City of Columbia
701 East Broadway, Columbia, Missouri 65201

Agenda Item Number: R 141-14
Department Source: Community Development - CDBG/Home
To: City Council
From: City Manager & Staff
Council Meeting Date: August 18, 2014
Re: Approving a Loan Subordination Agreement with the Bank of Missouri for Refinance of Phoenix Programs Property

Documents Included With This Agenda Item

Council memo, Resolution/Ordinance, Exhibits to Resolution/Ordinance
Supporting documentation includes: Request for Subordination, Appraisal, Title Commitment

Executive Summary

Approving this resolution subordinates the City's Deed of Trust of $188,111.31 for property owned by Phoenix Programs, Inc. Subordination of the loan is being recommended by staff in order for Phoenix Programs to refinance the property under improved loan terms.

Discussion

City staff is proposing subordination of a CDBG loan in order for Phoenix Programs, Inc. to refinance the property located at 90 E. Leslie Lane. Subordination of this loan will allow Phoenix Programs to refinance debt to more favorable loan terms and access additional capital to continue operations of current programs.

Total loan amount on the new refinanced loan will consist of $1,825,000 to pay off the first mortgage, $10,000 in associated fees, and an additional $475,000 loan for a revolving line of credit (RLOC). The $475,000 RLOC will be utilized to cover receivables on grants including payroll and operational costs critical to running programs. Phoenix Programs manages 21 different funding sources, each with different pay schedules ranging from 24 hours to 90 days. It is difficult for Phoenix Programs to grow its services and carry large receivables. The RLOC will ensure Phoenix Programs has sufficient funds to continue expanding its services.

The 90 E. Leslie Lane property appraised at $3,400,000, providing sufficient value to cover all liens on the property. After refinancing, property liens will include a $2,310,000 Bank of Missouri loan, $188,111.31 City of Columbia CDBG loan, and two MHDC Security Agreements totalling $287,500 (The City of Columbia CDBG loan is a deferred loan, due on title transfer or cessation of CDBG eligible use). This leaves approximately $614,388 in equity according to the current appraised value of the property.

Fiscal Impact

Short-Term Impact: None. Funds are secure according to land value.
Long-Term Impact: None. Funds are secure according to land value

City of Columbia
701 East Broadway, Columbia, Missouri 65201

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Economic Development, Health, Social Services and Affordable Housing, Transportation
Strategic Plan Impact: Economic Development, Health, Safety and Wellbeing, Infrastructure
Comprehensive Plan Impact: Livable & Sustainable Communities

Suggested Council Action

Approve the attached resolution authorizing the execution of a subordination agreement with the Bank of Missouri for land owned by Phoenix Programs, Inc.

Legislative History

November 18, 2009: The City of Columbia recorded a Deed of Trust for CDBG funds provided for the construction Phoenix Programs 90 E. Leslie Lane facility in the amount of $188,111.31.

Department Approved

City Manager Approved

Introduced by ____________________________ Council Bill No. ______R 141-14______

A RESOLUTION

authorizing an agreement with Bank of Missouri for the subordination of a CDBG loan executed by Phoenix Programs, Inc. for property located at 90 E. Leslie Lane.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. The City Manager is hereby authorized to execute an agreement with Bank of Missouri for the subordination of a CDBG loan executed by Phoenix Programs, Inc. for property located at 90 E. Leslie Lane. The form and content of the agreement shall be substantially as set forth in "Exhibit A" attached hereto and made a part hereof as fully as if set forth herein verbatim.

ADOPTED this ______ day of ______________________________, 2014.

ATTEST:

____
City Clerk

____
Mayor and Presiding Officer

APPROVED AS TO FORM:

____
City Counselor

SUBORDINATION AGREEMENT

This Agreement made and entered into this _____ day of ______________, 20 ___, by and between the BANK of MISSOURI (Grantee), and the CITY OF COLUMBIA, MISSOURI (Grantor), a municipal corporation, whose address is P.O. Box 6015, Columbia, Missouri, 65205-6015.

WHEREAS, Grantor is the holder of a certain promissory note in the original amount of $188,111.31 dated the 18th day of November, 2009, and beneficiary of a certain Deed of Trust securing said promissory note, recorded in Book 3582, Page 149 of the Boone County, Missouri Records, relating to property located at 90 East Leslie Lane, Columbia, Boone County, Missouri, and further described as follows:

Lot Two of H.E. Johnson Subdivision in the City of Columbia, Boone County, Missouri, as shown by the Plat thereof recorded in Plat Book 18, Page 14, Records of Boone County, Missouri.

WHEREAS, Grantee has requested Grantor to subordinate the above described Deed of Trust recorded in Book 3582, Page 149 of the Boone County, Missouri Records to a Deed of Trust to be executed to Grantee in the principal amount not to exceed $2,310,000.

NOW, THEREFORE, in consideration of One Dollar ($1.00) and other valuable consideration, Grantor hereby subordinates the above-described Deed of Trust recorded in Book 3582, Page 149 of the Boone County, Missouri Records to the lien of Grantee's Deed of Trust to be executed by Phoenix Programs Inc. to Grantee covering said property in the maximum amount of Two Million Three Hundred and Ten Thousand Dollars ($2,310,000).

The parties agree that the Grantor's above-described Deed of Trust recorded in Book 3582, Page 149 of the Boone County, Missouri Records remain in second position to the Bank of Missouri only and any other deed of trust required to be subordinated to the Bank of Missouri shall be behind and junior to the City's deed of trust.

The parties agree that the fixed loan amounts secured by the Bank of Missouri Deed of Trust will secure the repayment of funds advanced under the Bank of Missouri Deed of Trust, including but not limited to, funds advanced to satisfy unpaid taxes and unpaid insurance, to ensure the validity and priority of the Bank of Missouri Deed of Trust.

It is distinctly understood that this instrument is not to be held or construed as a release of said Grantor's lien upon any part of the real estate secured by said Deed of Trust recorded in Book 3582, Page 149, Boone County, Missouri Records, but is solely to subordinate said lien to the Deed of Trust in favor of Grantee as set out above.

GRANTEE: The Bank of Missouri

[signature]

Douglas E. Hunt
President, Commercial Lending

Subscribed and sworn to me this 11th day of August, 2014.

Sandy E Mincks

Notary Public

My commission expires: April 6, 2018

SANDY E. MINCKS
Notary Public - Notary Seal
STATE OF MISSOURI
CHRISTIAN COUNTY
COMMISSION #14843477
My Commission Expires: April 6, 2018

GRANTOR: CITY OF COLUMBIA, MISSOURI

By: ______________________________
Mike Matthes, City Manager

ATTEST:

____
Sheela Amin, City Clerk

APPROVED AS TO FORM:

____
Nancy Thompson, City Counselor

COUNTY OF BOONE)
) ss.
STATE OF MISSOURI)

On this _____ day of _______________, 20___, before me appeared Mike Matthes, to me personally known, who, being by me duly sworn that he is the City Manager of the City of Columbia, State of Missouri, and that the seal affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its City Council and the said City manager acknowledge said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal at my office in Columbia, Missouri, this _____ day of _______________, 20___.

____
Notary Public

My commission expires: ______________________

City of Columbia
701 East Broadway, Columbia, Missouri 65201

SUPPORTING DOCUMENTS INCLUDED WITH THIS AGENDA ITEM ARE AS FOLLOWS:

Request for Subordination
Appraisal
Title Commitment

Randall Cole <rlcole@gocolumbiamo.com>

Phoenix Programs request for subordination of property to Bank of Missouri

1 message

Rhiannon Ross <rross@phoenixprogramsinc.org> Mon, Jul 28, 2014 at 3:30 PM
To: Randall Cole <rlcole@gocolumbiamo.com>
Cc: Deborah Beste <deborah.beste@phoenixprogramsinc.org>, "John D. Keller" <jkeller@bankofmissouri.com>

Good Afternoon,

Phoenix Programs would like to request a subordination of the Deed of Trust from the City of Columbia:

Date and Time 03/24/2010 at 3:37pm
Instrument # 2010005104 Book 3618 Page 146

Phoenix is in the process of refinancing our current mortgage with Bank of Missouri. You are welcome to contact Bank of Missouri and discuss the subordination below is the contact information.

JOHN KELLER

Senior Vice President

The Bank of Missouri

3610 Buttonwood Dr.
Columbia, MO 65201

Main Line: (573) 874-4700

I have attached the Deed of trust documents and documents from the prior subordination.

If you have any questions please let me know.

Thank you,

Rhiannon Ross

Chief Financial Officer

Phoenix Programs, Inc.

20140728134758384.pdf
1008K

APPRAISAL REPORT OF

Phoenix Programs Facility
90 Leslie Lane
Columbia, Missouri

FILE NO. C405024

CLIENT

The Bank of Missouri
2360 E Sunshine
Springfield, MO 65804

AS OF
June 17, 2014

PREPARED BY
Kevin D. Reynolds and Allan J. Moore, MAI

PREPARED ON
June 27, 2014

MOORE & SHRYOCK
REAL ESTATE APPRAISERS

MOORE & SHRYOCK, L.L.C.

Real Estate Appraisers And Consultants
609 East Broadway, Columbia, Missouri 65201-4441
(573) 874-1207 Fax (573) 449-2791

ALLAN J. MOORE, MAI †
JOHN D. MORAN, MAI †
KYLE D. NEWLAND, MAI †

THOMAS D. SHRYOCK ††
AUSTIN C. BALL †
KEVIN D. REYNOLDS †
JOANNA WITTE
ALEX WESTCOTT
JENNIFER WHITNEY
DANIELLE REYNOLDS

† *Missouri State Certified General Real Estate Appraisers*
†† *Missouri State Certified Residential Real Estate Appraisers*

June 27, 2014

Ms. Michelle Louden
The Bank of Missouri
2360 E Sunshine
Springfield, MO 65804

Re: Real estate appraisal of the Phoenix Programs facility, located at 90 Leslie Lane, Columbia, Missouri, under the ownership of Phoenix Programs Inc.
File # C405024

Dear Ms. Louden:

In fulfillment of our agreement as outlined in the letter of engagement, we are pleased to transmit herewith the appraisal report of the above property, including our opinion of the "as is" market value of the fee simple estate in the referenced parcel of real estate, as of June 17, 2014. Our opinion of market value is:

THREE MILLION FOUR HUNDRED THOUSAND DOLLARS

$3,400,000

The value opinion reported is qualified by certain definitions, assumptions, limiting conditions, and certifications, which are set forth within the attached report.

The appraisal is subject to the following extraordinary assumptions:

1. The enclosed pavilion area was not viewed, but was reported to be unfinished storage area. We have assumed this to be accurate.
2. Based on our viewing of the property and interview with an ownership representative, two of the offices on the second level floor plan were combined into one office. We have assumed this is the only variation from the floor plans herein.

The appraisal is subject to the following hypothetical conditions: None

The use of extraordinary assumptions or hypothetical conditions might have affected the assignment results.

The following report sets forth the supporting data and reasoning which form the basis of my opinion. The appraisal report has been prepared in accordance with my interpretation of the client's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the *Uniform Standards of Professional Appraisal Practice* (USPAP).

This letter is invalid as an opinion of value if detached from the report.

The client and intended user of this appraisal is The Bank of Missouri. If you have any questions concerning the report, please call me. Thank you for the opportunity to be of service.

Sincerely yours,

Allan J. Moore, MAI

Kevin Reynolds

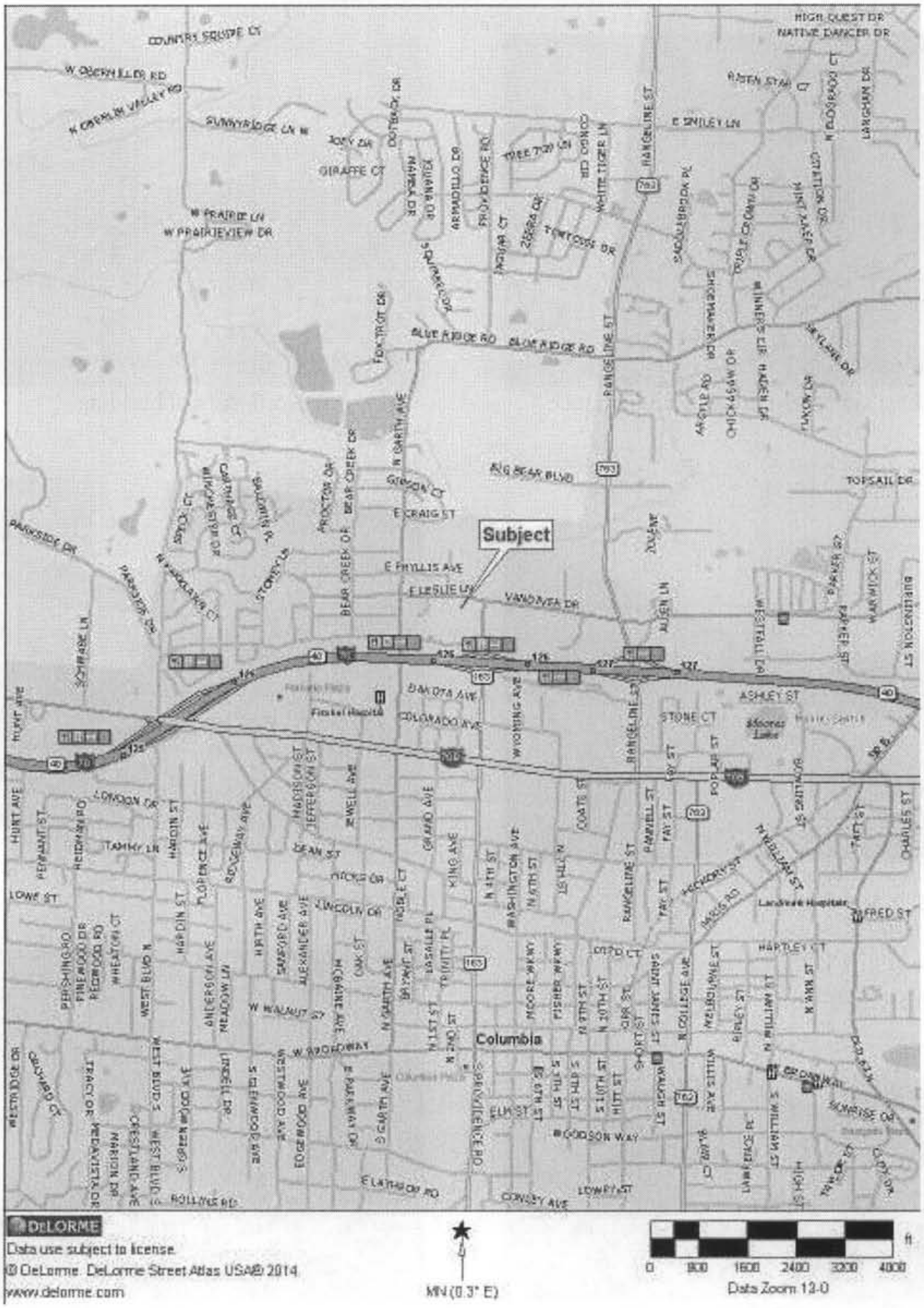
Kevin D. Reynolds

TABLE OF CONTENTS

EXECUTIVE SUMMARY

PROPERTY LOCATION:	90 Leslie Lane, Columbia, Missouri
OWNERSHIP:	Phoenix Programs Inc
APPRAISAL CLIENT:	The Bank of Missouri
PURPOSE OF APPRAISAL:	Develop an opinion of the market value of the fee simple estate.
DATE OF APPRAISAL:	June 17, 2014
TYPE OF PROPERTY:	Office/residential treatment facility
LAND AREA:	3.94 acres
BUILDING AREA:	29,306 square feet
CURRENT ASSESSED VALUE:	Tax exempt
ZONING:	C-P, Planned Business District
VACANT LAND VALUE:	$620,000
SALES COMPARISON APPROACH:	$3,300,000
VALUE BY INCOME APPROACH:	$3,300,000
VALUE BY COST APPROACH:	$3,500,000
CONCLUSION OF MARKET VALUE:	$3,400,000
ESTIMATED EXPOSURE TIME:	One year
EXTRAORDINARY ASSUMPTIONS:	See Letter of Transmittal
HYPOTHETICAL CONDITIONS:	None

SUBJECT LOCATION MAP



SUBJECT PHOTOGRAPHS


East side of building. Main entrance


North side of building


West side of building


Breezeway to multipurpose room

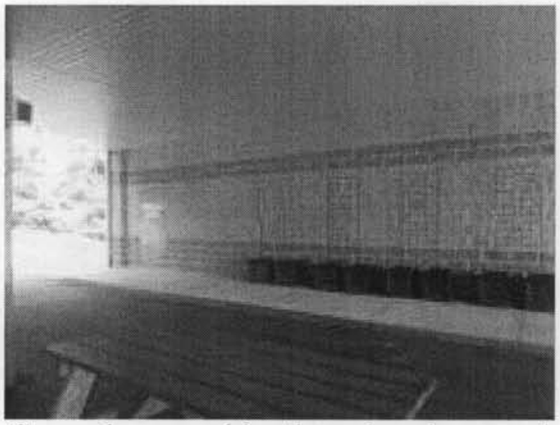

West side of multipurpose room.


Pavilion


East side of building

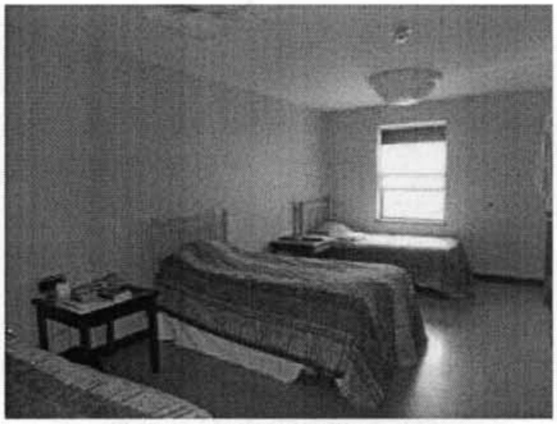

Parking at south part of site


Parking at north part of site


Covered canopy drive through under second level


Client living area


Multipurpose room

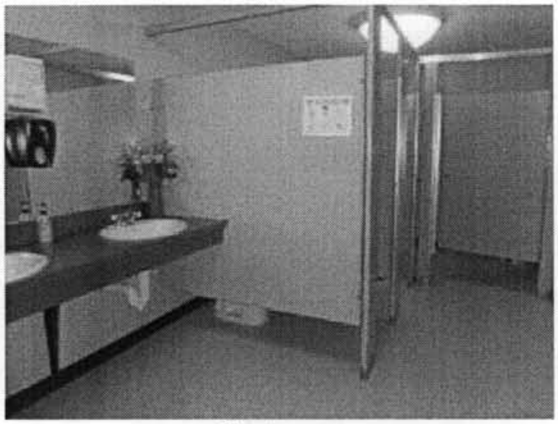


Residential client bedroom

Office area

Office

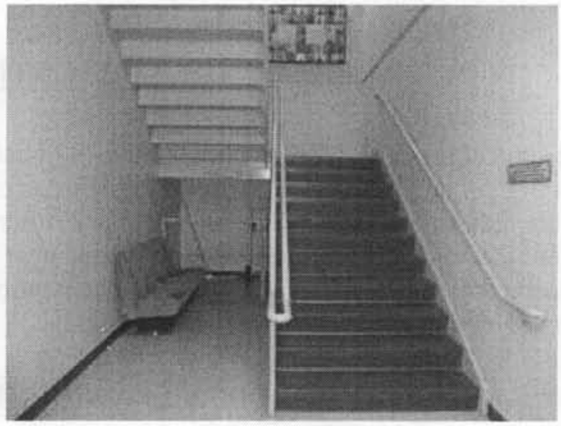
Waiting room

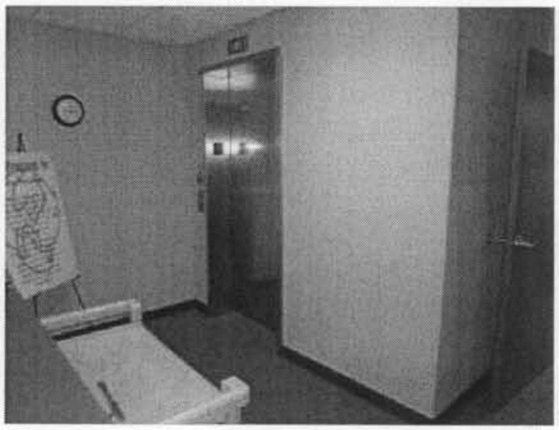


Restroom

Dining room


Kitchen


Stairwell


Elevator

IDENTIFICATION OF PROPERTY

The subject property is street addressed as 90 Leslie Lane, Columbia, Missouri. The site includes a total area of 3.94 acres. The site is improved with an office/residential treatment facility, which is 29,306 square feet in size and consists of a primary structure, which is a two story building including 27,748 square feet and a multipurpose room located near the primary building with 1,558 square feet, and connected by a breezeway. There is also a pavilion with 240 square feet of enclosed area and 440 square feet that is covered by roof only.

