
Services	13.7%
Blue Collar	15.2%
Farming/Forestry/Fishing	0.1%
Construction/Extraction	3.0%
Installation/Maintenance/Repair	2.8%
Production	4.2%
Transportation/Material Moving	5.1%
2010 Population By Urban/ Rural Status	
Total Population	70,440
Population Inside Urbanized Area	96.6%
Population Inside Urbanized Cluster	0.0%
Rural Population	3.4%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

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	10 minutes
2010 Households by Type	
Total	27,454
Households with 1 Person	26.1%
Households with 2+ People	73.9%
Family Households	69.1%
Husband-wife Families	52.2%
With Related Children	24.1%
Other Family (No Spouse Present)	16.9%
Other Family with Male Householder	4.2%
With Related Children	2.7%
Other Family with Female Householder	12.7%
With Related Children	8.9%
Nonfamily Households	4.9%
All Households with Children	36.2%
Multigenerational Households	2.9%
Unmarried Partner Households	5.5%
Male-female	4.9%
Same-sex	0.6%
2010 Households by Size	
Total	27,453
1 Person Household	26.1%
2 Person Household	33.1%
3 Person Household	16.9%
4 Person Household	14.6%
5 Person Household	6.3%
6 Person Household	2.2%
7 + Person Household	0.9%
2010 Households by Tenure and Mortgage Status	
Total	27,454
Owner Occupied	69.7%
Owned with a Mortgage/Loan	55.9%
Owned Free and Clear	13.8%
Renter Occupied	30.3%
2010 Housing Units By Urban/ Rural Status	
Total Housing Units	29,579
Housing Units Inside Urbanized Area	96.8%
Housing Units Inside Urbanized Cluster	0.0%
Rural Housing Units	3.2%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

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10 minutes

Top 3 Tapestry Segments

- 1.** Soccer Moms (4A)
- 2.** Midlife Constants (5E)
- 3.** Old and Newcomers (8F)

2016 Consumer Spending

Apparel & Services: Total \$	\$59,215,589
Average Spent	\$2,135.13
Spending Potential Index	106
Education: Total \$	\$41,865,771
Average Spent	\$1,509.55
Spending Potential Index	107
Entertainment/Recreation: Total \$	\$86,863,339
Average Spent	\$3,132.02
Spending Potential Index	107
Food at Home: Total \$	\$145,386,472
Average Spent	\$5,242.17
Spending Potential Index	105
Food Away from Home: Total \$	\$91,725,246
Average Spent	\$3,307.32
Spending Potential Index	107
Health Care: Total \$	\$158,215,125
Average Spent	\$5,704.74
Spending Potential Index	108
HH Furnishings & Equipment: Total \$	\$53,252,321
Average Spent	\$1,920.11
Spending Potential Index	109
Personal Care Products & Services: Total \$	\$21,946,566
Average Spent	\$791.32
Spending Potential Index	108
Shelter: Total \$	\$462,962,240
Average Spent	\$16,692.95
Spending Potential Index	107
Support Payments/Cash Contributions/Gifts in Kind: Total \$	\$71,045,088
Average Spent	\$2,561.66
Spending Potential Index	110
Travel: Total \$	\$57,046,066
Average Spent	\$2,056.90
Spending Potential Index	111
Vehicle Maintenance & Repairs: Total \$	\$30,688,217
Average Spent	\$1,106.52
Spending Potential Index	107

Data Note: Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent Per Household represent annual figures. The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Source: Consumer Spending data are derived from the 2013 and 2014 Consumer Expenditure Surveys, Bureau of Labor Statistics. Esri.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

ENGAGEMENT LETTER



April 15, 2017

Matt Pennington
President
Drake Development, LLC
12701 Metcalf Avenue, Suite 100
Overland Park, KS 66213

VIA EMAIL

RE: Blight study of 740 NW Blue Parkway, Lee's Summit, Missouri

Dear Mr. Pennington:

Thank you for your enquiry regarding the blight study on the property referenced above. It is my understanding that our work will be used for internal purposes in connection with the potential redevelopment of the asset.

Our work will meet all requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Ethics of the Appraisal Institute. The nature of the proposed assignment includes a blight study of the property in "as-is" condition, following State of Missouri statutes for TIF and CID redevelopment incentives. The date of the study will be the date of inspection in May 2017.

The cost of the study will [REDACTED] and the work will be completed within 30 days of your authorization to proceed. Payment will be due upon completion and delivery of the report.

This letter will serve as our agreement to complete the work based on the above terms. Please sign below and send a copy back to me. We will then proceed with the assignment immediately.

Thank you for the opportunity. We look forward to working with you again.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laird Goldsborough", written over a horizontal line.

