

**SCHEDULE 4-2**  
**VILLAGE OF OAKWOOD WATER AND WASTEWATER SYSTEM**  
**REPLACEMENT COST NEW LESS PHYSICAL DEPRECIATION**

Wastewater System										
Description <sup>(1)</sup>	Year in Service	Quantity	Unit	Unit Cost <sup>(2)</sup>	Replacement Cost	Age <sup>(3)</sup> (Years)	ASL <sup>(4)</sup> (Years)	Percent Depreciated	Amount Depreciated	Replacement Cost Less Physical Depreciation
<b>Manholes</b>										
Manholes, 0-8' deep	1979	154	LS	\$ 4,000	\$ 616,000	35	45	77%	\$ 476,830	\$ 139,170
Manholes, 8' - 12' deep	1979	30	LS	\$ 4,200	\$ 126,000	35	45	77%	\$ 97,533	\$ 28,467
Manholes, 12' - 16' deep	1979	12	LS	\$ 4,600	\$ 55,200	35	45	77%	\$ 42,729	\$ 12,471
Manholes, 16' - 20' deep	1979	1	LS	\$ 5,000	\$ 5,000	35	45	77%	\$ 3,870	\$ 1,130
Drop Connections	1979	22	LS	\$ 2,500	\$ 55,000	35	45	77%	\$ 42,574	\$ 12,426
<b>Wastewater Treatment Facilities (WWTF)</b>										
WWTF	1979	1	LS	\$ 1,293,200	\$ 1,293,200	35	45	77%	\$ 1,001,033	\$ 292,167
WWTF Land		54.9	AC	\$ 10,000	\$ 549,000					\$ 549,000
<b>Subtotal</b>					<b>\$ 4,988,420</b>			<b>54%</b>	<b>\$ 2,714,275</b>	<b>\$ 2,276,145</b>
<b>Administration, Finance, Legal, Eng., etc @ 18%</b>					<b>\$ 897,916</b>			<b>54%</b>	<b>\$ 488,569</b>	<b>\$ 409,346</b>
<b>Contractor Mobilization/Demobilization, Profits, etc @ 10%</b>					<b>\$ 498,842</b>			<b>54%</b>	<b>\$ 271,427</b>	<b>\$ 227,415</b>
					<b>\$ 6,385,177</b>			<b>54%</b>	<b>\$ 3,474,271</b>	<b>\$ 2,912,906</b>

**Notes:**

- (1) The assets, quantities and year in service were documented from available reports and other information provided.
- (2) Cost new to replace per bid tabs and contractor/manufacturer quote includes material, labor, installation, site preparation, etc. and all assets built at the same time
- (3) Age of all assets calculated as of September 31, 2013.
- (4) Average service lives are based on recommended depreciation schedules.

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# **SECTION 5**

## **SECTION 5 INCOME APPROACH**

The purpose of this section of the Report is to consider the applicability and appropriateness of calculating the value of the Utility based on the income approach. In general, the income approach values a complete utility system which includes assets, customers, its service area and all other attributes of a fully functioning utility business based on the present value of the available cash flows generated from the ongoing operations of the utility. However, in this particular instance there are several unique and mitigating factors which would tend to diminish the importance of the income approach in the opinion of value, such that the weighting applied to this approach would be zero.

In this particular instance the potential transaction is from a governmental entity. These entities typically operate in a not-for-profit fashion with rates being set to cover expenses. In this type of transaction none of the typical adjustments for a not-for-profit to a for-profit or vice-versa should be made. This type of transaction typically would have little to no weight associated with the income approach.

Extenuating circumstances are evaluated to determine if there is reason to provide different weighting to this approach than is typical. The extenuating circumstances, detailed above, in this instance provide additional reasoning for a zero (0) weighting of the Income Approach. As such, GAI has determined that there is too much variability and inaccuracy in the value of an appraisal using the income approach, and therefore this approach is not applicable for the valuation of the Utility.