PROPERTY OWNERSHIP AND RECENT HISTORY

The subject property is owned by Phoenix Programs Inc. The property has been under this ownership since October 2, 2006 when the site was donated to Phoenix Programs Inc. by Richard and Nancy Miller.

LEGAL DESCRIPTION

No legal description or survey was furnished; therefore, the appraiser used the county tax plat to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, it may be necessary for this appraisal to be revised.

INTENDED USERS

The intended user of this report is The Bank of Missouri. Use of the report by others is not intended by the appraiser.

INTENDED USE

The intended use of this appraisal is for loan underwriting and/or credit decisions.

PURPOSE OF THE ASSIGNMENT

In this appraisal, we are developing an opinion of the market value of the fee simple estate of the subject property.

DEFINITION OF MARKET VALUE

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

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

> (12 C.F.R. Part 34.42 (g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

FEE SIMPLE INTEREST

An absolute ownership unencumbered by any other interest or estate. A fee simple estate is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, escheat and police power.

DEFINITION OF EXTRAORDINARY ASSUMPTION

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

DEFINITION OF HYPOTHETICAL CONDITION

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

EFFECTIVE DATE OF THE APPRAISAL

The effective date of this appraisal report is June 17, 2014. Unless otherwise stated, all factors pertinent to a determination of value, as estimated herein, were considered as of this date. The date of the report is June 27, 2014.

SCOPE OF WORK

The scope of work is defined by USPAP as the type and extent of research and analyses in an assignment. The scope of work includes, but is not limited to, the extent to which the property is identified; the extent to which tangible property is inspected; the type and extent of data researched; and the type and extent of analyses applied to arrive at opinions or conclusions. In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible value conclusion that will serve the needs of the client.

The first step is to identify the appraisal problem to be solved. This process starts with consultation with the client. Through consultation with the client the appraiser identifies any other intended users of the appraisal; intended uses of the appraiser's opinions and conclusions; type and definition of value; and effective date of the appraiser's opinions and conclusions. The appraiser identifies the subject of the assignment and its relevant characteristics and the assignment conditions. The assignment is a valuation service provided as a consequence of an agreement between an appraiser and a client. The assignment conditions include assumptions, extraordinary assumptions, hypothetical conditions, supplemental standards, jurisdictional exceptions, and other conditions that affect the scope of work.

The extent of research work completed for this report began with market data from the Moore & Shryock, L.L.C. office files and factual information provided by the owner. The appraisers have made an investigation of additional comparable data sources including public records, personal contacts with buyers, sellers and developers familiar with similar properties, real estate brokers, other professional appraisers active in the area, property managers and mortgage lenders.

In preparation of this appraisal, the appraisers have:

1. Observed the interior and exterior of the subject improvements and surrounding area in order to gather information about the physical characteristics that are relevant to the valuation problem.
2. Assembled and analyzed pertinent economic data.
3. Identified and analyzed comparable property transactions. This data has been confirmed with the buyer, seller, another appraiser, or agent handling the transaction.
4. Reconciled the above research data to form my opinion of the market value for the subject property.

Moore & Shryock, L.L.C. periodically is engaged in appraisal assignments involving properties similar to the subject of this report. The specific data and conclusions from these studies also provided valuable comparisons. This appraisal report includes the following items.

1. A description of the land and building improvements being appraised.
2. A sales history of the subject property.
3. A summary of property trends in the local market including identification of current and projected competition and a forecast of effective demand.
4. A highest and best use analysis is based on my survey of the market, supply and demand factors, and examination of the feasibility of alternative uses.
5. We have considered the sales comparison, income, and cost approaches and then reconciled them to arrive at a final opinion of value for the subject property.
6. Appropriate photographs, maps, graphics and addendum/exhibits have been included to support my analyses and conclusions.

AREA DATA

LOCATION

The City of Columbia is located in central Missouri at the intersection of Interstate Highway 70 and U.S. Highway 63. Columbia is midway between St. Louis and Kansas City, being approximately 125 miles from the center of each metropolitan area. Jefferson City, the state capitol, is located 33 miles to the south of Columbia.

GOVERNMENT

The City of Columbia operates under a home rule (Council-Manager) form of government. The City has a zoning ordinance, building codes and a comprehensive city plan. The City Council is composed of the mayor and six ward representatives. The Council is the policy and law making body for Columbia.

Columbia is the county seat of Boone County. The County is governed by a commission composed of three commissioners. The Commission oversees the budget and makes policy decisions pertaining to county government. The County maintains a planning and zoning program by use of a zoning ordinance, subdivision regulations and building codes.

POPULATION AND WORK FORCE

The US Census Bureau estimated population in 2010 at 108,500 for the City of Columbia and 162,642 for Boone County. The Columbia population showed an increase of 28.36% from the 2000 Census estimate of 84,531. The population of Boone County increased 20.1% from the 2000 census of 135,454 to a total of 162,642.

The period from 1960 to 2000 was a time of dramatic population growth in Boone County. From 1960 to 1980 the population of Boone County changed from 55,205 to 100,376, an increase of 81.8%. This represents an average annual increase of 4%. The period from 1980 to 2000 indicated a change in population of Boone County from 100,376 to 135,454, an increase of 34.9%. This represents an average annual increase of 1.7%. The period from 2000 to 2010 represents an average annual increase of 2.8%.

EMPLOYMENT AND ECONOMY

The unemployment rate in Columbia is consistently lower than state and national rates due to the diverse economic base of the area. The largest employment sectors in the Columbia MSA are education, services, government, and retail trade. The education sector includes the University of Missouri, Columbia's largest employer. The service sector includes a large medical and insurance component.

Below is a list of employers within the Columbia MSA that employ 500 or more people. An analysis of the most significant industries/sectors is provided after the list of employers.

Organization	Product/Service	Number of Employees
University of Missouri (MU)	Education	8,581
University Hospital & Clinics	Medical/Education	4,438
Columbia Public Schools	Education	2,141
Boone Hospital Center	Medical Care	1,623
City of Columbia	Government	1,354
Truman Veterans Hospital	Medical Care	1,374
MBS Textbook Exchange	Educ/Retail	919
Shelter Insurance Companies	Insurance	1,076
State Farm Insurance Companies	Insurance	1,168
Hubbell Power Systems, Inc.	Manufacturing	706
Joe Machens Dealerships	Auto Sales	653
Veterans United Home Loans	Mortgage Lending	1,100
State of Missouri	Government	542
Kraft Foods	Food Production	516

HEALTH SERVICES

With six major hospitals and approximately 1,223 hospital beds, Columbia has hospital facilities capable of serving a regional population of 450,000. The employed labor force working in medically related occupations includes over 1,000 doctors specializing in every medical field and over 2,200 registered nurses and over 660 licensed practical nurses.

Columbia's healthcare facilities include a major teaching hospital and children's hospital (University Hospital), one private community hospital (Boone Hospital Center), a veteran's hospital (Harry S. Truman Memorial Veteran's Hospital), a cancer treatment center (Ellis Fischel Cancer Center) a 60-bed rehabilitation hospital (Rusk Rehabilitation Center), and a psychiatric care facility (Mid-Missouri Mental Health Center). Both the University and Boone hospitals recently expanded their facilities and programs. The University projects include three phases with projected cost of $850 million dollars. The Ellis Fischel relocation to the University of Missouri campus was completed in 2013. Boone Hospital completed a 920 space-parking garage and patient tower in 2013. The cost was $120 million dollars.

In our opinion, Columbia's medical industry will continue to grow; due in part to a large referral practice conducted by central Missouri physicians. The medical industry not only provides an excellent level of health care for residents, but also has a large, positive impact on the economy.

EDUCATION

Education is Columbia's largest and most important employment sectors. Education accounts for a majority of the jobs in Columbia. The education system includes: one university, two liberal-arts colleges, various trade schools, satellite locations of other colleges, the public school system, parochial schools, and private schools.

The flagship campus of the University of Missouri is located in Columbia. The Columbia campus was established in 1839 as a land grant institution. The campus, which includes 1,358 acres of land, is located in the central sector of the city at the south edge of the central business district ("The District").

At present, the University offers degree programs in 18 schools and colleges, and maintains an enrollment of over 34,000. The enrollment has grown significantly over the past 10 years.

The number of students enrolled at the University of Missouri for the last seven years is as follows:

Historic:

MU Fall Enrollment	2007	2008	2009	2010	2011	2012	2013
Campus Total	28,405	30,130	31,237	32,415	33,805	34,748	34,658
Increase (%)		6.07%	3.67%	3.77%	4.29%	2.79%	-0.26%

Projected:

MU Fall Enrollment	2014	2015	2016	2017
Campus Total	35,618	35,882	35,803	35,886
Increase (%)	2.77%	0.74%	-0.22%	0.23%

*Source: University of Missouri System Office of Institutional Research and Planning

The student population has increased significantly from 2007 to 2012 but the 2013 enrollment numbers declined. Stabilized enrollment numbers are projected over the next four years; however, it is noted that historical projections from 2008 through 2012 underestimated actual growth.

About 30% of the students are from out of state. The university has simultaneously raised tuition and enrollment standards since 2009, and offers more academic scholarship programs.

Columbia College, a private college founded in 1851, is located at the north edge of "The District". The Columbia campus currently maintains an enrollment, including evening and extended studies students, of 16,992 students. The total annual enrollment including day, evening, nationwide campuses, online campus, and graduate studies is 27,165. Thirteen major programs offered at Columbia College include art, business administration, criminal justice administration, education, administration, psychology, and social work.

Stephens College is a private women's college located at the east edge of "The District". Established in 1833, the college has a current enrollment of y 843, including graduate and continuing studies programs.

The residential student population is 700. The college offers programs for business administration, radio-TV-film, fashion, legal assistants, and equestrian science

The Columbia Public School District includes 19 elementary, 3 middle, 3 junior high and 3 senior high schools, and an area vocational school. Battle High School opened in 2013. Over 17,500 students were enrolled in the 2011-2012 school year, and over 2,000 faculty and staff members are a part of this system. The school district has an AAA rating, the highest possible in Missouri, and is recognized for excellence on a regular basis both state and nationwide. According to the Missouri State Board of Education there are 12 non-public schools in Columbia with an enrollment of over 1,200 students. In 2012, Tolton Catholic High School completed construction in south Columbia on Gans Road west of Highway 63. Columbia Independent School purchased and renovated a former office building for school use in 2009.

INSURANCE

The insurance industry has a significant role in Columbia's economy. Columbia is the corporate headquarters of Shelter Insurance and the regional headquarters of State Farm Insurance. In 2004-05 State Farm relocated several jobs to Columbia as a result of closing offices in Monroe, Louisiana. They added 188 jobs in 2004, and 180 in the first half of 2005, plus another 60 unrelated training jobs. Other insurance companies operating in Columbia include Columbia Mutual Insurance Company and Missouri Employers Mutual Insurance Company.

INDUSTRY AND MANUFACTURING

The manufacturing sector continues to represent a decreasing percentage of Columbia's economic base. According to the Missouri Economic Research and Information Center, about 4% of the employed labor force in Boone County is employed in manufacturing.

The largest industrial employers in the area include: Hubbell/Chance Co, Columbia Foods (Oscar Mayer), Square D Company, Watlow Electric, Dana Corporation, ABC Laboratories, Inc., 3-M Company, Otscon, and Quaker Oats.

A majority of Columbia's industrial base is made up of "clean" industry. There are very few "smokestack" type industries operating here. Our market has had difficulty, along with the region, in securing larger manufacturing concerns and the local economic development corporation is focusing on the recruitment of technology or knowledge-based employers that can benefit from a relationship with MU. In our opinion, this will have noticeable rewards over the next 10 years.

RETAIL TRADE

Approximately 13% of the employed labor force works in the retail sector. Columbia serves as a regional shopping center for mid-Missouri and has tremendous buying power within its own population. Sales growth slowed in 2008 due to the recession and expansion of shopping facilities in other central Missouri towns, such as Jefferson City, but has resumed increases since 2010. The trend in taxable sales, which are tabulated by the MO Department of Revenue, provides a good indication of the growth in this sector. A summary of taxable sales for Columbia, published by the City of Columbia for the last 6 years, is provided. Note: These figures are not adjusted for inflation.

YEAR	TAXABLE SALES	$ INCREASE	% INCREASE
2008	$1,975,749,800	$43,000	0.002%
2009	$1,921,804,700	$-53,945,100	-3%
2010	$1,959,805,400	-$38,000,700	2%
2011	$2,074,241,900	$114,436,500	5.8%
2012	$2,173,169,500	$98,927,600	6%
2013	$2,255,243,500	$82,074,000	3.78%

CONVENTION AND TOURISM TRADE

Columbia maintains a strong convention trade due to its strategic geographic location within the state and the facilities it offers for lodging and convention type business. There are four exhibition facilities and numerous hotels with meeting facilities.

Per the Columbia Convention and Visitors Bureau there are 35 hotels and motels in the city offering 3,310 guest rooms. The most recent addition to the local market is the Broadway Columbia, a Doubletree hotel located downtown. This property was opened in 2014 and includes 114 guestrooms. A full-service hotel (Holiday Inn East) was completed in 2010, which added 126 guestrooms. The Tiger Hotel, located in "The District" reopened in 2013 and includes 64 rooms. A new Holiday Inn Express and Suites is being constructed at the Stadium Boulevard and Highway 63 interchange. This hotel will open in 2014 and will add 121 rooms. Columbia's tourism trade is supported by college events such as sports and graduation, and by other events such as the annual Show-Me State Games and Special Olympics state games (both multi-sport competition with participants from throughout the state) and the Roots and Blues and BBQ festival.

One measure of the health of Columbia's convention and tourism trade is the tax collected for the Convention and Tourism Fund. This room tax was increased in January 2000 from 2% to 4% of all receipts from the rental of any sleeping accommodations at hotels or motels. A summary of this tax for the last six years follows. Annual reporting is on a fiscal year of October 1 to September 30 for the City of Columbia.

YEAR	TAX REV	$ CHANGE	% CHANGE	GROSS ROOM REV
2008	$1,815,945	$71,433	4.1%	$45,398,632
2009	$1,721,779	-$94,166	-5.2%	$43,044,485
2010	$1,799,349	$77,570	4.5%	$44,983,723
2011	$1,939,309	$139,960	7.8%	$48,482,725
2012	$1,968,362	$29,053	1.5%	$49,209,050
2013	$2,154,762	$186,400	9.5%	$53,869,052

Based on an STR report provided by the Columbia Convention and Visitors Bureau, the overall occupancy rate for hotels/motels in Columbia was 48.4% as of February 2014 (year to date) vs. 47.2% for the same period in 2013. The ADR was $76.36 for February 2014 (year to date) vs. $70.85 for the same period in 2013. RevPAR was $36.92 for February 2014 (year to date) vs. $33.43 for the same period in 2013. The room tax for 2013 increased by approximately 9.5%. The room tax for the 2014 fiscal year to date is 10.6% higher than the same time period for 2013.

COMMERCIAL DEVELOPMENT

Permits for commercial construction activity during the last six years, as tracked by the Columbia Community Development Department, are summarized below.

	New Non-Residential Construction		Non-Residential Additions and Alterations	
YEAR	PERMITS	AMOUNT	PERMITS	AMOUNT
2008	54	$58,452,679	238	$27,053,334
2009	38	$77,088,854	216	$47,179,220
2010	33	$20,778,190	218	$42,349,821
2011	42	$19,058,403	164	$46,905,325
2012	50	$68,835,074	208	$39,689,719
2013	50	$43,975,518	251	$53,437,280

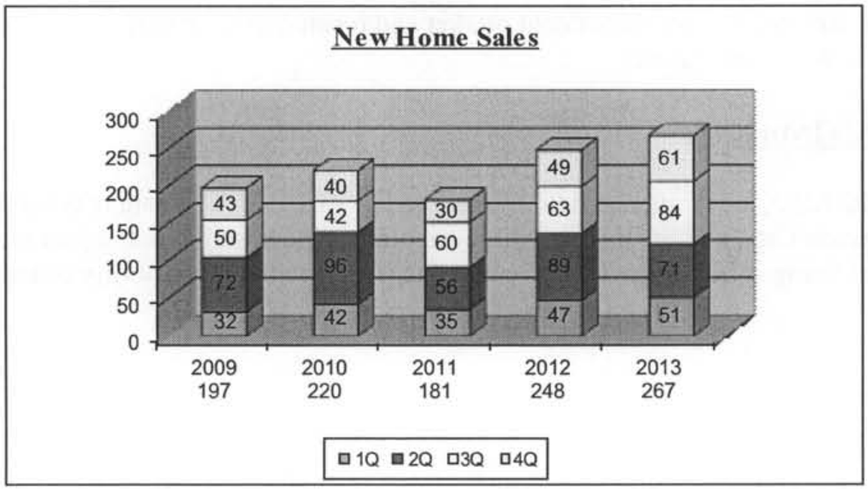
HOUSING DEVELOPMENT

As of the 2010 Census, the City of Columbia included 46,758 total housing units. Total housing units increased from 35,916 in 2000, an average annual increase of 3%. The 2013 average single-family sale price in the Columbia school district was $188,764; however, the median price was $162,325. The average days on market were 79. The average sales price has increased within each of the different city sectors, ranging from less than 1% increases in the southeast and southwest sectors, to approximately

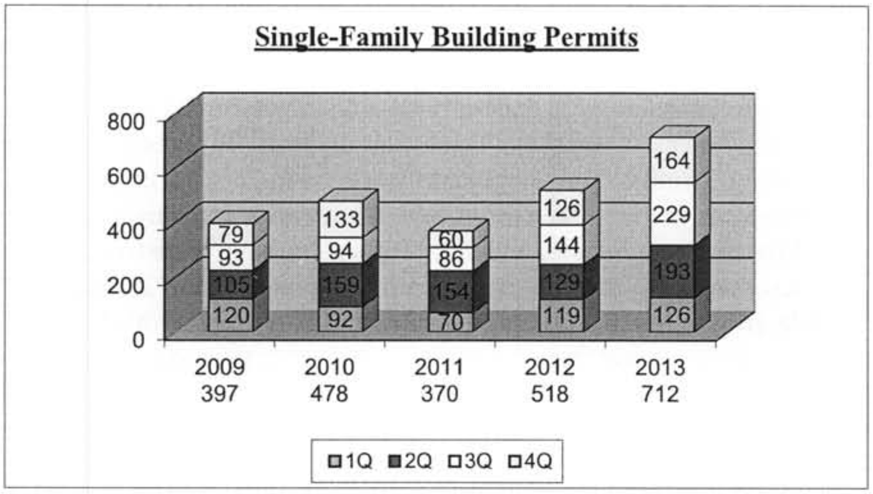
8% increases in the northeast and central sectors. The southwest sector of the city is weighted heavily with upper priced housing. The northeast and northwest sectors tend to offer the most affordable housing.

Total sales and new construction sales were generally on a downward trend from 2004 to 2011 as a result of the recession in the real estate market. Total sales declined 38% during this period; however, new home sales and building permits issued declined from 72% to 76% during the same period. There have been subsequent increases in total home sales, new home sales, and single-family permits since 2011, which bodes well for the local housing market. Total sales have increased 39% since 2011, while new home sales have increased 48%, and building permits have increased 92% during the same time period. With sustainable growth materializing, total sales and building permits have reached, or are near, their long-term averages; however, new home sales, are not expected to reach their long-term average for at least another one to two years. Permits for residential construction activity, as well as total sales and new home sales, during the last five years follows.

Source: City of Columbia Public Works Department and Boone County Planning and Building Department



Source: Columbia Board of Realtors® MLS



Source: Columbia Board of Realtors® MLS

Columbia Apartment Market

Moore and Shryock conducts a comprehensive survey of the Columbia apartment market every two years. The Fall 2013 report indicated an overall vacancy rate of 3.61% (excludes duplexes). The vacancy rate for the student apartment market sector was 4.79%. This rate is higher than the 2012 survey, which indicated a vacancy rate between 2 and 3 percent. The vacancy rate increased since the last survey because of stabilized enrollment at the University of Missouri paired with an increased supply of student housing constructed in the last two years.