Laird Goldsborough, MAI MRE
Senior Managing Director
Valbridge Property Advisors | Kansas City
MO State Cert. Gen. Real Estate Appraiser #RA002834

Accepted by: _____

Date: 5-10-17

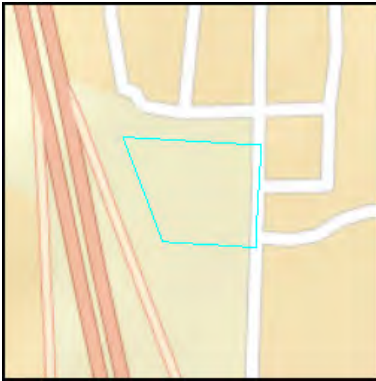
COUNTY INFORMATION



Property Information



51-700-03-06-00-0-00-000 06/27/2005



Parcel ID: 51-700-03-06-00-0-00-000

Address on this Parcel:

740 NW BLUE PKWY
LEE'S SUMMIT, MO 64086

Owner Information:

740 PARKWAY INVESTORS LLC
16448 CODY ST
OVERLAND PARK, KS 66221

Mortgage Holder Information:

No Mortgage Holder Information.

Property Characteristics:

Year Built: NA
Living Area (Approx. sq. ft.): NA
Tax Neighborhood Code: 9979
Parcel Area (Approx.): 2.72 (acres), 118,606.09 (SqFt)

Property Class (PCA Code): Commercial Improved (code: 2010)

Land Use Type: Bank (code: 2210)

Tax Code Area:

Code: 49
City: Lee's Summit
Fire: NA
Library: Mid Continent
School: Lees Summit R-7
Water: NA

Assessment Information:

Tax Year: 2016
Market Value: \$2,400,000
Assessed Value: \$768,000
Taxable Value: \$768,000
[Where are my tax dollars going?](#)

Exemptions and Abatements Status (2014):

No exemptions or abatements.

Community Improvement District (CID):

Property is not in a CID for which Jackson County collects a tax or assessment.

TIF Information:

Property is not in a TIF Plan area or TIF Project area known to Jackson County.

Property Tax Account Summary

[Direct Link to Jackson County Assessment Profile](#)

Parcel Number 51-700-03-06-00-0-00-000 Property Address 740 NW BLUE PKWY , LEES SUMMIT, MO 64086

General Information

Property Description SECTION 36 TOWNSHIP 48 RANG E 32 A TRACT LOC IN SW 1/4 SEC 36 DAF BEG AT SE COR SW 1/4 SDSEC 36 TH N 73 W ALG S LE SD SW1/4 190.58' TH N 70 W 623.71' TO TPOB, TH CONT N 7 W ALG ELY ROW LI OF NEW HIWAY 50 285' MOL TH S 73 E & PARA TO S LE SD 1/4 SEC, 436' TO WLY ROW LE OF OLD HIWAY 50, TH S 16 W ALG SD WLY ROW LI 240' MOL TH N 73 W PARA TO S LI SD 1/4 SEC 297.56' TO PB

Property Category Land and Improvements
 Status Active, Host Other Property, Locally Assessed
 Tax Code Area 049

Property Characteristics

Property Class 2010

Parties

Role	Percent	Name	Address
Taxpayer	100	740 PARKWAY INVESTORS LLC	16448 CODY ST, OVERLAND PARK, KS 66221
Owner	100	740 PARKWAY INVESTORS LLC	16448 CODY ST, OVERLAND PARK, KS 66221

Property Values

Value Type	Tax Year 2016	Tax Year 2015	Tax Year 2014	Tax Year 2013	Tax Year 2012
Market Value Total	2,400,000	2,400,000	3,044,000	3,044,000	2,583,555
Taxable Value Total	768,000	768,000	974,080	974,080	826,738
Assessed Value Total	768,000	768,000	974,080	974,080	826,738

No Charges are currently due.

No Charge Amounts are currently due for this property. If you believe this is incorrect, please contact the Taxpayer Services Unit at (816) 881-3232.

NOTICE: Telephones are staffed during regular business hours (8am to 5pm, Monday through Friday, excluding holidays observed by Jackson County).