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# SECTION 6

## **SECTION 6 COMPARABLE SALES APPROACH**

### **6.1 INTRODUCTION**

The purpose of this market approach is to examine the history of water and wastewater utility acquisitions and analyze the conditions under which the systems were acquired, in an effort to arrive at an implied purchase price for the Village of Oakwood Utility. The selected transactions of utility systems are compared using quantitative values of connections, which is a common criteria used for utility valuation. Our research and experience was used in order to gather relevant information regarding similar acquisitions in from comparable locations. The potential list of utility sales is narrowed down to those that are considered comparable to the subject Utility. In order to compare the different transactions, a variety of factors and adjustments were made.

### **6.2 FACTORS INFLUENCING UTILITY ACQUISITIONS**

There are many factors involved in the agreement of an acquisition price for a utility system. These factors create both similarities and differences between the transactions resulting in the formation of a well-mixed market of utility sales. The following is a discussion of several important factors that impact the acquisition price of utility systems.

#### **6.2.1 System Assets**

Utility systems vary considerably in their sizes, treatment capacities, physical condition (which is sometimes an indicator of age or level of maintenance provided), as well as the number and types of customers. All of the above are components that form the utility's assets to be transferred. It is common that knowledgeable buyers of utility systems look closely into these components prior to agreeing upon a purchase price. The following areas regarding system assets are often considered in an evaluation:

- a. Type of service provided (water only, wastewater only, and both water and wastewater components).
- b. Extent and physical characteristics of the utility systems and aggregate effective age of the system.
- c. Water and/or wastewater treatment capacities.
- d. Actual customers connected to the utility systems and their characteristics (size).
- e. Process and level of treatment necessary.
- f. Type of sale (context of transaction).
- g. Date of sale.
- h. Location of the system.
- i. Condition of water and/or wastewater facilities in operation.

### 6.2.2 Regulatory Compliance

The extent and/or magnitude of litigation and the risk of loss associated with as well as fines or ordered corrective actions effect system pricing.

### 6.2.3 Competitive Market or Monopoly

The exclusivity of the service territories can be a major factor influencing an acquisition and the pricing of a utility. If a utility is granted either franchise rights or territorial certificates that protect its service territories and make the utility a sole provider of utility services within such territories, the value may be substantially enhanced. However, if other private or public utilities can provide similar services in the same territories, the opposite effect may occur.

#### 6.2.4 Method of Acquisition

The majority of the utility transactions occur through negotiations between interested buyers and motivated sellers. However, ownership of a utility system by a governmental entity can occur through a condemnation process.

#### 6.2.5 Context of Transaction

It is important to consider the variance to the “industry standard” terms and conditions of the purchase and sale agreement. If special terms would create value, then adjustments are made.

### 6.3 MARKET SUMMARY

The overall market for utility sales in the marketplace includes a variety of circumstances and transactions. In order to reduce some of the inherent variability in utility transfers, it is helpful to establish a common indicator of value. In estimating the value of the system utilizing the comparable sales approach, one of the most widely used common indicators of value is the price/cost per connection.

Significant variability is typically observed at lower numbers of connections. Some small systems are abandoned and conversely, some small systems are more valuable than the customer base due to other factors. As the number of connections increases, the variability tends to decrease. Typically, larger systems are viable operations and are not abandoned. Likewise, if the system serves a large area, then other factors such as the integration benefits resulting from economies of scale are not as significant as the utility’s large customer base.

Additionally, larger utility systems tend to have similar staffing and levels of service requirements, normally provide fire protection, and are not typically reliant on temporary package plant facilities for treatment. Management and operations staff are usually employees of the utility, and are not part-time contract operators. The owners and purchasers are typically knowledgeable regarding the systems and can afford expert utility advisors to assist in the transaction due to the magnitude of funds involved.

## 6.4 SELECTED COMPARABLE SALES

As indicated earlier, there are several factors that must be considered in the selection and evaluation of the comparable set of system transactions. The following discussion presents the criteria utilized in the comparable sales selection process, as well as a brief description and background of each selection.

All the information regarding these transactions was gathered from various Public Service Commissions, other regulatory entities, or local municipalities.

### 6.4.1 Criteria

The selection of potential transactions to be utilized in the comparison analysis presented herein involved a review of over 1,000 utility transactions. The selection process was based upon the following criteria:

- a. Sales occurring within the United States and in the Midwest region where possible;
- b. Combined water and wastewater connections served at the time of closing of between 40 and 4,000; and,
- c. Sales occurring between the years of January 1, 2003 and May 30, 2013.