The apartment market has been strong since 2008 due to the increases in student enrollments, decline in homeownership rates, and the lingering effects of the recession; however the increased supply in the student market sector has started to put pressure on rents and more new units coming online are expected to increase the vacancy in the student market sector over the next two years. Most of the units added recently are targeted toward the student market and located in the central business district or south of the University of Missouri campus.

Cost Of Living Index

The Columbia, MO MSA index averaged 96.0% as average of 2013. This rate is consistently below Kansas City, Jefferson City, and St. Joseph, Missouri, but has increased over the past few years. Columbia's cost of living is below the U.S. average due in part to the affordability of housing.

AGRICULTURE

Agriculture was of great importance to the region's early economy. In Boone County, agriculture continues to lend an important but decreasing amount of economic support. The US Department of Agriculture data indicates Boone County has typical production of over $29,000,000 for crops and $16,000,000 for livestock.

SUMMARY AND OUTLOOK

Overall, Columbia is a prosperous community and an appealing place to live. The city's economic success is indirectly supported by its exceptionally high quality of life. There are a wide variety of cultural, social and recreational opportunities available to visitors and residents.

The economy of Columbia is generally stable due to the diversity of industries, which comprise the base. The government sector is large and these jobs are generally affected less by business cycles than manufacturing and retail sectors. The medical and insurance industries are also reasonably stable. The stability of these industries filters into other businesses and job sectors, and the real estate market in general. The 2013 report by the US Bureau of Economic Analysis ranks Columbia as the fastest growing economy in the state. March 1, 2013, **Forbes Magazine** named Columbia, MO, to its 25 best places to retire in 2013 list. In the future, we expect additional population growth as new job opportunities develop. Columbia's strategic location, economic stability, quality of life, and non-union orientation will continue to attract new employers over the long term.

MARKET CONDITIONS SUMMARY-2ND QUARTER 2014

The Federal Reserves most recent beige book indicated that the Kansas City District economy grew moderately in March after expanding modestly during the previous survey period. Consumer spending increased despite flat auto sales, with solid sales expectations heading forward. Manufacturing activity grew further and professional, high tech, and health services reported improved sales. Commercial and residential real estate activity strengthened and the energy sector expanded. Bankers noted slightly stronger loan demand. In agricultural, district crop conditions remained dry, and livestock prices increased due to low inventories.

The economy still faces a number of challenges, including political gridlock regarding how to deal with record-high debt levels in the U.S. and slow job growth. While the recession officially ended in June 2009, it eliminated 7.3 million jobs, cut 4.1% from the economic output and cost Americans 21% of their net worth. This was the longest slump since the Great Depression.

Since 2009 the economy has faced slower than typical growth and modestly improving employment. The number of persons living in someone else's home for economic reasons rose in the past year despite an improving labor market, posing a challenge for the housing market and the broader recovery. Household formation remains an obstacle to a more robust economy. Nationally, non-farm payroll rose by 288,000 in April, which was the highest monthly increase over the past year, according to the BLS. However, the number of people who dropped out of the job market also increased. The April unemployment rate was 6.3% nationally.

At this stage of a typical post-recession expansion we would expect above average growth and instead we have experienced the slowest recovery in our nation's history. Real GDP has expanded at an annualized rate of just over 2.0% since 2009. The rate was 1.9% in 2013 down from 2.8% in 2012. The GDP growth forecast for 2014 is 2.8%, which is higher than recent years. The first quarter GDP was below expectations and it is likely the 2.8% rate will not materialize in 2014.

Rising interest rates has put some downward pressure on real estate prices and demand even as the recovering economy gives gradual rise to rents and occupancy rates. Most lenders report a drop in new purchase loans and refinancing activity over the first quarter. Washington is considering revising mortgage lending standards to improve the housing rebound and economic recovery.

Some reasons to be optimistic about the near term economy include improved household/corporate balance sheets, US economy better than other countries, the oil and gas extraction boom, lower health care inflation, and new federal spending discipline.

In Columbia, the local economy is buoyed by the number of persons employed by the University of Missouri, other state supported institutions, the medical industry and the insurance industry. However, our real estate market is not immune to adverse external factors. As in past recessions better than average employment numbers supported our real estate market. The future unemployment rate may not ever return to the pre-recession levels.

The 2013 residential market showed continued improvement with both new and total home sales at levels not experienced since before the recession. The improvement mirrors the national market, which was up 9% from 2012 according the National Association of Realtors. Locally, average home prices generally increased from 2012 to 2013. Although the lower affordability, limited inventory, and tight credit expected to continue to restrict the pace of the national housing recovery, the local market has historically performed better than the national average; therefore, continued slow growth in sales and inventory is expected locally.

There were 270 new and pre-owned single-family home sales in the 1st Quarter of 2014. This is a 14% decrease from the same period in 2013, which follows a 7% increase in the 4th Quarter of 2013. There are currently 689 active listings, which at the rate experienced over the last four quarters (2nd Quarter 2013 through 1st Quarter 2014) represents a 4.4-month supply. The current supply is below the 4.9-month supply at the same time last year.

There were 41 new home sales in the 1st Quarter of 2014. This is a 20% decrease from the same period in 2013, which follows a 24% increase in the 4th Quarter of 2013. There are currently 120 active listings of new homes, which at the rate experienced over the last four quarters (2nd Quarter 2013 through 1st Quarter 2014) represents a 5.6-month supply. The current supply is above the 4.6-month supply at the same time last year.

The first quarter sales declines are likely attributable to higher interest rates, tighter mortgage requirements, less pent up demand, and higher home prices/lower inventory.

As the U.S. economic recovery slowly gains momentum and the financial markets remain unpredictable, uncertainty has continued in the commercial real estate industry. Most commercial markets have stabilized and signs of improvement in occupancy and rents are noted for some market segments. In addition to apartments, the best retail locations, residential land with entitlements, and District office/retail sectors, are all showing strength.

Over the past year commercial property demand has improved and the inventory of commercial property has declined as several investors and end users have acquired lender owned properties that remained from the recession. The volume of raw land sales with commercial development potential remains low, however, it also has improved. Land suitable for multi-family or student housing continues to be in strong demand. Several sites zoned for commercial development have sold for apartment projects. There have been a handful of land sales for single-family residential development; however, such may increase in 2014 as residential lot absorption continues. The demand, and pricing, for land today is all about location and how that land/site can be quickly put to use.

While a decline in occupancy and rents for retail, office and industrial segments occurred between 2007 and 2010, some properties are gaining occupancy and rents have stabilized or increased slightly since early 2011. Some brokers are reporting low inventory for purchase or lease.

Apartments have been the strongest segment both locally and nationally since the recession and we expect some expansion of this market to continue through 2014. There were several college student-oriented complexes that opened in the fall of 2013 and additional projects will open in the fall of 2014.

Approximately 2,400 new beds targeting students were delivered in our market in the fall of 2013 and another 900+ are under construction for fall 2014. The student rental segment of the market is experiencing higher vacancies due to the recent construction, coupled with a dip in University of Missouri enrollment. To date, occupancy in non-student apartment properties appears to be stable, however, some softening of rents or lack of rent increases in some complexes has been noted recently. A shift away from the student housing sector is occurring in some markets. Going in cap rates for first tier student housing properties in the Midwest averaged 7% according RERC.

The local retail market has improved since 2012. There were significant increases in supply between 2003 and 2008, but new construction was very limited during the recession. During the recession, fewer retailers were expanding or opening new locations and this was detrimental for this sector. Most national sources expect a continued recovery phase of this sector in 2014. Consumer spending continues to run hot and cold. The Internet is slowly and inexorably taking market share from brick-and-mortar retailers. Retail sales have increased for the past year, posting their strongest gains since the end of 2010.

The retail and office space in The District (downtown business district) has experienced improved occupancy and stabilization of rents. There have been few recent sales of improved properties for office or retail use but demand by tenants has improved. Recent land sales are being mostly developed with multi-family units targeted at MU students. Some have success with main floor retail, primarily on 9th Street. Due to reported limitations on sewer and electric infrastructure in The District, the city has stopped several downtown apartment projects. Also, the city council is proposing interim zoning restrictions which including increases in required on-site parking, which will significantly reduce feasibility of residential units if passed. The infrastructure and zoning issues have resulted in uncertainty in the downtown market as investors can not predict what uses of property will be permitted.

The demand for office space within The District remains relatively stable with governmental and financial institutions providing a stable base. Trends of less space per employee and more efficient use of space are likely to continue. Squeezing more people into less space will put structural stress on office building systems, including parking.

A downtown hotel property, The Regency, was razed to permit construction of a new hotel, The Broadway by Doubletree, which opened in April 2014. This project will be positive for The District and Columbia and includes an associated parking garage completed by the City in 2013.

The general office market has been generally steady with limited new product coming on line. The majority of new office space has been within office condominiums or smaller office buildings. The market for general office space remains somewhat oversupplied with many tenants being forced to downsize and place excess space on the market. Without significant new product being constructed, the office market should remain relatively stable. Lease declines between 10% and 25% were noted between 2007 and 2010 depending upon the property type/condition, but rates have stabilized or improved since 2011. The improving job market will improve the demand for office space. The 2013 Paul Land Commercial Report indicates vacancy at 7.63% down about 1% from 2012 and down from 10% in 2008.

Medical office space in the local market continues to be in average demand. There are a few vacancies within medical office buildings in the local market. Medical employment has continued to grow, adding about 500,000 jobs nationally since the recession began. The passage of the Patient Protection and Affordable Care Act will create a demand for additional new medical office space. The University of Missouri is constructing an 80,000 square foot medical clinic at Providence and Southampton to replace an aging facility that is offered for sale.

The manufacturing/warehouse market is steady. Several buildings that were available for sale during the recession sold in 2013. While there has been growth in the industrial sector nationwide, locally there has been limited new development. Since 2011, sources are indicating an improvement in leasing demand due to the initial improvement in the economy. Our market has had difficulty, along with the region, in securing larger manufacturing prospects; however, the local economic development corporation is focusing on the recruitment of technology or knowledge-based employers like IBM and ABC Labs that can benefit from a relationship with MU. In our opinion, this will have noticeable rewards over the next 10 years.

The hotel sector has strengthened since the second half of 2010 with occupancies and ADRs increasing nationally and in Columbia. Hotels have a long way to climb to get back to 2007 levels. New construction was very limited in 2012 nationally and in our market, however, a new Holiday Inn Express is under construction at Stadium and Highway 63 and the Broadway is near completion. Property improvements delayed during the recession are being completed at some local hotels.

Based on an STR report provided by the Columbia Convention and Visitors Bureau, the overall occupancy rate for hotels/motels in Columbia was 48.4% for February 2014 year to date vs. 47.2% for the same period in 2013. The ADR was $76.36 for February 2014 year to date vs. $70.85 for the same period in 2013. RevPAR was $36.92 for February 2014 year to date vs. $33.43 for the same period in 2013. The City of Columbia collects a room tax of 4% of room rentals. The lodging tax collected is reported based on a fiscal year of October through September. The room tax has increased every year since 2009. The room tax for 2010 increased by approximately 4.5%. The room tax for 2011 increased by approximately 7.8%. The room tax for 2012 increased by approximately 1.5%. The room tax for 2013 increased by approximately 9.5%. The room tax for the 2014 fiscal year to date is 10.6% higher than the same time period for 2013.

In our opinion, most local commercial property segments experienced a decline in value between 2007 and early 2010, but stabilized through early 2012. Since mid-2012 most sectors are improving, mirroring the national and local market surveys. The historical market data including sale prices and overall cap rates must be viewed with these trends in mind.

Apartment properties continue to be in relatively strong demand; however, vacancies have increased in the college student rental market. Retail, industrial, commercial land, office and subdivision land have also strengthened since 2012 with several construction projects proposed or underway. The single-family residential market had a significantly stronger 2013 and is projected to continue at a similar to slightly slower pace in 2014.

Columbia continues to rank high in quality of life in comparison to the balance of the region, state and nation. This bodes well for future population growth and attraction of "new economy" employers. In our opinion, we are seeing a generally improved market for most property types, while a few property categories remain over supplied with limited demand. Barring fallout from a potential global recession, long-term prospects for the area are good.

NEIGHBORHOOD DESCRIPTION

The subject neighborhood is located in northwestern Columbia. The subject neighborhood is bound by I-70 to the south, Rangeline to the east, Garth Avenue to the west, and Vandiver Drive to the north. Vandiver Drive and Providence Road are the main traffic routes in the middle of the neighborhood. A northern extension of Providence to Blue Ridge was completed in recent years, which provides better access through the neighborhood.

Within the neighborhood, existing Providence Road is commercially developed with retail and office properties. The main concentration of retail properties is located south of Vandiver near I-70. Traffic volume along Providence just south of Vandiver is approximately 14,000 cars per day. Retail properties located north of Vandiver on Providence are located near this intersection with little to no exposure to the traffic flow south and east of the intersection.

Vandiver Drive extends east from Providence Road in the southern section of the neighborhood. Properties along this road are commercially developed with office, retail, and sales/service properties. The traffic volume along Vandiver Drive just east of Providence is approximately 11,000 cars per day.

A multi-unit office/retail building, which is part of a commercial development known as Kelly Plaza is located at the northeast corner of Providence and Vandiver. The southeast corner includes a motel, which was recently closed. There has been interest from potential buyers to reopen this motel, however this property has not sold to date. The southwest corner is developed with a car dealership. A multi-unit office/retail building is located at the northwest corner. Limited vacant land exists near Providence Road south of Vandiver.

Rangeline (Route 763) is the main traffic route in the eastern section of the neighborhood. Rangeline extends north and south and connects I-70 to Highway 63. Properties along this corridor are primarily commercial and industrial.

Residential development is primarily just west of Providence Road. The western section of the neighborhood along Garth Avenue is residentially developed and includes a mix of old and new development.

The subject property is located just west of Providence Road with frontage along Leslie Lane and Texas Avenue. The property has some exposure from the Providence/Leslie Lane intersection. Properties near the subject with access and exposure to Providence or Vandiver are developed with retail properties. Properties similar to the subject with less exposure are developed with office type uses or are vacant. A hotel and a car dealership are located adjacent east of the property and residential development is located adjacent west. The subject property is improved with an office/residential treatment facility.

SUBJECT PROPERTY DATA

ASSESSED VALUE & TAXES

The subject property is tax exempt and does not have an assessed value or property tax.

ZONING

The subject site is zoned C-P, Planned Business District. The objective of this district is to allow certain commercial uses in locations where a broad range of commercial uses might be inappropriate. Permitted uses for the subject property include all permitted uses under the O-1, Office District and the following uses:

A. Office for counselors and therapists and facilities for the counseling and rendering of psychological assistance to persons suffering from various mental and emotional illnesses
B. Group facilities for education and therapy
C. Group education facilities
D. Residential facilities for the treatment of up to 35 persons who temporarily reside therein
E. Recreational facilities for in-patients, out-patients and clients
F. Kitchen facilities adequate to prepare three meals per day for the residents, staff and family members of residents
G. Meeting facilities for community and therapy groups such as Alcoholics Anonymous and the like
H. Facilities for meeting of family groups and extended family participants in the therapy and treatment of individuals
I. Administrative offices for persons engaged in the foregoing activities

UTILITIES

WATER:	City of Columbia
ELECTRIC:	City of Columbia
GAS:	Ameren UE
SEWER:	City of Columbia

DESCRIPTION OF THE SITE

PHYSICAL FEATURES:

SITE SIZE/DIMENSIONS:	3.94 acres
ACCESS:	Access is provided from Leslie Lane and Texas Avenue.
FRONTAGE/STREET TYPE:	Approximately 422.85 feet of frontage along Leslie Lane and approximately 138.94 feet of frontage along Texas Avenue.
CONFIGURATION:	Irregular. See Aerial. Due to the configuration, the southern section of the site has less development potential and contribution to value in comparison to the balance of the site.
TOPOGRAPHY/DRAINAGE:	Near level to sloping. The northeastern areas of the site have been graded and are near level in topography. The southern portion of the site is sloping in topography. A tree line is located along the western portion of the property.
FLOOD PLAIN:	Not located within a flood plain.
SOIL TYPE/STABILITY:	Clay loam assumed/average stability assumed.
TRAFFIC COUNT:	Low
EASEMENTS/ENCUMBRANCES:	None known to be adverse.
SUBDIVISION COVENANTS AND RESTRICTIONS:	None known.
ENCROACHMENTS:	None known.
VISIBILITY/EXPOSURE:	Average from Leslie Lane and Texas Avenue.

ENVIRONMENTAL: As referenced in the Assumptions and Limiting Conditions to this report, the appraisers are not considered expert nor competent to assess environmental issues. Upon physical inspection of the subject property, no indication "to the untrained eye" of environmental hazard could be found.

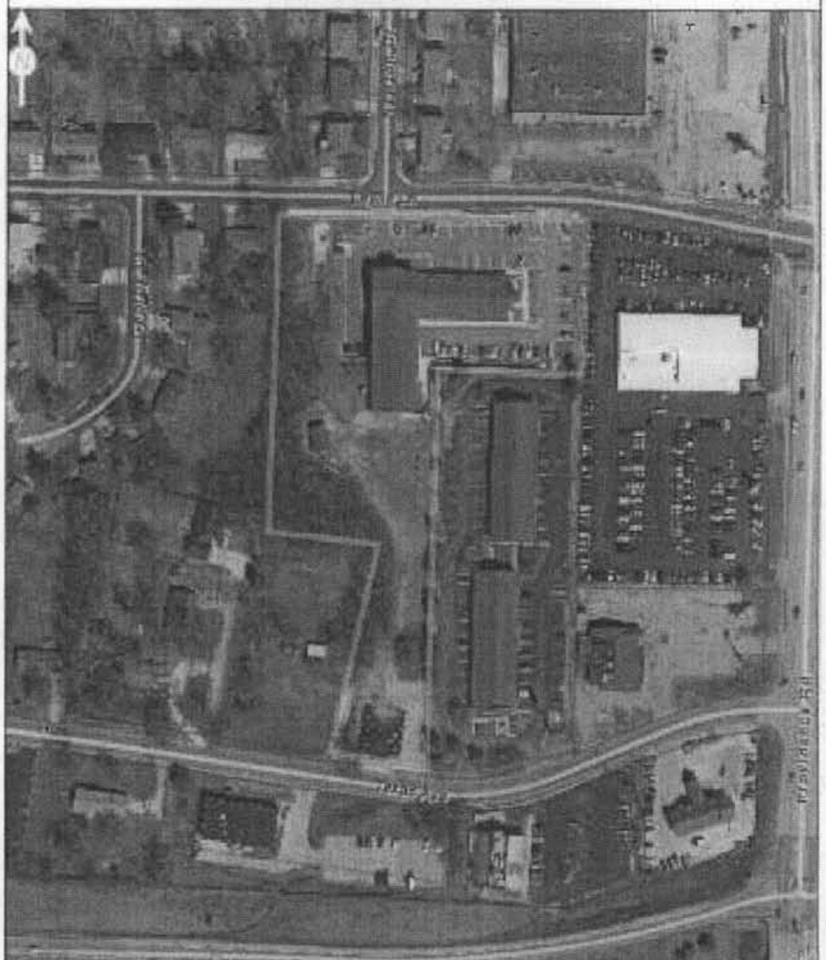
AERIAL PHOTOGRAPH

Boone County Parcel Information Viewer - Map Output

Page 1 of 1

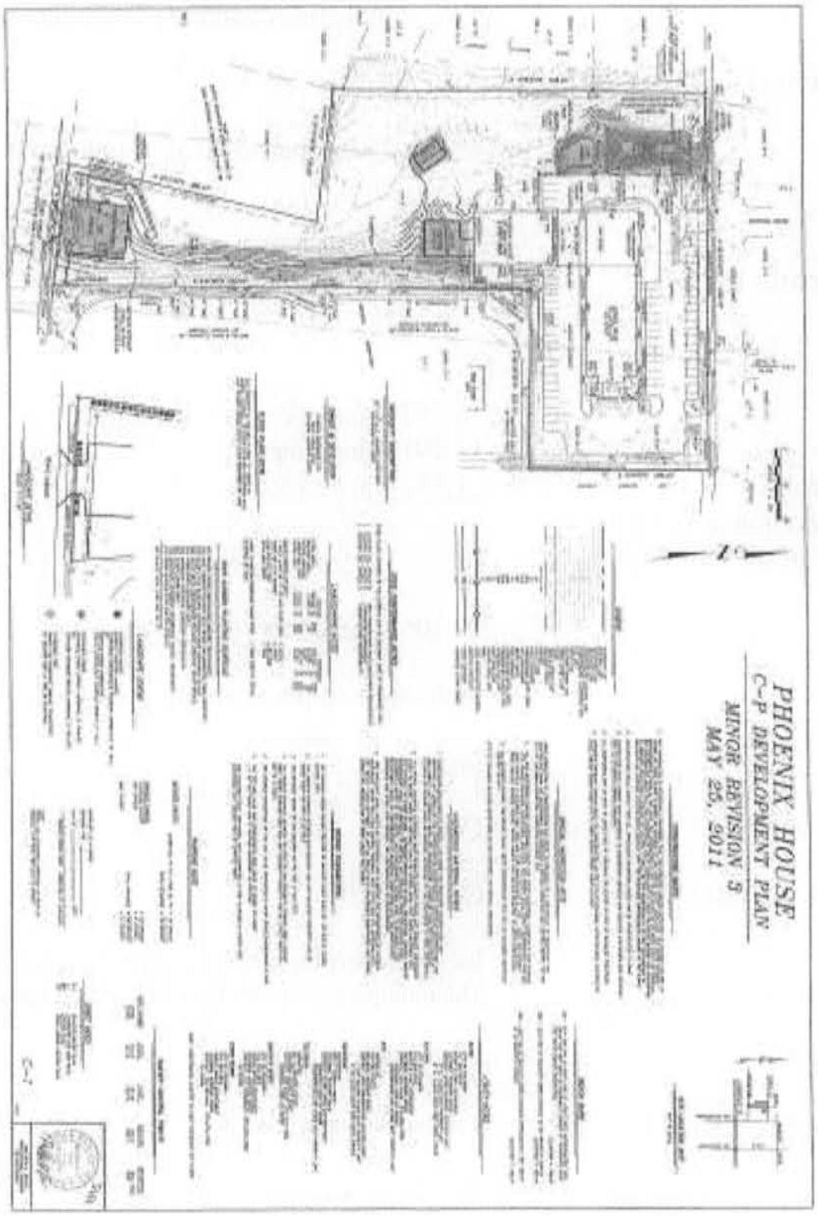
Boone County Internet Parcel Map

Prepared by the Boone County Assessor's Office, (573) 886-4262



http://maps.showmeboone.com/viewers/AS_ParcelMapping_v1/print.asp?q=1686600.5077... 6/24/2014