Distribution of Current Taxes

District	Amount
BOARD OF DISABLED SERVICES	566.780000
CITY - LEES SUMMIT	11,825.660000
JACKSON COUNTY	3,859.200000
LEES SUMMIT SCHOOL R-VII	46,046.980000
MENTAL HEALTH	922.370000
METRO JUNIOR COLLEGE	1,796.350000
MID-CONTINENT LIBRARY	2,421.500000
STATE BLIND PENSION	230.400000
REPLACEMENT TAX	11,036.160000

Date	Receipt No.	Amount Applied	Amount Due	Tendered	Change
12/12/2016 15:28	9950799	78,705.41	82,542.30	82,542.30	0.00
12/15/2015 00:00	9421836	78,510.34	78,510.34	78,510.34	0.00
12/29/2014 00:00	8961440	101,550.76	101,550.76	101,550.76	0.00
12/13/2013 00:00	8286239	100,982.87	100,982.87	100,982.87	0.00
12/13/2012 00:00	7735442	85,651.72	85,651.72	85,651.72	0.00

REMINDER: Occasionally, the parcel number for a real estate parcel changes, due to a parcel segregation or merge. In such a case, a search of the new parcel number may not reflect tax delinquency or a full tax history concerning that parcel. You may wish to contact us to obtain that information. Or, you may wish to search all relevant parcel numbers of parcels involved in such a segregation or merge. [Click here](#) to begin a search on this website to see if a parcel was involved in a segregation or merge occurring within the past five years and to see a list of parent parcel(s) and child parcel(s) involved. **NOTE:** Information concerning a segregation or merge occurring more than five years prior to the search is not available on this website.

ATTENTION: This website will close at 11:00 p.m. on December 31.
 Taxes paid online after the website reopens in the New Year will accrue interest, penalties and fees.

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Property Information



Parcel ID: 51-700-03-04-02-0-00-000

Address on this Parcel:

NO ADDRESS ASSIGNED BY CITY
LEE'S SUMMIT, MO 64086

Owner Information:

740 PARKWAY INVESTORS LLC
16448 CODY ST
OVERLAND PARK, KS 66221

Mortgage Holder Information:

No Mortgage Holder Information.

Property Characteristics:

Year Built: NA
Living Area (Approx. sq. ft.): NA
Tax Neighborhood Code: 9979
Parcel Area (Approx.): 0.75 (acres), 32,577.09 (SqFt)

Property Class (PCA Code): Commercial Improved (code: 2010)

Land Use Type: Parking Lot (code: 2245)

Tax Code Area:

Code: 49
City: Lee's Summit
Fire: NA
Library: Mid Continent
School: Lees Summit R-7
Water: NA

Assessment Information:

Tax Year: 2016
Market Value: \$152,100
Assessed Value: \$48,672
Taxable Value: \$48,672
[Where are my tax dollars going?](#)

Exemptions and Abatements Status (2014):

No exemptions or abatements.

Community Improvement District (CID):

Property is not in a CID for which Jackson County collects a tax or assessment.

TIF Information:

Property is not in a TIF Plan area or TIF Project area known to Jackson County.

Property Tax Account Summary

[Direct Link to Jackson County Assessment Profile](#)

Parcel Number 51-700-03-04-02-0-00-000 Property Address NO ADDRESS ASSIGNED BY CITY , LEES SUMMIT, MO 64086

General Information

Property Description RNG-32 TWP-48 SEC-32 TH N 74' OF S 859' MOL OF SE 1/4 OF SW 1/4 LY E OF NEW HWY 50
 Property Category Land and Improvements
 Status Active, Host Other Property, Locally Assessed
 Tax Code Area 049

Property Characteristics

Property Class 2010

Parties

Role	Percent	Name	Address
Taxpayer	100	740 PARKWAY INVESTORS LLC	16448 CODY ST, OVERLAND PARK, KS 66221
Owner	100	740 PARKWAY INVESTORS LLC	16448 CODY ST, OVERLAND PARK, KS 66221

Property Values

Value Type	Tax Year 2017	Tax Year 2016	Tax Year 2015	Tax Year 2014	Tax Year 2013
Market Value Total	152,100	117,000	117,000	117,000	117,000
Taxable Value Total	48,672	37,440	37,440	37,440	37,440
Assessed Value Total	48,672	37,440	37,440	37,440	37,440

No Charges are currently due.

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Distribution of Current Taxes

District	Amount
BOARD OF DISABLED SERVICES	27.630000
CITY - LEES SUMMIT	576.500000
JACKSON COUNTY	188.140000
LEES SUMMIT SCHOOL R-VII	2,244.790000
MENTAL HEALTH	44.970000
METRO JUNIOR COLLEGE	87.570000
MID-CONTINENT LIBRARY	118.050000
STATE BLIND PENSION	11.230000
REPLACEMENT TAX	538.010000

Receipts

Date	Receipt No.	Amount Applied	Amount Due	Tendered	Change
12/12/2016 15:28	9950799	3,836.89	82,542.30	82,542.30	0.00
12/15/2015 00:00	9421835	3,827.38	3,827.38	3,827.38	0.00
12/29/2014 00:00	8960844	3,903.23	3,903.23	3,903.23	0.00
12/13/2013 00:00	8286238	3,881.40	3,881.40	3,881.40	0.00
12/13/2012 00:00	7735473	3,878.86	3,878.86	3,878.86	0.00

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