### 6.4.2 Selected Comparable Sales

Based upon the criteria described above, five (5) water only utility transactions, one (1) wastewater only transactions, and four (4) water and wastewater utility transactions were selected for the comparable sales analysis. The selected utility sales are assumed to represent arm's length transactions and thus are representative of fair market value. **Schedule 6-1** provides the list of selected comparable utility transactions including the applicable seller and purchaser for each transaction, the year of the transaction, the purchase price, and the number of total connections.

### 6.4.3 Summary of Selected Transactions

This subsection presents a brief description of the selected system transactions shown in **Schedule 6-1**.

#### *Sale No. 1: Wingert Water Systems to Aqua America (Texas)*

Aqua America, Inc. ("Aqua") is a holding company for regulated utilities providing water or wastewater services in multiple states. In December 2012, Aqua Texas, Inc. ("Aqua Texas"), an operating subsidiary of Aqua, purchased the water facilities of Wingert Water Systems, Inc. ("Wingert"). Wingert provided service to several residential subdivisions in Comal County, Texas. At the time of purchase, Wingert had approximately 800 connections serving a population of less than 2,500. At buildout, the system is expected to serve more than 3,000 residents with approximately 1,100 connections.

The water facilities purchased included lines, service pumps, water supply wells, and water storage. Production capacity of the system is approximately 1.0 MGD. The purchase price was approximately \$1.89 million or \$1,718 per connection.

#### *Sale No. 2: Royal Oaks Water System to Aqua America (Texas)*

In December 2012, Aqua Texas also acquired the assets of Royal Oaks Water System, Inc. ("Royal Oaks"). Royal Oaks serves approximately 120 residents with 40 connections in the Royal Oaks subdivision in Kerr County, Texas.

The water facilities purchased included lines, service pumps, water supply wells, and water storage. Production capacity of the system is approximately 0.2 MGD. The purchase price was \$40,000 or \$1,000 per connection.

#### *Sale No. 3: Moecherville Water District to Aqua Utilities (Illinois)*

In November 2012, Aqua Illinois also purchased the water supply facilities of the Moecherville Water District ("Moecherville") in Aurora Township in Kane County, Illinois.

for \$1.4 million. The system provides water services to 1,100 residents with approximately 400 connections.

The purchase price was approximately \$1.4M or \$3,400 per connection.

*Sale No. 4: Olwen Heights to American Water*

In March 2013, Pennsylvania American Water also purchased the water supply facilities of the Olwen Heights Water Company (“Olwen Heights”). Olwen Heights provided water services to approximately 500 residents with 175 connections in Roaring Brook Township, Pennsylvania.

The purchase price of the system was approximately \$450,000 or \$2,571 per connection.

*Sale No. 5: Clarion Area Authority to American Water*

In October 2008, Pennsylvania American Water also purchased the assets of the Clarion Area Authority (“Clarion”) wastewater system. Clarion provides wastewater treatment services to a population of approximately 6,600 with 2,200 connections in Clarion Borough, Clarion Township and Monroe Township, Clarion County, Pennsylvania.

The sale included the transfer of assets including an existing 1.75 million gallon per day wastewater treatment plant, more than 20 miles of interceptor and collection lines, five pump stations and other wastewater-related properties. The purchase price was approximately \$3.8 million or \$1,736 per connection.

*Sale No. 6: Claysville Donegal Joint Municipal Authority to American Water*

In July 2008, Pennsylvania American Water purchased the assets of the Claysville-Donegal Joint Municipal Authority (CDJMA) water and wastewater systems in Washington County, Pennsylvania. CDJMA provided water supply and transmission services to approximately 550 connections and wastewater collection and treatment services to approximately 500 connections.

The sale included the transfer of assets including wastewater treatment plant, more than 12 miles of collection lines, and other wastewater-related properties. At the time of purchase, it was reported to the Pennsylvania Public Service Commission (PPSC) that the transaction reflected CDJMA's need to divest itself of aging infrastructure, which would have required substantial capital investment. CDJMA was also faced with increased operating and inflationary-related costs and higher rates. The purchase price was approximately \$2 million or \$1,455 per water connection and \$2,400 per sewer connection.