SITE PLAN


PHOENIX HOUSE
C-P DEVELOPMENT PLAN
MINOR REVISION 3
MAY 25, 2011

DESCRIPTION OF THE IMPROVEMENTS

DESIGN:	Two story office/residential treatment facility.
CONSTRUCTION QUALITY:	Average masonry/steel.
ACTUAL AGE:	4 years. Multipurpose room addition is 2 years.
EFFECTIVE AGE:	4 years
REMAINING ECONOMIC LIFE:	36 years
BUILDING AREA:	
First Floor Area:	16,557 square feet
Second Floor Area:	11,191 square feet
Multipurpose Room: (one level, same elevation as second floor of the balance of the building)	1,558 square feet
Gross Area:	29,306 square feet
EXTERIOR WALLS:	Includes hardiplank siding and block.
WINDOWS:	Insulated
FOUNDATION:	Concrete
FLOOR DESIGN/STRUCTURE:	Concrete
FLOOR COVER:	Includes carpet, vinyl, ceramic tile, and exposed concrete. The multipurpose room floor is exposed concrete.
ROOF STRUCTURE:	Wood frame.
ROOF COVER:	Composition shingles
EAVE HEIGHT:	8' - 13'8"
EXTERIOR CONDITION:	Average
SPECIAL FEATURES:	See Floor Plan. The main level of the building includes two noncontiguous sections, and the second level of the building extends across parts of both sections providing a covered canopy between the main level sections. The multipurpose room is on the same elevation as the second

level. The multipurpose room is connected to the primary second level area by a breezeway. The primary building also includes a kitchen with hood.

ENTRANCES:	Seven entrances to the main level and one entrance on the south side of the second level.
INTERIOR FINISH:	Includes drywall walls and acoustical, drywall, and exposed concrete ceilings.
INTERIOR CONDITION:	Average
PLUMBING:	The main level office area includes two restrooms with multiple stools and sinks. The main level patient living area includes two restrooms with multiple stools and sinks and one shower each. The second level office area includes three restrooms, two of which include one stool and kitchen sink each, and the third includes one stool, sink, and shower. The second level recovery area includes five restrooms located between the resident rooms, each of which include two sinks, one stool, and one shower. A kitchen is also located on the main level. The multipurpose room includes a ½ bath and a bathroom with shower.
SPRINKLER SYSTEM:	Sprinkler system throughout the building.
INSULATION:	R-19
HVAC:	Provided by two boilers, 34 heat pumps, and one cooling tower to the primary building. The multipurpose room is served by a furnace and A/C unit.
ELECTRICAL:	Adequate
LIGHTING:	Adequate
FIRE PROTECTION:	Alarm, sprinkler
ELEVATORS:	One elevator.
LANDSCAPING:	Various trees, sod, and shrubs. A privacy fence is located along part of the property boundary.
DRAINAGE/RETENTION:	Adequate. A rain garden/retention basin are located in the northwest area of the site.

DEFERRED MAINTENANCE: None

PARKING AREA: The property includes paved parking area around the building with 76 marked parking spaces. There is also a paved parking area at the south end of the site along Texas Avenue with 14 marked spaces. It was reported that the ownership plans to extend a sidewalk from this parking lot to the building in the future. This parking lot has limited utility at the present time. Extension of a sidewalk would improve the utility, however this lot is less appealing given the distance from the building improvements.

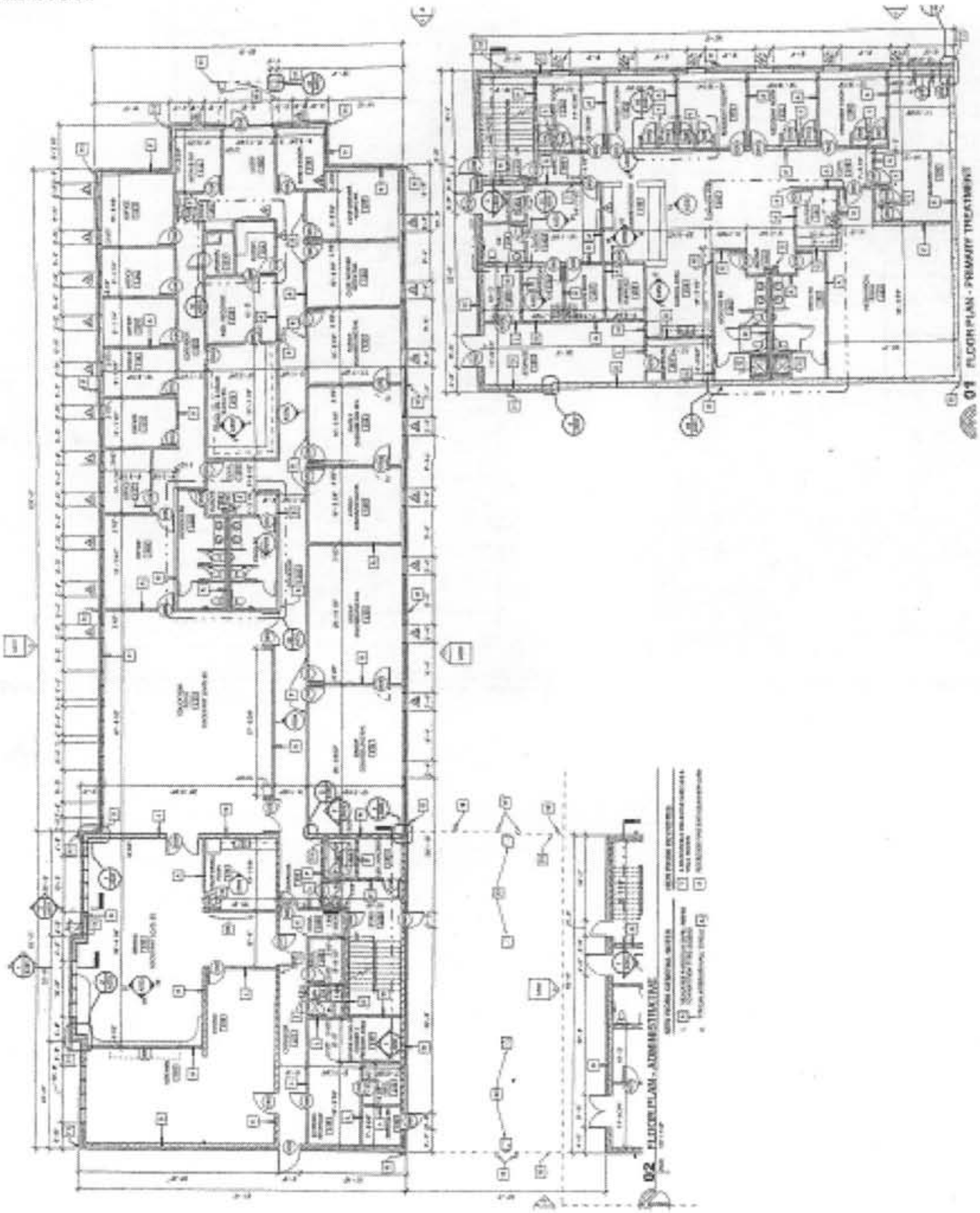
OTHER BUILDING IMPROVEMENTS: The site is also improved with a pavilion, which was built in 2011. The pavilion includes 240 square feet of enclosed area and 440 square feet that is covered by roof only. The enclosed area was not viewed, but was reported to be unfinished storage area. We have assumed this to be accurate. There is an overhead door to the enclosed pavilion area.

FUNCTIONAL UTILITY: The building is designed for use as an office/residential treatment facility. Approximately 17,038 square feet is office area, approximately 10,710 square feet is residential and inpatient living area, and 1,558 square feet is a multipurpose room. The building is highly functional for its intended use. This building would also be functional for other general office uses with some level of renovation to the residential treatment section and other special designed areas. The pavilion adds to the appeal for the existing use and would be appealing for general office use.

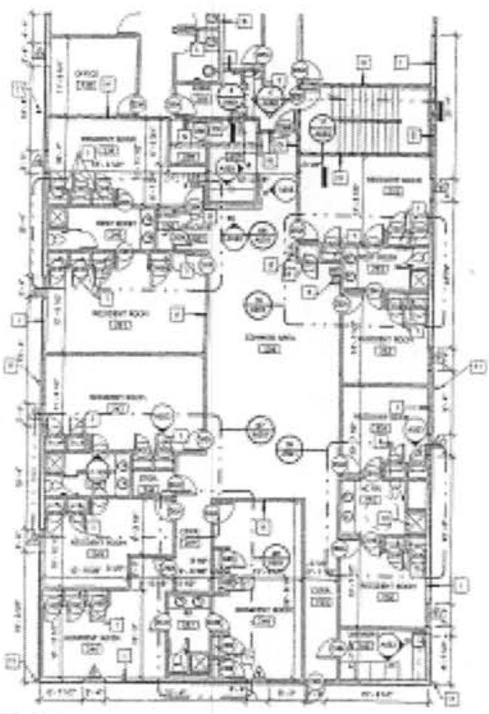
BUILDING SKETCH

Note- Based on our viewing of the property and interview with an ownership representative, two of the offices on the second level floor plan were combined into one office. We have assumed this is the only variation from the floor plans.

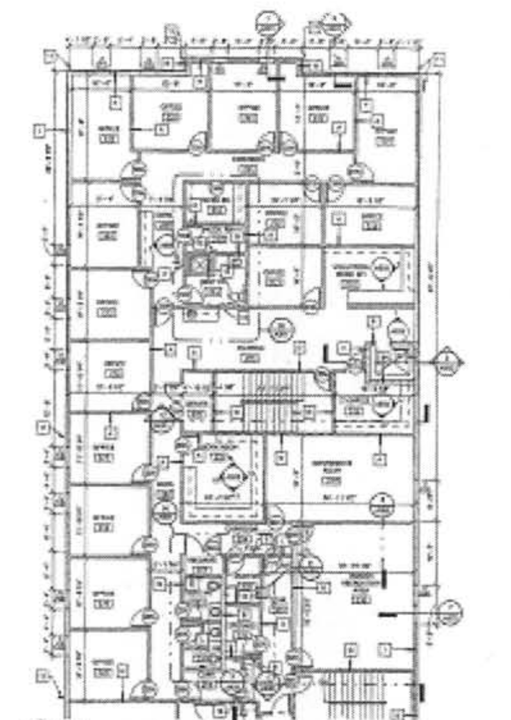
Main Floor



Second Floor

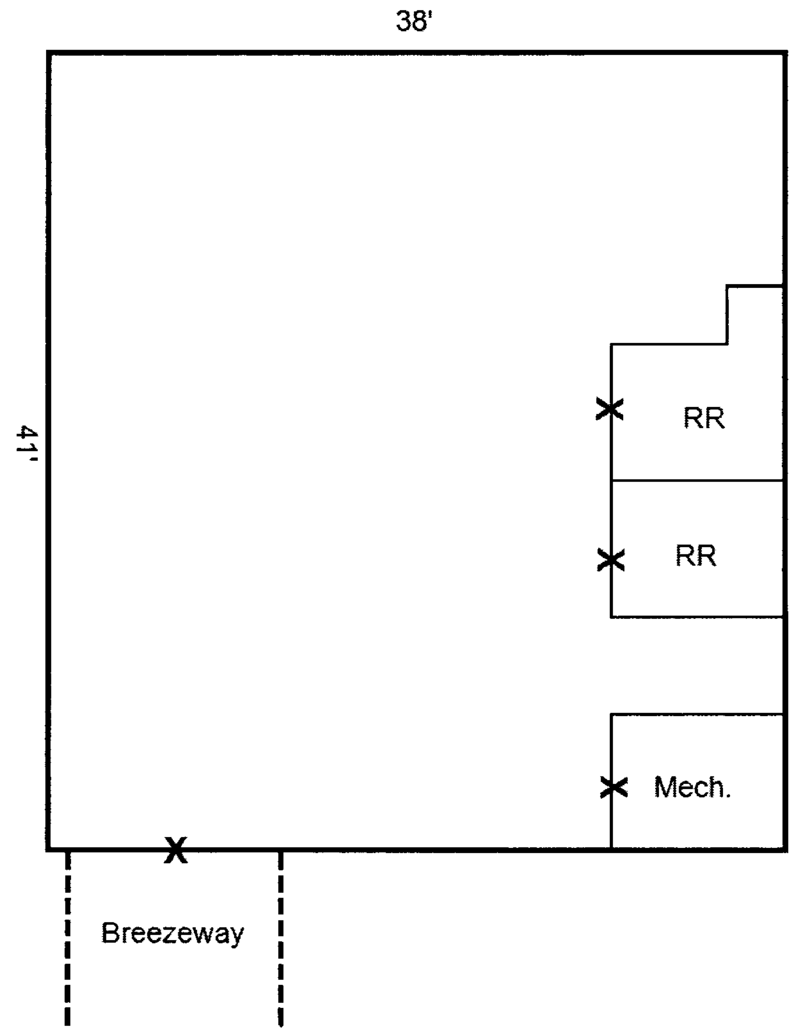


01 SECOND FLOOR - PRIMARY RECOVERY



02 SECOND FLOOR - OFFICES

Multipurpose Room



HIGHEST AND BEST USE

Highest and best use analysis is an economic study of market forces that are focused on the subject property. It reflects an assumption about market behavior -- that buyers will pay prices for properties that are derived from conclusions about the most profitable use of a site or property.

Highest and best use is defined in The Appraisal of Real Estate, 13th edition, published in 2008 by the Appraisal Institute as:

The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value.

In developing a highest and best use analysis, it is necessary to evaluate the property's highest and best use as though vacant and as improved. As long as the value of the property as improved is greater than the value of the site as unimproved, the highest and best use is use of the property as improved. Once the value of the vacant land exceeds the value of the improved property, the highest and best use becomes use of the land as though vacant.

The highest and best use of land or a site as though vacant assumes that the land parcel is vacant or can be made vacant by demolishing the existing improvements. An appraiser considers what use should be made of the land, what type of improvement should be constructed, and when. The purpose of determining the highest and best use of land as though vacant is to identify a site's potential use, which governs its value.

Highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its improvements. The purpose of determining the highest and best use of property as improved is to identify the use that is expected to produce the greatest overall return on the capital invested, and to help the appraiser select comparable properties.

The highest and best use of land as though vacant must meet four criteria. The highest and best use must be:

1. **PHYSICALLY POSSIBLE** - What uses of the property in question are physically possible.
2. **LEGALLY PERMISSIBLE** - What possible uses are permitted by zoning and deed restrictions.
3. **FINANCIALLY FEASIBLE** - Which possible and permissible uses will produce a positive return to the property owner.
4. **MAXIMALLY PRODUCTIVE** - Among the feasible uses, which use will produce the highest net return or the highest present worth.

As If Vacant:

The subject site is 3.94 acres in size and is located just west of Providence Road with frontage along Leslie Lane and Texas Avenue. The site is irregular in configuration. Due to the configuration, the southern area of the site has less development potential than the northern area. The site does not have high traffic exposure, but it is located near high traffic routes such as Providence, Vandiver, and I-70. The site's low exposure limits its retail potential, however the site has good access to high traffic routes and is located near other commercial development and would be suitable for office use. The site's physical characteristics are supportive of commercial development including office uses. Destination retail use of the northern area of the site is possible.

The subject site is zoned C-P, Planned Business District. The objective of this district is to allow certain commercial uses in locations where a broad range of commercial uses might be inappropriate. Permitted uses include all permitted O-1, Office District uses and some other uses. See Zoning Description on a previous page for a full list of permitted uses. Development is subject to approval of a development plan.

Most properties near the subject with exposure and access to Vandiver or Providence are commercially developed with retail and office uses. Demand for commercial sites in this area is strong as there are limited vacant sites in the immediate area. The subject is located near retail development, however the subject's lower traffic exposure is not desirable for most retail uses. The site does however, have good access to high traffic routes and is located near other commercial development. In our opinion, commercial development including office or destination retail is financially feasible.

In our opinion the highest and best use of the subject site as if vacant is for commercial development including office or destination retail.

As Improved:

The subject site is improved with a 29,306 square foot office/residential treatment facility. The facility is occupied by Phoenix Programs, which provides treatment, support, and educational services for alcohol and drug addictions. The building includes two levels. The main level includes approximately 16,557 square feet in two noncontiguous sections. The southern section is approximately 5,400 square feet designed for primary treatment area, which includes exam and resident rooms. The northern section includes 11,157 square feet designed for administrative office area and includes offices, conference areas, dining area, and a kitchen. The second level extends across both sections of the main level and provides a covered canopy between the main level areas. The second level is approximately 11,191 square feet in size and includes approximately 5,881 square feet of office space and approximately 5,310 square feet of primary recovery area, which includes resident rooms. The multipurpose room is 1,558 square feet in size and is at the same elevation as the second level of the primary building, connected by a breezeway. The site is also improved with a pavilion. The property is functional for its intended use. The design is considered to be highly specialized with somewhat limited utility in the general market. In our opinion, the specialized areas of the building could be renovated for typical office use. The competitive market for the subject would most likely result from office use.

It is our opinion, the conversion to a general office use would require renovation including demolition and conversion of the second level recovery area, potential conversion of the kitchen/dining area on the main level to office area (however some office users may keep this area), additional finish out of the multipurpose room. In our opinion, occupancy by one to three tenants is possible. The building could be divided into three units including the main level north unit, the main level south unit, and the second level (including the multipurpose room), which would be accessed from the elevator/stairs in the main level north unit. The second level also has an outside entrance on the south side. Renovation for use by multiple tenants will likely require some common building area, which will reduce the net rentable area. An additional exterior access may also be necessary on the main level for multiple tenant use. Some finishes would need to be changed.

The zoning plan for the current use has been approved. The property can also be utilized for permitted uses under O-1, Office District. Based on the current improvements, the subject site has a higher ratio of land area than typical. However, the southern approximate ¾ of an acre of the site has reduced utility due to the configuration and topography of this area.

Based on parking requirements for general office properties in Columbia, 1 space per 300 square feet of building area is required, which indicates about 98 parking spaces required for the subject under general office use. The subject includes 90 vehicle spaces, and 8 bicycle spaces, which meets zoning requirements for general office use. However, 14 of the parking spaces are at the south end of the site, which is an inconvenient distance from the building improvements and reduces the utility of this parking area.

The subject's design is specialized for the current office/residential treatment facility use. The demand for treatment facilities similar to the subject in the local market is limited. However, the subject property is highly appealing for the current use and some demand may exist from other users for similar use, and in our opinion this use is feasible. The demand for office space is generally stronger than for the current treatment facility use. The design of the building offers potential for conversion to general office use, but such change would require the noted renovation. While general office use will require additional renovation costs compared to treatment facility use, it is our opinion that this use is feasible. Overall, continued treatment facility use or conversion to office use is considered feasible. The overall size of the subject property will reduce the demand, and it may be necessary to divide the property into smaller spaces to reach typical occupancy. However, it is our opinion that there would be some demand for use by one occupant.

In our opinion the demand for office use will set the market value for the subject property given the stronger demand for this use and more limited buyer pool for treatment facility use. While the property may be purchased for continued treatment facility use, it is our opinion that such a buyer would project a similar market value as an alternate office buyer, even though an alternate office user would likely require some level of renovation. Based on this information and the limited availability of highly similar comparable sales/rentals, the following sales comparison and income approaches take into consideration alternate office comparables.

In our opinion, the highest and best use of the subject property is for continued use as an office/residential treatment facility or conversion to general office space.

THE SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of developing an opinion of the market value whereby a subject property is compared with recent sales of similar properties. The Sales Comparison Approach is based on the premise that the market value of a property is directly related to the prices of comparable, competitive properties. The value of a property in the market is set by the availability of substitute properties of similar utility and desirability.

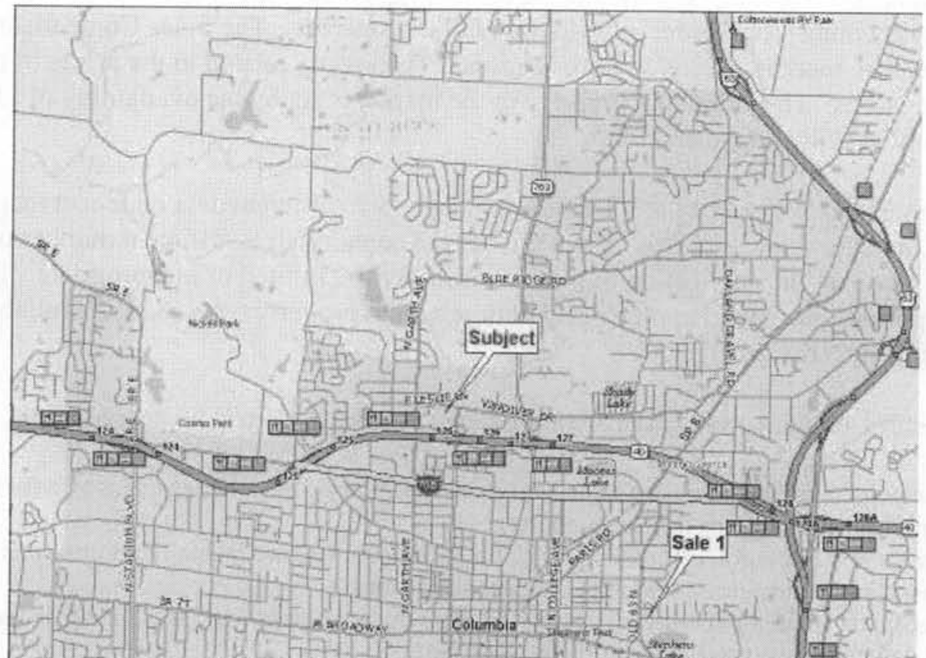
The Sales Comparison Approach is applicable when there are sufficient data on recent market transactions to indicate value patterns. When the market contains an insufficient number of transactions to reveal value patterns, the application of the approach may be limited or inappropriate. The Sales Comparison Approach has broad applicability with regard to property types, and is a reliable measure of value when employed correctly.

To apply the Sales Comparison Approach, an appraiser follows a systematic procedure:

1. Research the market to obtain information on sales transactions, listings, and offerings to purchase properties similar to the subject property.
2. Verify the information by confirming that the data obtained are factually accurate and that the transactions reflect arm's-length market considerations.
3. Select relevant units of comparison (e.g., dollars per acre, per square foot, or per income multiplier) and develop a comparative analysis for each unit.
4. Compare the subject property and comparable sale properties using the elements of comparison and adjust the sale price of each comparable appropriately, or eliminate the property as a comparable.
5. Reconcile the various value indications produced from the analysis of comparables into a single value indication or a range of values.

A sequence for making adjustments is recommended in all sales comparison analyses. The first adjustment is for property rights conveyed, to account for differences in legal estate. The second adjustment is for financing terms, to convert the transaction price into its cash equivalent price. The third adjustment is made for conditions of sale to reflect a comparable's probable sale price if sold as a arm's-length transaction. The fourth adjustment is for market conditions, to reflect what a comparable would sell for as of the appraisal date. Finally, adjustments are applied for location, physical characteristics, and economic characteristics to account for these differences between the comparable property and the subject property.

IMPROVED SALES MAP



IMPROVED SALE ADJUSTMENT GRID

	Subject	Sale 1	Sale 2	Sale 3
Location	90 Leslie Lane Columbia, MO	1805 E. Walnut Columbia, MO	Confidential Columbia, MO	1000 West Nifong Boulevard - Building 2 Columbia, MO
Property Rights	Fee Simple	Fee Simple	Leased Fee	Leased Fee
Financing	Cash	Cash	Cash	Cash
Date of Sale	6/17/2014	12/30/2010	9/26/2012	1/1/2011
Land Area (SF)	171,626	82,764	54,886	58,370
Gross Bldg Area	29,306	16,188	13,014	22,600
Finished Bldg Area	29,306	16,188	13,014	22,600
Net Rentable Area	29,306	16,188	10,625	22,600
Quality	Masonry/Steel	Frame/Avg.	Brick&Stone/Good	Brick & Steel
Condition	Average	Average	Good	Average
Effective Age	4	20	5	10
Basement	None	Incl. in Gross	Incl. in Gross	None
Ceiling Height (ft)	8-13'8"	9	10	9
Functional Utility	Average	Average	Good	Average
Parking Type/Surface	Open/Paved	Open/Paved	Concrete	Concrete
Parking Spaces	Adequate	Adequate	Adequate	Adequate
Other Features	Sprinkler	None	Elevator, Sprinkler, Common conference room	None
Sale Price		$1,750,000	$1,765,000	$3,470,000
Real Property Rights Adjustment ($)				
Adjusted Price		$1,750,000	$1,765,000	$3,470,000
Financing Terms Adjustment ($)				
Adjusted Price		$1,750,000	$1,765,000	$3,470,000
Conditions of Sale Adjustment ($)				
Renovation Costs After Purchase		$250,000.00		
Adjusted Price		$2,000,000	$1,765,000	$3,470,000
Adjusted Price per Square Foot		$123.55	$135.62	$153.54
Market Conditions Adjustment ($)				
Adjusted Price Per Square Foot		$123.55	$135.62	$153.54
Location		-10.0%	-10.0%	-10.0%
Land Area (SF)				
Gross Bldg Area		-10.0%	-10.0%	
Finished Bldg Area				
Net Rentable Area				
Quality				
Condition / Effective Age		15.0%		5.0%
Basement				
Ceiling Height (ft)				
Functional Utility		-5.0%	-5.0%	-20.0%
Parking Type/Surface		Superior	Superior	Superior
Parking Spaces				
Other Features		Inferior	Inferior	Inferior
Net Adjustment ($)		-$12.35	-$33.91	-$38.38
Net Percentage Adjustment		-10.00%	-25.00%	-25.00%
Adjusted Price per SF		$111.19	$101.72	$115.15

ANALYSES OF SALES AND VALUE CONCLUSION

Three sales of similar property were considered in the valuation of this property. Sales of properties highly similar to the subject in office/residential treatment facility design are typically owner occupied and no recent sales were confirmed. Sales 2 and 3 are utilized for general and medical office use, however these uses are considered potential alternate uses for the subject property with some level of renovation. Therefore, these sales are considered herein and the potential necessary renovation costs for the subject property for such use are considered within the adjustments. Sale 1 was designed for classroom use, and the buyer of this property performed some renovation after purchase for office/outpatient use, somewhat similar to the subject, however this property does not include inpatient living quarters. The reader is referred to the adjustment grid on a prior page and sale details in the Addendum.

Renovation Costs After Purchase: Sale 1 was designed for classroom use and the buyer planned to utilize the property for office/outpatient use, which required some renovation after purchase. The planned use of Sale 1 is similar to the subject property however this property does not include inpatient living quarters. The renovation costs after purchase are estimated at $250,000 and are added to this sale.

Market Conditions: Sales 1, 2, and 3 occurred in late 2010, 2012, and 2011 respectively. Based on available market data, it is our opinion that the market for this property type has been generally stable since late 2010 and an adjustment for market conditions is not necessary.

Location: All three sales are superior in location as these sales are located in areas with superior demand for commercial use. Negative 10% adjustments are applied.

Gross Building Area: In this market, smaller properties command higher per unit values than comparable, but larger, properties. Adjustments are applied to Sales 1 and 2. The adjustment amounts are based on the appraiser's judgment and a general comparison of the sales analyzed, and other sales in this market that support higher per unit prices for smaller properties.

Condition/Effective Age: Sales 1 and 3 are inferior in condition/effective age and positive 15% and 5% adjustments are applied respectively.

Basement: Sales 1 and 2 include walkout type basements with the walkout entrances facing street frontage. Given that these basements face street frontages, it is our opinion that these sales are similar to the subject in two level design and adjustments are not necessary.

Functional Utility: The subject property is designed for office/residential treatment facility use, which is a somewhat unique use in the local market. The comparables varied in design and adjustments are necessary. Sale 1 was converted to office/outpatient use. While this use is somewhat similar to the subject property's use, this property does not include inpatient living quarters and is more functional for general office. Sale 2 was utilized for multi-tenant office use. Given the design of the subject property some renovations would be necessary for general office use, therefore we have applied negative 5% adjustments to Sales 1 and 2. Sale 3 was designed for medical office use and such properties command higher rents/prices in the local market, and are therefore considered superior when compared to office properties improved with a general office finish. Taking into consideration the design of the subject property compared to Sale 3, we have applied a negative 20% adjustment for the superior design/utility of Sale 3.

Parking Surface/Spaces: The subject property includes 14 parking spaces at the south part of the site, which is a significant distance from the building improvements. It was reported that the ownership plans to extend a sidewalk from this parking lot to the building in the future. This parking lot has limited utility at the present time. Extension of a sidewalk would improve the utility, however this lot is less appealing given the distance from the building improvements. Sales 1-3 are superior in parking as all of their parking is located nearer the building improvements. Qualitative adjustments are applied, and this difference will be considered in adopting a final value conclusion for the subject property.

Other Features: The subject property includes a pavilion, which is not included in the gross building area. This additional feature is appealing and is superior to Sales 1-3 as they do not have similar features. Qualitative adjustments are applied, and this difference will be considered in adopting a final value conclusion for the subject property.

The three sales indicated a value range from $101.72 to $115.15 per square foot. Sale 2 indicated the lowest value after adjustment. This sale was multi-tenant in design, while the subject is designed for occupancy by a single tenant. Sales 1 and 3 indicated higher values after adjustment and these sales are more similar in single tenant use. More weight is given to Sales 1 and 3. Sale 1 was purchased and renovated to a use that is considered similar to the subject property, however this use does not including inpatient living quarters similar to the subject. While this sale does not include inpatient living quarters, it is our opinion that this sale is more similar to the subject than Sale 3 and more weight should be given to the low side of the range indicated by Sales 1 and 2, based on the more similar use compared to Sale 3. In conclusion we have adopted a market value of $112 per square foot. Applying $112 per square foot to the subject's total area of 29,306 square feet results in a total value of $3,282,272, rounded to $3,300,000.

THE INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is a basic tool for the valuation of income-producing real estate because it is related to investor thinking and motivation. The principle of anticipation is fundamental to the approach as value is created by the expectation of benefits to be derived in the future.

In the Income Capitalization Approach to value, an appraiser analyzes a property's capacity to generate benefits and converts these benefits into an indication of present value. The benefits of owning specific rights in income-producing real estate include the right to receive all profits accruing to the real property during the holding period (i.e., the term of ownership) plus the proceeds from resale on reversion of the property at the termination of the investment.

Various measures of future benefits can be considered in the Income Capitalization Approach. The most commonly used measure is net operating income (NOI); usually expressed as an annual amount. In establishing an NOI figure, the appraiser must first develop a potential gross income (PGI) estimate based on prevailing rental rates in the market or on the periodic income anticipated during a holding period. A deduction for vacancy and collection losses is made from the PGI figure to derive an effective gross income (EGI) estimate. Finally, a deduction for all costs of ownership, excluding debt service and book depreciation, is made from the EGI figure to derive an NOI estimate. The net operating income is then capitalized into a market value by either direct or yield capitalization.

Yield capitalization is a method used to convert future benefits to present value by discounting each future benefit at an appropriate yield rate (as in discounted cash flow analysis) or by developing an overall rate that explicitly reflects the investment's income pattern, value change, and yield rate (as in mortgage-equity analysis).

Direct capitalization is a method used to convert an estimate of a single year's income expectancy, or an annual average of several years' income expectancies, into an indication of value in one direct step. This procedure usually entails dividing the net operating income estimate by an appropriate income rate. The rate selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis.

Whether the appraiser is using an income rate--direct capitalization or a yield rate--yield capitalization, the rate of return used to convert income into property value should represent the annual rate of return necessary to attract investment capital. This rate is influenced by many factors, including current available mortgage rates, inflation expectations, prospective rates of return on alternative investments, the availability of tax shelters, and the degree of apparent risk inherent in the subject property.

A direct capitalization procedure has been utilized in this valuation. A stabilized net operating income estimate has been established for the property. Rent comparables and ownership expenses are discussed on the following pages. The capitalization process is discussed thereafter.

GROSS INCOME ESTIMATE

The subject property is owner occupied for office/residential treatment facility use. Market rent comparables for properties similar in design/use are limited. With renovation the property could be leased for general office use, therefore office rent comparables are considered in estimate the market rent rate for the subject property, while taking into consideration that many alternate office users will have to perform some level of renovation. Based on the available market data, the following analysis of the subject property assumes that the property is leased to one tenant. The subject property could be leased to up to three separate tenants. However, further renovation for occupancy by more tenants would be necessary.

Market Rent Analysis:

Rental #1: A 37,000 square foot office unit located at 601 Business Loop 70 West, which is part of the larger Parkade Plaza, was leased in June 2010 for approximately $8.00 per square foot for an eight-year term based on net terms. Adding the net expenses would indicate a higher overall gross rent rate. The lease includes CPI increases beginning in 2014. The owner reported that a finish out allowance of approximately $25 per square foot was provided for the tenant. This property is larger in size, similar in location, and similar in condition. Based on these considerations, it is our opinion that that this comparable supports a higher gross lease rate for the subject property.

Rental #2: A 51,985 square foot office unit also located within Parkade Plaza is currently leased to the USDA for a ten-year term. The current lease rate is $10.34, with the lease rate increasing to $11.04 per square foot for years 6-10. This property is larger in size, and similar in location. Based on these considerations, it is our opinion that this comparable supports a higher lease rate for the subject property.

Rental #3: A large office building complex addressed as 409 Vandiver Drive, located just east of the subject, leases space in the $12 to $14 per square foot range on a gross basis with units ranging from approximately 1,200 to 8,000 square feet in size. This property includes five buildings with a total area of approximately 70,000 square feet and is accessed from Vandiver Drive by one driveway. These units are smaller than the subject property, but inferior in quality and effective age/condition.

Rental #4: A 24,360 square foot building located at 1512 Heriford Road is leased to Veterans United. The lease commenced on June 1, 2013 for a three-year term. The current lease rate is $13 per square foot, modified gross. The lessor pays taxes, insurance, and landscaping and the lessee pays all other expenses. It was indicated that Veterans United spent a substantial amount of money to renovate the interior of the building. The property is similar in total size to the subject property, but is inferior in condition. Location is similar. Based on these considerations, it is our opinion that this comparable supports a slightly higher lease rate for the subject.

Rental #5: Two units in the Woodrail Centre Office Park were combined and include approximately 15,000 square feet. One half of the space is new/designed for the tenant. The other half was in good condition but the lessor provided new paint/carpet/etc. The lease rate is $16.00 per square foot gross and the tenant pays utilities. This location and size are superior to the subject and the property is considered generally similar in quality/condition. Based on these considerations, it is our opinion that this comparable supports a slightly lower rate for the subject.

Summary

The market rent data supports a market rent range from $13 to $16 per square foot on a gross basis for the subject property. Taking into consideration the physical features of the subject property including the location, condition/effective age, overall size, and current design, it is our opinion that a market rent rate of $14 per square foot on a gross basis is appropriate for the subject property. This rent rate takes into consideration that many alternate office users will require some level of renovation, and this rate assumes potential renovations at the tenant's expense. Applying $14 per square foot to the subject's total 29,306 square feet of rentable area indicates a gross income of $410,284.

VACANCY EXPECTATIONS

Based on information in *The 2014 Paul Land Commercial Use Report*, the vacancy rate for office space is 6.38%, down from 7.63% in 2013. This rate indicates an overall vacancy rate for all office type uses in the Columbia market. Considering the location and size of the subject, it is our opinion that the vacancy rate would be higher than the rate reported in the report. Based on these considerations we have adopted a stabilized vacancy rate of 9%.

EXPENSES

Stabilized expenses herein exclude leasing commissions, tenant improvements, debt service, and reserves.

TAXES - The subject property is neither assessed nor taxed. If the property were to sell to a non-exempt entity, it would be assessed and taxed based on its market value. It is our opinion that a potential buyer would take this future tax into consideration when purchasing the property; therefore, said tax will be considered within this analysis.

In concluding to a tax liability for the subject we have considered the real estate taxes for Sales 2 and 3 from the sales comparison approach. The tax liability of the comparables ranged from $1.83 to $2.46 per square foot. For purposes of analysis, we have adopted a tax liability of $2.00 per square foot for the subject property. Applying the estimated tax liability of $2.00 per square foot to the gross building area of 29,306 square feet equates to an annual tax liability of $58,612.

INSURANCE - Based on the insurance expense for other office properties in the local market, it is our opinion that an expense of approximately $7,300 is reasonable.

MANAGEMENT – Based on interviews with local property managers and commercial brokers, management expenses for commercial properties typically range from approximately 3% to 7% excluding leasing commissions. Taking into consideration the current leases, age/condition, and location of the subject, a management expense equal to 4% of the effective gross rental income has been deducted. This expense should account for all expenses associated with managing the property.

MAINTENANCE – Costs for ongoing maintenance has also been considered. This expense should cover the costs for snow removal, landscaping, and other routine maintenance to the property. Based upon the costs anticipated for the annual repairs and maintenance of the building and surrounding site improvements, we have adopted a stabilized expense of $0.25 per square foot of the gross building area. This equates to $7,327 on an annual basis.

MISCELLANEOUS - A miscellaneous expense account is established for the infrequent and unforeseen costs of property ownership. This expense has been set at 1% of Gross Effective Income.

PRO FORMA OPERATING STATEMENT

Rental Income:		$ 410,284
Less Vacancy & Credit Loss:		-$ 36,926
Effective Gross Income:		$ 373,358
Expenses:		
Taxes:	$ 58,612	
Insurance:	$ 7,300	
Management:	$ 14,934	
Maintenance:	$ 7,327	
Miscellaneous:	$ 3,734	
Less Total Expenses:		-$ 91,907
Net Operating Income:		$ 281,451

CAPITALIZATION PROCESS AND VALUE CONCLUSION

As previously noted, we have elected to utilize a direct capitalization procedure to develop an opinion of the subject's market value by the Income Approach. In the procedure used, a stabilized net operating income estimate is established for the property. This figure is divided by an overall capitalization rate. Our conclusions as to an appropriate overall rate for the subject property are discussed below.

The overall rates observed from the comparable sales are as follows. The overall rates are based on actual income and expenses when available, otherwise they may be estimated.

Sale #1- 8.2% (12/2010)
Sale #2- 8.1% (9/2012)
Sale #3- 8.3% (1/2011)

The three sales indicated an overall rate range from 8.1% to 8.3%. Sales 1 and 2 are smaller in size and superior in location, and in our opinion have lower risk. Sale 3 indicated an overall rate slightly higher than Sales 1 and 2, and this sale is more similar in size compared to the subject property, however this sale is superior in location. Based on national surveys, overall rates have generally decreased since Sales 1, 2, and 3 occurred. However, taking into consideration the physical characteristics of the subject property compared to Sales 1, 2, and 3 and the local market conditions, it is our opinion that an overall rate slightly higher than that indicated by Sales 1, 2, and 3 is appropriate for the subject property.

For further support we have also considered overall capitalization rates indicated in the RERC Real Estate Report (1st Quarter 2014) and PwC Real estate Investor Survey (2nd Quarter 2014) while taking into consideration the locale and other features of the subject in adopting a market cap rate. The average rates for second and third tier properties in the Midwest as reported by RERC, and the national suburban office market as reported by the PwC, as well as any changes (in basis points) over the previous year were reported as follows:

	RERC			
	1st Tier	*2nd Tier*	*3rd Tier*	**PwC**
Average	8.10%	8.90%	9.80%	6.75%
Change	-10	-20	-10	-80

The rates reported in the PwC survey are more reflective of investment grade properties in larger markets, while the rates reported for first and second tier properties in RERC are considered more reflective of the subject property. In our opinion, the local rates provide the best support; however, we have also considered the recent market trends indicated in multiple national surveys. Based on these considerations, it is our opinion that an overall cap rate of 8.5% is appropriate for the subject property. Dividing the stabilized NOI estimate of $281,451 by the cap rate of 8.5% equates to a value conclusion of $3,311,188, rounded to $3,300,000.

THE COST APPROACH

The Cost Approach to value is based upon the principle of substitution. This principle affirms that no prudent investor will pay more for a property than the cost to acquire the site and construct improvements of equal desirability and utility without undue delay. Therefore, in applying the Cost Approach, an appraiser attempts to estimate the difference in worth to a buyer between the property being appraised and a newly constructed building with optimal utility.

The basic steps in the procedure of the Cost Approach are as follows:

1. Estimate the reproduction or replacement cost of the improvements on the effective date of the appraisal. This includes all direct and indirect costs, and an entrepreneurial profit factor when appropriate.
2. Estimate the dollar amount of accrued depreciation in the structure due to:
   a) physical deterioration,
   b) functional obsolescence, and
   c) external obsolescence.
3. Deduct the estimated depreciation from the total reproduction or replacement cost of the structure to derive an estimate of the structure's depreciated reproduction or replacement cost.
4. Estimate by similar procedure the depreciated cost of other site improvements.
5. Add the land value to the depreciated cost of all improvements to derive a value by the Cost Approach.

COST APPROACH DEFINITIONS

REPRODUCTION COST - The estimated cost to construct an exact duplicate of the building being appraised, embodying all the deficiencies, super-adequacies, and obsolescence of the building.

REPLACEMENT COST - The estimated cost to construct a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

PHYSICAL DETERIORATION - The adverse effect on value caused by deterioration or impairment of condition as a result of wear and tear and disintegration.

FUNCTIONAL OBSOLESCENCE - The adverse effect on value resulting from: defects in design; changes over time that have made some aspect of a structure, material, or design obsolete by current standards; by a deficiency; or by a super-adequacy.

EXTERNAL OBSOLESCENCE - The result of diminished utility of a structure due to negative influences outside the site.

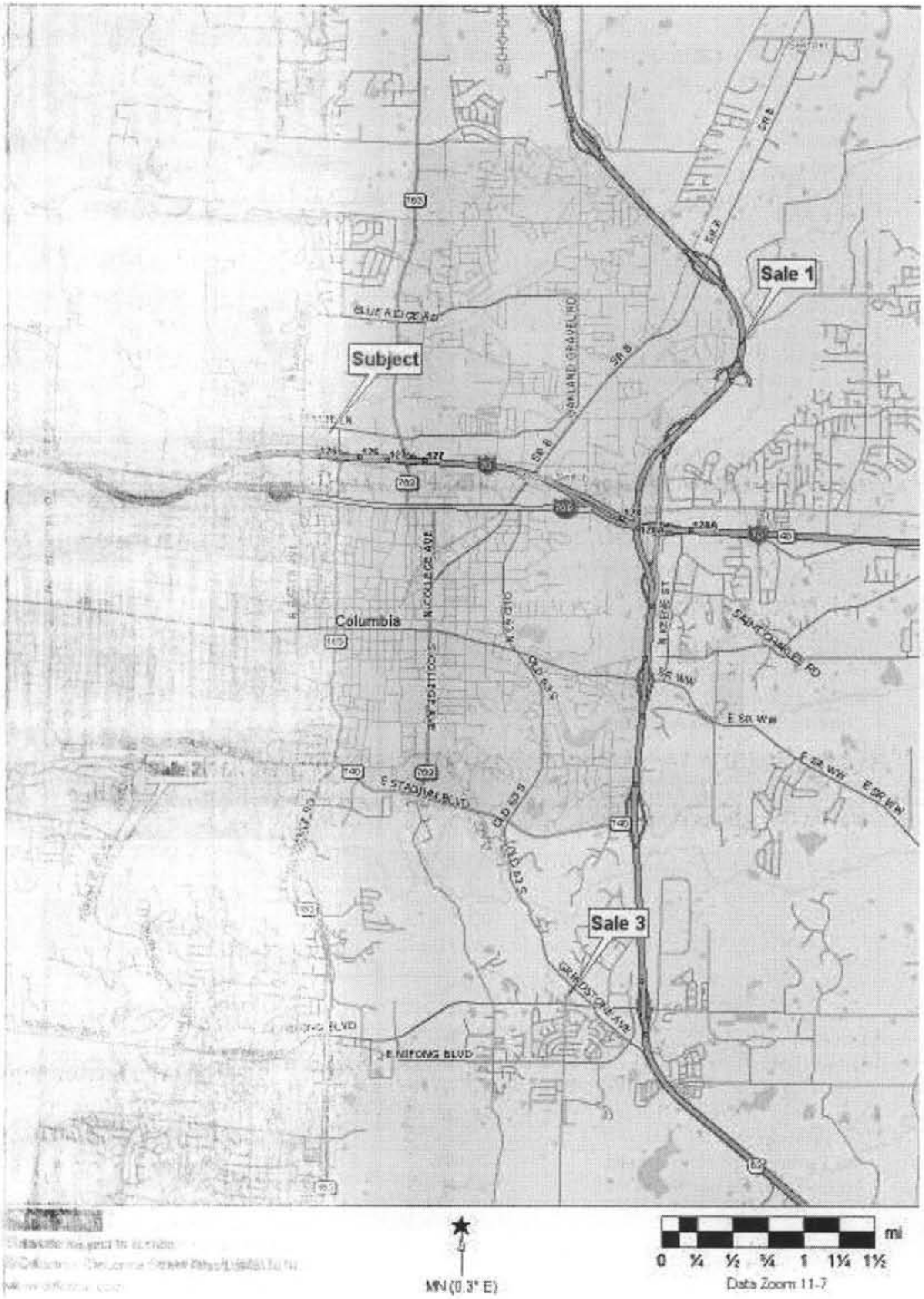
VACANT LAND VALUATION

The land value is an essential component of the Cost Approach and can be used in the application of the Sales Comparison and Income Approaches to value.

In this instance, the site valuation has been based on the Sales Comparison Approach. In the Sales Comparison Approach data regarding sales and offers-to-sell property in the area of the subject parcel is gathered and analyzed. A more complete description of the approach is noted in the Sales Comparison Approach section of the report.

The following sales and/or offers-to-sell were analyzed to determine the value of the underlying land that is a part of the subject property. A "per square foot" unit of comparison has been used because most land within the neighborhood is sold by this basis.

LAND SALES MAP

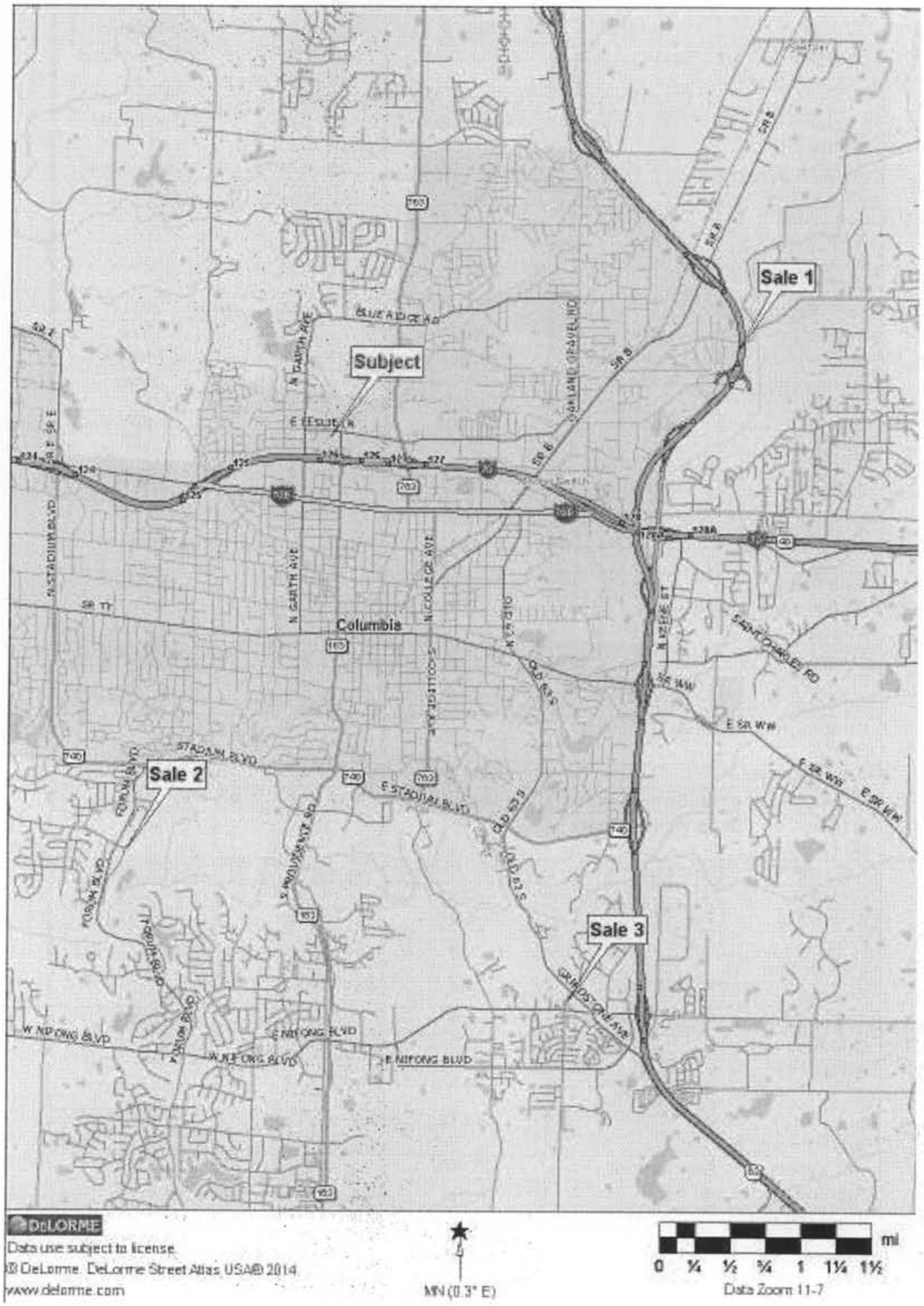


MOORE & SHRYOCK
REAL ESTATE APPRAISERS

Land Sales Adjustment Grid

	Subject	Sale 1	Sale 2	Sale 3
Location	90 Leslie Lane	Amron Court	Chapel Hill & Colony Drive	Bearfield Road
	Columbia, MO	Columbia, MO	Columbia, MO	Columbia, MO
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Cash	Conventional	Conventional	Conventional
Date of Sale	6/17/2014	5/20/2013	7/16/2010	10/30/2012
Land Area (SF)	171,626	85,813	126,325	67,082
Pri. Frontage (FF)	422.85	360.00	280.00	430.00
Sec. Frontage	138.94	120.00	230.00	290.00
Corner Site	No	Yes	Yes	Yes
Shape/Utility	Irregular	Rectangular	Irregular	Triangle
Topography	Near Level to Sloping	Level to Gently Sloping	Level to Gently Sloping	Level
Utilities	E,S,W,G	E,S,W,G	E,S,W,G	E,S,W,G
Zoning	C-P/O-1 uses	O-P	C-P, Planned Business	C-P
Traffic Count	Low	30,000	Low	8,919
Site Improvements	None Assumed	None	None	None
Sale Price		$405,000	$615,000	$529,254
Real Property Rights Adjustment ($)				
Adjusted Price		$405,000	$615,000	$529,254
Financing Terms Adjustment ($)				
Adjusted Price		$405,000	$615,000	$529,254
Conditions of Sale Adjustment ($)				
Adjusted Price		$405,000	$615,000	$529,254
Adjusted Price per Square Foot		$4.72	$4.87	$7.89
Market Conditions Adjustment ($)				
Adjusted Price Per Square Foot		$4.72	$4.87	$7.89
Location		-5%	-20%	-30%
Size		-5%		-10%
Frontage				
Corner Site				
Shape/Utility		-10%	-10%	-10%
Topography		-5%	5%	-5%
Utilities				
Other				
Net Adjustment ($)		-$1.18	-$1.22	-$4.34
Net Percentage Adjustment		-25.00%	-25.00%	-55.00%
Adjusted Price per SF		$3.54	$3.65	$3.55

LAND SALES MAP



LAND SALES ADJUSTMENT GRID

	Subject	Sale 1	Sale 2	Sale 3
Location	90 Leslie Lane	Amron Court	Chapel Hill & Colony Drive	Bearfield Road
	Columbia, MO	Columbia, MO	Columbia, MO	Columbia, MO
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Cash	Conventional	Conventional	Conventional
Date of Sale	6/17/2014	5/20/2013	7/16/2010	10/30/2012
Land Area (SF)	171,626	85,813	126,325	67,082
Pri. Frontage (FF)	422.85	360.00	280.00	430.00
Sec. Frontage	138.94	120.00	230.00	290.00
Corner Site	No	Yes	Yes	Yes
Shape/Utility	Irregular	Rectangular	Irregular	Triangle
Topography	Near Level to Sloping	Level to Gently Sloping	Level to Gently Sloping	Level
Utilities	E,S,W,G	E,S,W,G	E,S,W,G	E,S,W,G
Zoning	C-P/O-1 uses	O-P	C-P, Planned Business	C-P
Traffic Count	Low	30,000	Low	8,919
Site Improvements	None Assumed	None	None	None
Sale Price		$405,000	$615,000	$529,254
Real Property Rights Adjustment ($)				
Adjusted Price		$405,000	$615,000	$529,254
Financing Terms Adjustment ($)				
Adjusted Price		$405,000	$615,000	$529,254
Conditions of Sale Adjustment ($)				
Adjusted Price		$405,000	$615,000	$529,254
Adjusted Price per Square Foot		$4.72	$4.87	$7.89
Market Conditions Adjustment ($)				
Adjusted Price Per Square Foot		$4.72	$4.87	$7.89
Location		-5%	-20%	-30%
Size		-5%		-10%
Frontage				
Corner Site				
Shape/Utility		-10%	-10%	-10%
Topography		-5%	5%	-5%
Utilities				
Other				
Net Adjustment ($)		-$1.18	-$1.22	-$4.34
Net Percentage Adjustment		-25.00%	-25.00%	-55.00%
Adjusted Price per SF		$3.54	$3.65	$3.55

Vacant Land Sales Analyses and Value Conclusion

Three sales of similar property are considered in the valuation of this property. The reader is referred to the adjustment grid on a prior page and sale details in the Addendum.

Unless otherwise noted, adjustments are based on a combination of paired sales and market participant interviews to the extent possible. Paired sale data is retained in the appraiser's database.

Conditions of Sale: The seller of Sale 1 reported a $70,000 charitable donation in addition to the sale price, however it is our opinion that the sale price is reflective of market value and an adjustment is not necessary.

Market Conditions: All three sales occurred from 2010 through 2013. The market for this property type has been stable since 2010 and adjustment is not necessary.

Location: Sales 1, 2, and 3 are superior in location. Sale 1 is located along the Highway 63 corridor and has superior exposure from Highway 63. Sale 2 is located in south Columbia in an area that experiences strong demand for commercial uses with superior surrounding development. Sale 3 is located in south Columbia in an area with strong demand for commercial uses and this sale has superior surrounding development and traffic exposure. Negative 5% to 30% adjustments are applied to Sales 1-3.

Land Area (Size): In this market, smaller properties command higher per unit values than comparable, but larger, properties. Sales 1 and 3 are adjusted for differences in size.

Shape/Utility The subject property is inferior in shape/utility. The southern area of the site has more limited development potential due to its configuration, exposure, and access. Negative 10% adjustments are applied to all three sales to account for the subject site's inferior shape/utility.

Topography: Sales 1 and 3 are superior in topography and negative 5% adjustments are applied. Sale 2 is inferior in topography and a positive 5% adjustment is applied.

The three sales indicated a value range from $3.54 to $3.65 per square foot. In our opinion, some weight should be given to each sale and we have adopted a market value of $3.60 per square foot. Applying $3.60 per square foot to the subject's total area of 171,626 square feet results in a total land value of $617,854, rounded to $620,000.

Replacement Cost Estimate

In establishing a replacement cost estimate for the subject property we have given consideration to the actual construction costs for the subject property. The majority of the subject improvements were constructed in 2010, however subsequent additions of security fence, additional parking, pavilion, and bioswale were constructed in 2011 and the multipurpose room was constructed in 2012. The costs provided by the ownership representative included costs for kitchen equipment and a tax exempt bond issuance expense, which is not included herein. We have adjusted the actual construction costs provided by the ownership representative upwards to account for changes in construction costs since construction of the building based on information from the Marshall guide. After adjustment, the total costs for these improvements were $4,433,523.

We have also given consideration to a cost guide published by Marshall Valuation Service. This cost guide is indexed according to geographic location and updated on a quarterly basis. The Marshall guide suggests that a good quality Class C Group Care Home has a cost new of approximately $3,750,000 after applying appropriate multipliers. This cost estimate does not include additional site improvements of landscaping, fencing, site paving, pavilion, etc. Taking into consideration the actual costs for additional site improvements as provided by the ownership representative, we have added approximately $420,000 to the building cost estimate to arrive at a total cost estimate of $4,170,000. In our opinion this cost estimate is supportive of the adjusted construction costs as provided for the subject property. Therefore, we have utilized the actual adjusted cost of $4,433,523.

Accrued Depreciation Analysis

The accrued depreciation is based on the market extraction method. This approach relies upon the availability of comparable sales from which depreciation can be extracted. In this method the estimated land value at the time of sale is subtracted from the sale price to obtain a depreciated value of the improvements. The replacement cost new of the improvements for the comparable are estimated. The depreciated value of the improvements is subtracted from the cost new, resulting in the total depreciation in dollars. The dollar amount of depreciation is converted into percentages by dividing it by the cost. The percentage can be annualized by dividing the total depreciation by the estimated effective age of the property. The appraiser compares the range of annual percentage rates with the subject property, considering differences in physical, functional and external characteristics, reconciling any differences into a depreciation estimate for the subject property.

The subject improvements' effective age is estimated to be 4 years. Based on depreciation rates indicated by sales of various commercial property types, the average annual depreciation rate for a property with a 4 year effective age is approximately 5%, with a range from approximately 1% to 10%. The design of the subject property is somewhat specialized. Some demand may exist for continued use of the subject property, however it is our opinion that the market for the subject property will be set by general office users. Some level of renovation will be necessary for general office use, therefore the subject property will experience some functional obsolescence due to the specialty design. Taking into consideration the functional obsolescence in our opinion a depreciation rate near the upper end of the range is appropriate, and we have adopted a depreciation rate of 9% per year, or 36%.

ENTREPRENEURIAL PROFIT

Entrepreneurial profit is the concept that a developer is entitled to a profit above and beyond the general contractor's profit for successful conception and execution of the development plan. As a result of the recent decline in property values and increase in construction costs, the market for speculative construction has diminished; therefore, the majority of new construction occurring has been for structures that will be owner-occupied. With this shift in demand for new construction, it is our opinion that entrepreneurial incentive has also shifted, given that what was once based on the return on the real estate is now based more on the business operations. Based on these considerations, it is our opinion that an entrepreneurial profit is not supportable for this property at this time.

COST APPROACH SUMMARY

Replacement Cost:	$4,433,523
Less Total Accrued Depreciation:	-$1,596,068
Depreciated Value of Improvements:	$2,837,455
Land Value:	$ 620,000
Value Conclusion by Cost Approach:	$3,457,455
Rounded:	$3,500,000

FINAL RECONCILIATION OF VALUE

The values indicated by the three approaches are noted below. An analysis of each approach and my final conclusion of value follows the indications.

Sales Comparison Approach:	\$3,300,000
Income Approach:	\$3,300,000
Cost Approach:	\$3,500,000

The Sales Comparison Approach included the comparison of the subject property with three office sales. Sales of properties highly similar to the subject in size and design were limited, however the sales utilized herein are considered to provide reliable data in the valuation of the subject property. Adjustments were applied to all three sales to account for the difference in design/use.

The Income Approach relied on market data to estimate an appropriate rent rate, expenses, and an overall capitalization rate. The subject property is owner occupied, therefore no income information is available for the property, which is a weakness of this approach. The limited availability of rent comparables highly similar in design and size is also a weakness of this approach. However, larger general office rent comparables were available for consideration, which were considered to provide a reliable indication to the market rent rate of the subject property. The potential renovation costs for general office use was considered in adopting the subjects market rent rate. Overall, the market data used within this approach is considered reliable.

The Cost Approach utilized the actual construction costs as provided for the subject property and the indicated cost by the Marshall Guide. The indicated costs by the Marshall Guide supported the actual cost for the property. The land value was based on three sales of similar properties. The need for a higher depreciation rate due to the functional/external obsolescence from the unique design of the subject property is a weakness of this approach. However, the newer age and condition of the subject property and availability of actual cost data increases the reliability of this approach. Overall, this approach is considered reliable.

Overall, each approach is considered reliable. In our opinion, no one approach is more reliable than the other due to the subject's unique design and use. Therefore equal weight is given to all three approaches and we have adopted a value conclusion of \$3,400,000 as our opinion of the prospective market value of the subject property.

The opinion of value is subject to the following hypothetical conditions and/or extraordinary conditions:

Extraordinary Conditions:

1. The enclosed pavilion area was not viewed, but was reported to be unfinished storage area. We have assumed this to be accurate.
2. Based on our viewing of the property and interview with an ownership representative, two of the offices on the second level floor plan were combined into one office. We have assumed this is the only variation from the floor plans herein.

Hypothetical Conditions: None

ESTIMATE OF EXPOSURE TIME

Reasonable exposure time may be defined as follows: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

The reasonable exposure time inherent in the market value concept is always presumed to precede the effective date of the appraisal. The estimate includes consideration of the type of property and the value range.

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

Sales of comparable properties gathered in the appraisal process, indicate a buyer profile that primarily includes a mix of owner-users and investor participation. The appraiser(s) have considered statistical information about days on market and interviews with market participants in adopting an exposure time of one year and a marketing time of one year or less.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.

2. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.

3. All maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

4. All information in this report has been obtained from reliable sources. The appraisers cannot, however, guarantee or be responsible for the accuracy of information furnished by others. The value conclusions are subject to the correctness of said data.

5. This opinion of value applies to land and improvements only unless otherwise stated within the report.

6. Possession of this report, or a copy thereof, does not imply the right of publication or use for any purpose by any other than the addressee, without the written consent of the appraisers.

7. The appraisers are not required to give testimony or attendance in court by reason of this appraisal, unless prior agreements have been made in writing.

8. The distribution of the total valuation in this report between land and improvements applies only to the existing utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

10. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report. The appraisers assume that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.

11. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

12. The appraisers have inspected, as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements, therefore, no representations are made herein as to these matters and unless specifically considered in the report, the opinion of value is subject to any such conditions that could cause a loss in value. Condition of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

13. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are connected or any reference to the Appraisal Institute.

14. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraisers become aware of such during inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraisers, however, are not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde, foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the opinion of value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of environmental impacts upon real estate if so desired.

15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

16. The appraisers are not a building or environmental inspectors. The appraisers provide an opinion of value. The appraisal does not guarantee that the property is free of defects or environmental problems. The appraisers perform an inspection of visible and accessible areas only. Mold may be present in the areas the appraisers cannot see. A professional building inspection or environmental inspection is recommended.

17. If a title report was not provided, it is assumed that no subdivision covenants or restrictions exist, unless noted in the report.

CERTIFICATION OF APPRAISERS

The appraisers certify that, to the best of their 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest or bias in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our 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.
- to the best of our knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with *Uniform Standards of Professional Appraisal Practice* and the Code of Professional Ethics of the Appraisal Institute.
- I, Allan J. Moore, and I, Kevin D. Reynolds, have made a personal inspection of the property that is the subject of this report.
- as of the date of this report, I, Allan J. Moore, have completed the requirements under the continuing education program of the Appraisal Institute.
- no one provided significant real property appraisal assistance to the persons signing this certification.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- we have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

A Moore — Allan J. Moore, MAI

Kevin Reynolds — Kevin D. Reynolds

ADDENDUM

ENGAGEMENT LETTER

REQUEST FOR APPRAISAL

Date: 5/27/2014

Need By: 6/13/2014
Or ASAP

From:	To (Appraiser):
The Bank of Missouri ATTN: Michelle Louden 2360 E Sunshine Springfield, MO 65804 E-Mail: mlouden@bankofmissouri.com Phone: (417) 881-4600 Fax: (417) 881-4601	Moore and Shryock Attn: Allan Moore 609 E Broadway Columbia, MO 65201 Phone #: 573-874-1207 Fax #: 573-449-2791 E-Mail: amoore@ms-app.com

Subject Property:

90 East Leslie Lane

Columbia, MO 65202

Owner(s):

Phoenix Programs, Inc

Home Phone #:

Work Phone #:

Other Phone #:

Loan Details: (Check All That Apply)

☑ Owner Occupied 100%

☐ Purchase ☑ Refinance ☐ Construction

☑ Commercial ☐ SBA ☐ AG ☐ USDA

Appraisal Type:

☑ Appraisal Report
☐ Restricted Appraisal Report
☐ Uniform Comm. Small Property Rpt.
☐ Uniform Comm. Small Property Rpt.-Income

☐ Vacant Land Form Report
☐ Vacant Land Narrative Summary Report

☐ USDA Farm Service Loan Appraisal

Borrower(s):

Phoenix Programs, Inc.

Home Phone #:

Work Phone #:

Other Phone #:

Contact:

☑ Owner/Seller ☐ Selling Agent ☐ Listing Agent

Name of Contact:

Rhiannon Pearson CFO

Home Phone #:

Work Phone #: 573-875-8880

Other Phone #:

Including:

☐ Sales Contract
☐ Plans and Specs
☐ Cost Estimates
☑ Legal Description

Notes:

Please provide appropriate Approach Sales/Cost/Income

Parcel

COMPANY PROFILE

MOORE AND SHRYOCK, L.L.C.
Real Estate Appraisers And Consultants
609 E. Broadway, Columbia, MO 65201
(573)874-1207 FAX (573)449-2791

Moore and Shryock, L.L.C. is a Columbia based consulting organization specializing in real estate appraisal and investment analysis for corporate and government decision-makers, lenders, investors and developers. The firm was formed by Allan Moore and Thomas Shryock in 1984.

Our primary market is Central Missouri, but we have also completed appraisals in Springfield, St. Louis, Kansas City, Oklahoma, Minnesota, New Mexico, Iowa, and Illinois. We appraise most types of property including residential, office buildings, apartment complexes, shopping centers, industrial, hotels/motels, and farms.

In addition to appraisals, other services include: absorption studies, counseling, consulting, condemnation, expert witness testimony, litigation support, cost and benefit studies, feasibility studies, management advice, market analysis, market rent studies, market trend studies, operating expense analysis, tax assessment review and advice, and zoning testimony.

A partial list of our clients follows. We are pleased to provide references.

GOVERNMENT AGENCIES AND MUNICIPALITIES

Boone County Commission
Boone County Regional Sewer District
Boone County Assessor
Callaway County Commission
City of Columbia
City of Kirksville
City of Jefferson City
City of Centralia
City of Fulton
City of Hannibal
City of Marshall
City of Moberly
City of Sedalia
City of Washington
F.D.I.C.
Federal National Mortgage Association
H.U.D.
Internal Revenue Service
Missouri Highway and Transportation Com
Ralls County School District
Randolph County Assessor
State of Missouri-Conservation Commission
State of Missouri-Dept. of Natural Resources
State of Missouri - Design and Construction
U.S.D.A. - Forest Service
U.S. Army Corps of Engineers
Veterans Administration

CORPORATIONS, DEVELOPERS AND INSTITUTIONAL CLIENTS

Allstate Appraisal
A.T. Still University
Anheuser Busch, St. Louis, MO
Boys and Girls Town
Bucher, Ratliff, Willis
Burns & McDonnell Engineering, Inc.
Burrell Health Care
Cincinnati Insurance
Columbia Board of Realtors
Columbia College
Columbia Public School District
Crawford, Murphy, Tilly
Curators of the University of Missouri
Ernst &Young
Gates Corporation
GE Capital Franchise Financial
Habitat for Humanity
Homequity, Oak Brook, IL
Integrity Management
Kroenke Group

Lincoln University
LaCrosse Lumber Co.
Maly Commercial Real Estate
Merrill Lynch Relocation Mngmnt, Chicago, IL
MFA Inc.
MFA Oil, Inc
Missouri Association of Realtors
North Central Missouri Regional Water District
O.R. Colan Associates
Ozark Regional Land Trust
Prudential Realty Group, Chicago, IL
Semco
Southern Pacific Railroad
State Farm Relocation, Bloomington, IL
The Conservation Fund
The Nature Conservancy
Trans Equity, Inc., Omaha, NE
Trust for Public Land
Savage & Browning

LENDING INSTITUTIONS

Bank of America
Bank of Kirksville
Bank of Lake of the Ozarks
Bank of Missouri
Bank of St. Elizabeth
Bank of Washington
Bank Midwest
Boone County National Bank
Callaway Bank
Capital One
Central Bank
Central Trust
Citizens National Bank
Commerce Bank N.A.
Dana Capital
Enterprise Bank
FCS Financial
First Bank
First Midwest Bank
First State Community Bank
F & M Bank
Gold Bank
Hawthorn Bank
Jefferson Bank
Landmark Bank
Lee County Bank
Mennonite Financial, FCU
Merchants & Farmers Bank
Mid-America Mortgage Company
Mission Bank
Missouri Credit Union
Montgomery Bank
National Bank of Kansas City
National City Bank
PNC Bank
Providence Bank
Pulaski Bank
Regions Bank
REM Capital Group
Reliance Bank
Southwest Securities, FSB
The National Bank
Tri-County Trust
United Missouri Bank
US Bank

LAW FIRMS

Brown, Willbrand, Simon, Powell & Lewis
Chapman, Cowherd, Turner & Tschannen
Cox & Associates
Ford, Parshall & Baker
Jones, Schneider & Stevens
Knight & Salladay
Kreuter & Gordon
Lake Law Firm
Polsinelli Shughart
Van Matre, Harrison, Volkert & Hollis
Walther, Antel, Stamper & Fischer
Mariea & Sigmund, L.L.C.

QUALIFICATIONS OF ALLAN J. MOORE

Owner of **Moore and Shryock, L.L.C.**, which offices at 609 E. Broadway, Columbia, Missouri. (573-874-1207) (FAX 573-449-2791) amoore@ms-app.com

PROFESSIONAL AFFILIATIONS AND CERTIFICATIONS

Member of the Appraisal Institute (MAI No. 6760)
State Certified General Real Estate Appraiser (No. RA001224)
Real Estate Broker, State of Missouri since 1977
Litigation Professional Development Program Completed (2013)
Chamber of Commerce since 1983
Regional Economic Development since 2004
Moberly Economic Development Corporation since 2005
National Association of Realtors
Missouri Association of Realtors
Columbia Board of Realtors
Bagnell Dam Area Association of Realtors
Lake Of The Ozarks Board of Realtors
Audrain County Board of Realtors
Jefferson City Board of Realtors
Randolph County Board of Realtors
Central Missouri Board of Realtors
Northeast Central Board of Realtors
Mid America Regional Information System
Small Business Administration Certification

LEADERSHIP POSITIONS

1990	President-Appraisal Institute, Kansas City Chapter
1990	Governing Councilor-Appraisal Institute
1991	Director-Appraisal Institute, Kansas City Chapter
1991-92	Regional Representative-Appraisal Institute
1991-92	Director-Missouri Appraisal Advisory Council
1992-96	Director-Missouri Association of Realtors
1994	Secretary-Columbia Board of Realtors
1998-99	President Diamond Council of Columbia, Inc.
1999	Realtor of The Year
2000	Secretary/Treasurer-Columbia Board of Realtors
2001	Chair-Standards of Professional Practice-Columbia Board of Realtors
2004-06	Chair-Property Committee – Columbia Board of Realtors
2010-11	Special Business District Board Chair
2011-Present	Treasurer – First Presbyterian Church
2011-Present	Downtown Community Improvement District Board Member
2013-Present	Columbia Chamber of Commerce Board Member

STATEMENT OF CERTIFICATION STATUS

The Appraisal Institute and the State Of Missouri conduct a program of continuing education for its members. Appraisers who meet the minimum standards of this program are awarded periodic educational certification. I am certified under these programs.

EDUCATIONAL BACKGROUND

University of Missouri

Bachelor of Science - Agricultural Economics (1977)

Appraisal Institute

Course 1A	Basic Principles, Methods, and Techniques in Valuation (1977)
Course 1B	Capitalization Theory and Techniques (1977)
Course 2	Urban Properties Valuation (1977)
Course 4	Litigation Valuation (1983)
Course E4	Litigation Valuation (1993)
Course 530	Advanced Sales Comparison & Cost Approaches (2002)
Course 420	Business Practices and Ethics (2007, 2012)
Course 720	Condemnation Appraising Principles & Applications (2009)
Course 700	Expert Witness Preparation & Testimony (2013)
Course 705	Litigation Appraising (2013)

Seminars

Evaluation of Leases and Partial Interest (1988)
Residential Inspections (1988)
Farm Sales Analysis (1990)
Easement Valuation (1990)
Reviewing Appraisals (1992)
Americans With Disabilities Act (1993)
MoDot Right of Way Seminar (1996)
Small Hotel/Motel Valuation (1999)
Highest and Best Use Analysis (2000)
Valuation of Detrimental Conditions (2002)
Conservation Easement Valuation (2004)
MoDot Right of Way Seminar (2005)
Green Building Construction (2007)
Uniform Appraisal Standards for Federal Land Acquisitions (2007)
Analyzing Commercial Lease Clauses (2007)
Appraising Distressed Commercial Real Estate (2008)
Office and Industrial Market Conditions/Outlook (2009)
Appraisal of Nursing Facilities (2009)
Hotel Valuation (2010)
Uniform Standards of Professional Practice (2002, 2006, 2008, 2010, 2012)
Hard to Value Commercial Real Estate Assets (2010)
Understanding & Using Investor Surveys (2011)
Interagency Appraisal & Evaluation Guidelines (2011)
Fundamentals of Separating Real Property, Personal Property & Intangible Business Assets (2012)
Litigation Professional Development Program Completed (2013)

TYPES OF PROPERTIES APPRAISED

Office, retail, industrial, banks, motels, agricultural, residential, environmentally impacted and special purpose properties.

GEOGRAPHIC AREA OF APPRAISAL

Missouri

QUALIFICATIONS OF KEVIN D. REYNOLDS

An Associate Appraiser in the firm of **Moore and Shryock L.L.C.**, which offices at 609 E. Broadway, Columbia, Missouri 65201. (573-874-1207) (FAX 573-449-2791)

PROFESSIONAL AFFILIATIONS AND CERTIFICATIONS

Missouri State Certified General Real Estate Appraiser No. 2009007120

Realtor ® Memberships

National Association
Missouri Association
Columbia Board
Audrain County Board
Jefferson City Board
Northeast Central Board
Sedalia/Warsaw Board

EDUCATIONAL BACKGROUND

University of Missouri-Columbia

Bachelor's degree in Agribusiness Management
Minor in Plant Sciences

Appraisal Institute Courses:

Principles of Real Estate Appraisal
National Uniform Standards of Professional Appraisal Practices (USPAP)
Basic Income Capitalization
Condemnation Appraising Principles & Applications
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
Expert Witness Preparation & Testimony (2013)

Seminars

Analyzing Commercial Lease Clauses
Hotel Valuation

GEOGRAPHIC AREA OF APPRAISAL

Mid-Missouri

APPRAISAL EXPERIENCE

Full time real estate appraiser since June 2006; experience appraising retail, office, industrial, agricultural, motels, convenience stores and special-use properties.

IMPROVED SALE NUMBER 1

SALE INFORMATION			
Address:	1805 E. Walnut Columbia, MO	County:	Boone
Grantor:	Jerry & Renee Swartz		
Grantee:	Burrell,Inc		
Date of Sale:	12/30/10	Sale Price:	$1,750,000.00
Property Rights:	Fee Simple	Cash Equiv. Price:	$1,750,000.00
Financing:	Cash	Price/SF:	$108.10
Instrument:	Warranty Deed	# of Units:	
Book/Page:	3753/33	Price Per Unit:	?
Marketing Period (days):			

IMPROVEMENT DESCRIPTION		LAND DESCRIPTION	
Category:	Office	Land Area SF	82,764
Property Type:	General Office	Primary Frontage (Ft):	
Gross SF:	16,188	Traffic Count:	<100
Finished SF:	16,188	Site Dimensions:	
Net Rentable SF:	16,188	Corner Site:	No
# of Units:		Zoning:	O-1
Year Built:	1968	Flood Zone:	No

		INCOME / EXPENSE PROJECTION	
Effective Age:	20		
Design:	2 Story	Forecast Gross Income:	$194,256.00
Ceiling Height:	9	Vacancy Loss:	$14,569.00
Parking Spaces:	Adequate	Other Income:	
Parking Type:	Open/Paved	Effective Gross Income:	$179,687.00
Condition:	Average	Real Estate Taxes:	$18,141.00
Quality:	Frame/Avg.	Insurance:	$4,856.00
Basement:	Incl. in Gross	Management:	$7,187.00
Functional Utility:	Average	Maintenance:	$4,047.00
		Janitorial:	
SALE ANALYSIS		Utilities:	
Land Contribution:		Misc. Exp:	$1,797.00
Excess Land:		Other:	
Avg. Ann. Depr. Rate:	?	Other:	
Overall Cap Rate:	8.21%	Total Expenses:	$36,028.00
		Net Operating Income:	$143,659.00

SALE VERIFICATION			
Verified By:	Other, broker		
Verified To:	J.D. Moran		
Verified On:	11/24/2010	Improved Sale No.:	2038

IMPROVED SALE NUMBER 1 *CONTINUED*

ADDITIONAL COMMENTS	
Specific Location of Sale:	Located on E. Walnut, two lots east of Old Route 63 on the north side.
Legal Description:	Lot 11, Lakewoods Garden Subdivision
Financing:	
Conditions of Sale:	Arm's Length
Environmental:	No indication to the "untrained eye" of environmental hazard could be found.
Encumbrance:	No adverse easements or encumbrances.
Other Features:	None
Comments:	Bi-level office building. The property is former Moberly Area Community College satellite Building. The buyers intend to purchase and renovate the property for their use at an estimated cost of $600,000 (about $300,000-$400,000 of this cost will be for non-realty items). Planned use is for outpatient mental health facility. Property was formerly purchased in 2005 for $1,375,000 then leased to MACC for $12.00/s.f. The lessee was responsible for insurance, general building maintenance, snow removal and lawn care. Renovations were required at the time of the former sale. **

IMPROVED SALE NUMBER 2

SALE INFORMATION			
Address:	Confidential	**County:**	Boone
	Columbia, MO		
Grantor:	Confidential		
Grantee:	Confidential		
Date of Sale:	09/26/12	**Sale Price:**	$1,765,000.00
Property Rights:	Leased Fee	**Cash Equiv. Price:**	$1,765,000.00
Financing:	Cash	**Price/SF:**	$135.62
Instrument:	Warranty Deed	**# of Units:**	9
Book/Page:	Confidential	**Price Per Unit:**	$196,111.11
Marketing Period (days):			

IMPROVEMENT DESCRIPTION		LAND DESCRIPTION	
Category:	Office	**Land Area SF**	54,886
Property Type:	General Office	**Primary Frontage (Ft):**	
Gross SF:	13,014	**Traffic Count:**	19614
Finished SF:	13,014	**Site Dimensions:**	
Net Rentable SF:	10,625	**Corner Site:**	No
# of Units:	9	**Zoning:**	C-P, Planned Commercial
Year Built:	2005	**Flood Zone:**	No
Effective Age:	5	**INCOME / EXPENSE PROJECTION**	
Design:	2 Story	**Forecast Gross Income:**	$216,292.00
Ceiling Height:	10	**Vacancy Loss:**	$12,978.00
Parking Spaces:	Adequate	**Other Income:**	
Parking Type:	Concrete	**Effective Gross Income:**	$203,314.00
Condition:	Good	**Real Estate Taxes:**	$23,887.00
Quality:	Brick&Stone/Good	**Insurance:**	$3,100.00
Basement:	Incl. in Gross	**Management:**	$8,133.00
Functional Utility:	Good	**Maintenance:**	$17,000.00
		Janitorial:	
SALE ANALYSIS		**Utilities:**	$5,700.00
Land Contribution:		**Misc. Exp:**	$2,033.00
Excess Land:		**Other:**	
Avg. Ann. Depr. Rate:	?	**Other:**	
Overall Cap Rate:	8.13%	**Total Expenses:**	$59,853.00
		Net Operating Income:	$143,461.00

SALE VERIFICATION			
Verified By:	Confidential		
Verified To:	Joanna Witte		
Verified On:	12/11/2012	**Improved Sale No.:**	2490

IMPROVED SALE NUMBER 2 *CONTINUED*

ADDITIONAL COMMENTS	
Specific Location of Sale:	
Legal Description:	
Financing:	
Conditions of Sale:	Arm's Length
Environmental:	No indication to the "untrained eye" of environmental hazard could be found.
Encumbrance:	No adverse easements or encumbrances.
Other Features:	Elevator, Sprinkler, Common conference room
Comments:	This property was not listed for sale. At the time of the sale 4 of the 9 units were vacant. Building is two level in design with the lower level being partially below grade with entrances facing road.

IMPROVED SALE NUMBER 3

SALE INFORMATION			
Address:	1000 West Nifong Boulevard - Building 2	**County:**	Boone
	Columbia, MO		
Grantor:	Orscheln Properties Co. LLC		
Grantee:	Last Enterprises, LLC		
Date of Sale:	01/01/11	**Sale Price:**	$3,470,000.00
Property Rights:	Leased Fee	**Cash Equiv. Price:**	$3,470,000.00
Financing:	Cash	**Price/SF:**	$153.54
Instrument:	Warranty Deed	**# of Units:**	1
Book/Page:	3886/63	**Price Per Unit:**	$3,470,000.00
Marketing Period (days):			

IMPROVEMENT DESCRIPTION		LAND DESCRIPTION	
Category:	Office	**Land Area SF**	58,370
Property Type:	Medical Office	**Primary Frontage (Ft):**	
Gross SF:	22,600	**Traffic Count:**	12000
Finished SF:	22,600	**Site Dimensions:**	
Net Rentable SF:	22,600	**Corner Site:**	Yes
# of Units:	1	**Zoning:**	C-P, Planned Commercial
Year Built:	1990	**Flood Zone:**	No
Effective Age:	10	**INCOME / EXPENSE PROJECTION**	
Design:	2 Story	**Forecast Gross Income:**	$398,000.00
Ceiling Height:	9	**Vacancy Loss:**	$31,840.00
Parking Spaces:	Adequate	**Other Income:**	
Parking Type:	Concrete	**Effective Gross Income:**	$366,160.00
Condition:	Average	**Real Estate Taxes:**	$55,947.00
Quality:	Brick & Steel	**Insurance:**	$3,620.00
Basement:	None	**Management:**	$14,646.00
Functional Utility:	Average	**Maintenance:**	$ 453.00
		Janitorial:	
SALE ANALYSIS		**Utilities:**	
Land Contribution:	$875,000.00	**Misc. Exp:**	$3,662.00
Excess Land:		**Other:**	$ 335.00
Avg. Ann. Depr. Rate:	3.08%	**Other:**	
Overall Cap Rate:	8.29%	**Total Expenses:**	$78,663.00
		Net Operating Income:	$287,497.00

SALE VERIFICATION			
Verified By:	Paul Land, Buyer		
Verified To:	Kyle Newland		
Verified On:	2/10/2012	**Improved Sale No.:**	2347

IMPROVED SALE NUMBER 3 *CONTINUED*

ADDITIONAL COMMENTS	
Specific Location of Sale:	SWC of Nifong & Forum
Legal Description:	
Financing:	
Conditions of Sale:	Arm's Length
Environmental:	No indication to the "untrained eye" of environmental hazard could be found.
Encumbrance:	No adverse easements or encumbrances.
Other Features:	None
Comments:	Medical office building within the Woodrail Centre. The entire building is leased to the University of Missouri. Buyer was former listing agent. Property had been listed for $4.9 million and $4.2 million prior to the sale. **

LAND SALE NUMBER 1

SALE INFORMATION			
Address:	Amron Court	**County:**	Boone
	Columbia, MO		
Grantor:	United Bass ORE LLC		
Grantee:	Missouri Annual Conference of the United Methodist Church		
Date of Sale:	5/20/2013	**Sale Price:**	$405,000.00
Property Rights:	Fee Simple	**Cash Eq. Pr.:**	$405,000.00
Financing:	Conventional	**Price/SF:**	$4.72
Instrument:	Warranty Deed	**Price/FF:**	$1,125.00
Book/Page:	4155/91	**Price/Acre:**	$205,583.76
Marketing Per. (Days):		**Cond. of Sale:**	Arm's Length

PROPERTY DESCRIPTION			
Square Feet:	85,813	**Shape/Utility:**	Rectangular
Area (Acres):	1.97	**Topography:**	Level to Gently Sloping
Primary Front (Ft):	360	**Traffic Count:**	30000
Secondary Front (Ft):	120	**Utilities:**	E,S,W,G
Corner Site:	Yes	**Zoning:**	O-P
Roads:	Paved	**Highest/Best Use:**	Office
Dimensions:		**Flood Zone:**	No
Site Improvements:	None		

SALE VERIFICATION			
Sale Verified by:	John Roberston, Appraiser		
Verified To:	Kyle Newland		
Sale Verified on:	11/19/2012	**Land Sale Number:**	3138

ADDITIONAL COMMENTS	
Specific Location of Sale:	W on Vandiver from Hwy 63, R on Woodard, R on Amron, on L
Legal Description:	
Financing:	
Conditions of Sale:	Arm's Length
Environmental:	No indication to the "untrained eye" of environmental hazard could be found.
Encumbrance:	No adverse easements or encumbrances.
Comments:	Tract purchased by adjacent property owner. Purchase price was reportedly $405,000 plus a $70,000 charitable donation. Sale price reflects the actual cash transferred. Primary front feet is on Highway 63. No access from Hwy 63.

LAND SALE NUMBER 2

SALE INFORMATION			
Address:	Chapel Hill & Colony Drive	**County:**	Boone
	Columbia, MO		
Grantor:	Avanti Properties, LLC		
Grantee:	RH Montgomery Properties, Inc.		
Date of Sale:	7/16/2010	**Sale Price:**	$615,000.00
Property Rights:	Fee Simple	**Cash Eq. Pr.:**	$615,000.00
Financing:	Conventional	**Price/SF:**	$4.87
Instrument:	Warranty Deed	**Price/FF:**	$2,196.43
Book/Page:	3669/89	**Price/Acre:**	$212,068.97
Marketing Per. (Days):		**Cond. of Sale:**	Arm's Length
PROPERTY DESCRIPTION			
Square Feet:	126,325	**Shape/Utility:**	Irregular
Area (Acres):	2.9	**Topography:**	Level to Gently Sloping
Primary Front (Ft):	280	**Traffic Count:**	Low
Secondary Front (Ft):	230	**Utilities:**	E,S,W,G
Corner Site:	Yes	**Zoning:**	C-P, Planned Business
Roads:	Paved	**Highest/Best Use:**	Office
Dimensions:		**Flood Zone:**	No
Site Improvements:	None		
SALE VERIFICATION			
Sale Verified by:	Mike Grellner, Broker		
Verified To:	Kevin Reynolds		
Sale Verified on:	11/23/2010	**Land Sale Number:**	2741

ADDITIONAL COMMENTS	
Specific Location of Sale:	Located at the southeast corner of Chapel Hill and Colony Drive
Legal Description:	The Colonies Plat 5-D Lot 5-A
Financing:	
Conditions of Sale:	Arm's Length
Environmental:	No indication to the "untrained eye" of environmental hazard could be found.
Encumbrance:	No adverse easements or encumbrances.
Comments:	Vacant lot located at the corner of Chapel Hill and Colony Drive. The site is sloping downwards to the southeast. Based on the topography, the site is suited best for walkout type construction. It was indicated that the lot was purchased for development of a senior living facility.

LAND SALE NUMBER 3

SALE INFORMATION			
Address:	Bearfield Road	**County:**	Boone
	Columbia, MO		
Grantor:	THF Bearfield 63		
Grantee:	Bright Star Academy		
Date of Sale:	10/30/2012	**Sale Price:**	$529,254.00
Property Rights:	Fee Simple	**Cash Eq. Pr.:**	$529,254.00
Financing:	Conventional	**Price/SF:**	$7.89
Instrument:	Warranty Deed	**Price/FF:**	$1,230.82
Book/Page:	4054/91	**Price/Acre:**	$343,671.43
Marketing Per. (Days):		**Cond. of Sale:**	Arm's Length
PROPERTY DESCRIPTION			
Square Feet:	67,082	**Shape/Utility:**	Triangle
Area (Acres):	1.54	**Topography:**	Level
Primary Front (Ft):	430	**Traffic Count:**	8,919
Secondary Front (Ft):	290	**Utilities:**	E,S,W,G
Corner Site:	Yes	**Zoning:**	C-P
Roads:	Paved	**Highest/Best Use:**	Commercial
Dimensions:		**Flood Zone:**	No
Site Improvements:	None		
SALE VERIFICATION			
Sale Verified by:	Mel Zelanek, Broker		
Verified To:	Kyle Newland		
Sale Verified on:	10/31/2012	**Land Sale Number:**	2988
ADDITIONAL COMMENTS			
Specific Location of Sale:	Southeast corner of Bearfield and Old 63 roundabout		
Legal Description:	Lot 1A Bearfield Plaza Subdivision Plat 1-B		
Financing:			
Conditions of Sale:	Arm's Length		
Environmental:	No indication to the "untrained eye" of environmental hazard could be found.		
Encumbrance:	No adverse easements or encumbrances.		
Comments:	Property was under contract for $9 per square foot for 1.35 acres for an extended period of time and as a result, the buyer ended up getting 1.54 acres. Property is being purchased for use as a daycare facility and will be accessible from the private drive along the northeast property line.		

MOORE AND SHRYOCK, L.L.C.
Real Estate Appraisers And Consultants
609 E. Broadway, Columbia, MO 65201
(573)874-1207 FAX (573)449-2791

June 27, 2014

Ms. Michelle Louden
The Bank of Missouri
2360 E Sunshine
Springfield, MO 65804

Re: Real estate appraisal of the Phoenix Programs facility, located at 90 Leslie Lane, Columbia, Missouri, under the ownership of Phoenix Programs Inc.

File # C405024

Date	Description	Hours	Per Hour	Total
6/17/2014	Property Research, Inspection	3		
6/18/2014	Property Research	1		
6/19/2014	Property, Market Research	2		
6/20/2014	Market Research, Report Writing & Analysis	3.5		
6/21/2014	Market Research	2.5		
6/23/2014	Report Writing & Analysis	5.5		
6/24/2014	Report Writing & Analysis	4		
6/25/2014	Report Writing & Analysis	1.5		
6/26/2014	Report Writing & Analysis	2		
TOTAL		**25**	**$120.00**	**$3,000.00**

Please include above file number with your payment

THANK YOU.

Old Republic National Title Insurance Company

Commitment Number: 14-26071

SCHEDULE A

1. Commitment Date: May 27, 2014 at 08:00 AM

2. Policy (or Policies) to be issued: Amount

   (a) Owner's Policy (ALTA Own. Policy (06/17/06)) 0.00
   Proposed Insured:
   Preliminary Commitment

   (b) Loan Policy (ALTA Loan Policy (06/17/06)) 0.00
   Proposed Insured:
   Preliminary Commitment

3. Fee Simple interest in the land described in this Commitment is owned, at the Commitment Date, by Phoenix Programs, Inc. a Missouri not-for-profit corporation, by virtue of Warranty Deed (Gift to Charity) recorded in Book 3033 at Page 25 on October 4,2006 in the Boone County, Missouri land records.

4. The land referred to in the Commitment is described as follows:

   Lot Two (2) of H.E. Johnson Subdivision in the City of Columbia, Boone County, Missouri, as shown by the plat thereof recorded in Plat Book 18, Page 14, Records of Boone County, Missouri.

Reliable Community Title Company LLC

By: ______________________
Authorized Signature

Old Republic National Title Insurance Company

Commitment Number: 14-26071

SCHEDULE B - SECTION I
REQUIREMENTS

The following requirements must be met:

a. Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.

b. Pay us the premiums, fees and charges for the policy.

c. Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.

d. You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.

e. Deed of Trust, executed by Phoenix Programs, Inc. a Missouri not-for-profit corporation, securing the loan to be insured and recorded in the Boone County Land Records.

f. Satisfaction and Release of Record Deed of Trust, Assignment of Rents and Security Agreement executed by Phoenix Programs, Inc., a Missouri nonprofit corporation, to William Ekey, Trustee for Commerce Bank, N.A., dated March 1, 2010, filed March 24, 2010, in Book 3618 at Page 145, showing an original principal amount of $2,000,000.00.
*The above Deed of Trust contains provisions for future advances under Section 443.055 of the RSMo not to exceed $2,000,000.00.

g. Satisfaction and Release of record Deed of Trust executed by Phoenix Program, Inc., a not-for-profit corporation, to Fred Boeckmann, Trustee for City of Columbia, State of Missouri, dated November 18, 2009, filed December 9, 2009, in Book 3582 at Page 149, showing an original principal amount of $188,111.31.
*Subordination Agreement recorded in Book 3618, Page 146, Records of Boone County, Missouri.

h. Satisfaction and Release of record MHTF Deed of Trust and Security Agreement executed by Phoenix Programs, Inc., a Missouri nonprofit corporation, to Bramwell E. Higgins, Trustee for Missouri Housing Development Commission, dated October 28, 2010, filed November 8, 2010, in Book 3727 at Page 95, showing an original principal amount of $125,000.00.
*The above Deed of Trust contains provisions for future advances under Section 443.055 of the RSMo not to exceed $125,000.00.

i. Satisfaction and Release of record MHTF Deed of Trust and Security Agreement executed by Phoenix Programs, Inc., a Missouri nonprofit corporation, to Weylin Watson, Trustee for Missouri Housing Development Commission, dated September 20, 2011, filed October 3, 2011, in Book 3856 at Page 104, showing an original principal amount of $162,500.00.
*The above Deed of Trust contains provisions for future advances under Section 443.055 of the RSMo not to exceed $162,500.00.

Commitment Number: 14-26071

SCHEDULE B - SECTION I
Continued)

j. Reliable Community Title Company LLC must be provided a certified copy of the Resolutions of the Board of Directors or authorized officers of said corporation authorizing the purchase, sell, or finance/re-finance of this property described in the legal description.

k. Affidavit to be signed by seller or mortgagor in connection with the title insurance policy to be issued by Old Republic National Title Insurance Company.

The following is provided for INFORMATIONAL purposes only and we assume no liability for the same. The INFORMATION must be verified before using it for proration for closing or for escrow.

PARCEL NO: 16-311-00-06-002.00
2013 COUNTY REAL ESTATE TAX AMOUNT: $0.00 - (TAXES ARE EXEMPT)

NOTE: Schedule B of the Policy or Policies, if issued, will contain exceptions to the aforesaid requirements unless the same are complied with.

NOTE: PLEASE READ THE EXCEPTIONS AND THE TERMS SHOWN OR REFERRED TO HEREIN CAREFULLY. THE EXCEPTIONS ARE MEANT TO PROVIDE YOU WITH NOTICE OF MATTERS THAT ARE NOT COVERED UNDER THE TERMS OF THE TITLE INSURANCE POLICY AND SHOULD BE CAREFULLY CONSIDERED.

CLOSING INFORMATION NOTE: If the closing for the subject property is to be conducted by Reliable Community Title Company LLC we require all monies due from the purchase to be in the form of Cashiers Check or Wire Transfer. If the sale proceeds of any "payoffs" pursuant to the closing require "Good Funds" then monies received by us for such must be by bank or wire transfer.

The above applies to all closings unless other specific arrangements are made. Due to wide variances in banking practices and lack of control over funds "on the wire" we cannot accept financial responsibility for delays in the clearing of funds.

Old Republic National Title Insurance Company

Commitment Number: 14-26071

SCHEDULE B - SECTION II
EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

2. STANDARD EXCEPTIONS

3. (a) Rights or claims of parties in possession not shown by the public records.

   (b) Easements, or claims of easements, not shown by the public records.

   (c) Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey.

   (d) Any lien, or right to a lien, for services, labor or material heretofore, or hereafter furnished, imposed by law and not shown by the public records.

4. SPECIAL EXCEPTIONS:

5. Real Estate taxes and municipal charges, which may constitute a lien.

6. All assessments and taxes for the year 2014 and all subsequent years.

7. Property address shown for informational purposes only - not an insuring provision.

8. Existing unrecorded leases and all rights thereunder of the lessees and of any person claiming by, through or under the lessees.

9. Right-of-way easement granted to Boone County Cooperative Electric Association by instument dated April 10, 1937 and recorded in Book 218, Page 208, Records of Boone County, Missouri.

10. Easement Agreement made by and between Denny's Inc., Harold E. Johnson, Dorsey M. Bass, Oliver W. Marshall, Tom M. Douglass, and Bandy Jacobs, dated September 22, 1975 and recorded in Book 428, Page 137, Records of Boone County, Missouri.

Commitment Number: 14-26071

SCHEDULE B - SECTION II
Continued)

11. Declaration of use restrictions dated May 23, 1984 and recorded in Book 509, Page 754, Records of Boone County, Missouri.

12. Building lines and utility easements as shown by the plat of H.E. Johnson Subdivision in the City of Columbia, Boone County, Missouri, the plat of which is recorded in Plat Book 18, Page 14, Records of Boone County, Missouri.

13. Terms and provisions of an instrument entitled "Use Agreement for Shelters and Multifamily Projects" dated January 14, 2008 and recorded in Book 3362, Page 42, Records of Boone County, Missouri.

14. Terms and provisions of an instrument entitled "Declaration of Land Use Restrictions Covenants for the State of Missouri Affordable Housing Tax Credits" dated April 1, 2009 and recorded in Book 3464, Page 126, Records of Boone County, Missouri.

15. Grant of easement for water utility purposes to the City of Columbia, Missouri by instrument dated June 30, 2009 and recorded in Book 3533, Page 118, Records of Boone County, Missouri.

16. Terms and provisions of an instrument entitled "Use Agreement for Shelters and Multifamily Projects" dated October 28, 2010 and recorded in Book 3727, Page 96, Records of Boone County, Missouri.

17. Grant of Easement for access to storm water facilities to the City of Columbia, Missouri by instrument dated August 31, 2010 and recorded in Book 3766, Page 134, Records of Boone County, Missouri.

18. Terms and provisions of an instrument entitled "Stormwater Management/BMP Facilities Covenant" dated August 31, 2010 and recorded in Book 3766, Page 143, Records of Boone County, Missouri.

19. Terms and provisions of an instrument entitled "Declaration of Land Use Restrictions Covenants for the State of Missouri Affordable Housing Tax Credits" dated March 17, 2011 and recorded in Book 3781, Page 101, Records of Boone County, Missouri.

20. Terms and provisions of an instrument entitled "Use Agreement for Shelters and Multifamily Projects" dated September 20, 2011 and recorded in Book 3856, Page 105, Records of Boone County, Missouri.

21. Terms and provisions of an instrument entitled "Declaration of Land Use Restrictions Covenants for the State of Missouri Affordable Housing Tax Credits" dated October 28, 2011 and recorded in Book 3876, Page 23, Records of Boone County, Missouri.

22. Terms and provisions of an instrument entitled "Declaration of Land Use Restrictions Covenants for the State of Missouri Affordable Housing Tax Credits" dated November 15, 2012 and recorded in Book 4066, Page 57, Records of Boone County, Missouri.

Commitment Number: 14-26071

SCHEDULE B - SECTION II
Continued)

23. Temporary construction easement granted to the City of Columbia, Missouri by an instrument dated November 15, 2012 and recorded in Book 4088, Page 180, Records of Boone County, Missouri.