*Sale No. 7: Mifflin Township Water Authority to Aqua America*

In x, 2012 Aqua Pennsylvania, Inc. (Aqua) purchased the water system of Mifflin Township Water Authority (MTWA), located in Mifflin Township, Columbia County. The system, which serves more than 1,500 residents in the Mifflinville area, is currently under a Consent Order and Agreement with the Pennsylvania Department of Environmental Protection that focuses on unaccounted for water. The purchase price was \$1.1 million.

*Sale No. 8: Wedgefield Utilities, Inc. to Pluris Wedgefield, LLC*

On April 16, 2009 Pluris Wedgefield, LLC purchased water, wastewater and reclaimed water facilities from Wedgefield Utilities. The utility system was originally built in 1969. The purchase price for all of the assets purchased by Pluris Wedgefield, LLC was \$7,300,000.

The purchased water system had a permitted capacity of 1.037 MGD. The water system served a total of 1,642 ERCs in 2008. Of those customers, 1,572 ERCs represented residential customers. The maximum number of ERCs that can be served by the water system currently is 1,870 ERCs. The water system utilized Ion Exchange Softening as its primary type of water treatment.

The wastewater system purchased by Pluris Wedgefield, LLC served 1,586 customers, according to the 2008 Annual Report. The permitted capacity for the wastewater facilities was 0.368 MGD. The average daily flow for the wastewater system was 0.239 MGD and treated 87,408,000 gallons of wastewater in 2008.

Sale No. 9: Forest Hills Utilities, Inc. to Pasco County

Forest Hills Utilities, Inc. water and wastewater system was purchased by Pasco County in May of 2004. The purchase price for the system was \$3,745,000 with an additional \$1,000 for each water and wastewater added until the time of closing. The utility provided water and wastewater service to an area in southwest Pasco County, Florida. The purchased system at the time of the acquisition served 2,394 water and 1,204 wastewater ERCs.

The Forest Hills water system consisted of eight (8) water supply wells located throughout the service area at different water treatment plant sites. Water treatment consisted of chlorination through hypochlorite addition and in some cases corrosion inhibitor in the form of Aqua-Mag.

The wastewater system served a total of 1,116 customers. The collection system consisted of approximately 52,970 feet of PVC and VD piping. Seven (7) lift stations transferred the wastewater from the collection system to the Pasco County lift stations.

Sale No. 10: Park Manor Waterworks, Inc. to Orange County, Florida

On June 24, 2003 Park Manor Waterworks agreed to sell their potable water and wastewater systems to Orange County, Florida. The purchase price for the water and wastewater systems was \$3,350,000. At the time of the sale, the water and wastewater served 1,436 ERCs and 1,410 ERCs respectively. The utility's 2002 annual report lists combined operating revenues of \$876,979 and a combine net operating income of \$7,496.

The water treatment plant involved in the transaction had a permitted capacity of .970 MGD. According to the 2002 annual report, the water treatment plant sold 135,814,000 gallons of potable water to customers in their service area. The water treatment plant utilized aeration and chlorination as their type of treatment.

The wastewater treatment plant sold included in the transaction had a permitted capacity of .350 MGD. The average daily flow for the treatment facility was 352,000 gallons a day. According to their 2002 annual report, the wastewater treatment plant processed 128,480,000 gallons of wastewater that year.

## 6.5 ADJUSTMENTS TO PURCHASE PRICES

In order to equitably compare historical utility sales to that of the utility considered herein, several adjustments must be made to the negotiated purchase prices of the comparable sales considered in this analysis. Such adjustments to the purchase price include an adjustment to compensate for market conditions at the time of the transaction and adjustments to accurately disseminate the allocated purchase price according to net plant in-service for those systems that operate under a purchased water and/or wastewater capacity agreement. The considered adjustment factors are show below in **Table 6-1**.

**Table 6-1**  
**Sales Comparison**  
**Listing of Adjustments**

<u>Adjustment</u>	<u>Description</u>
Capacity	Permitted Design Capacity
Process	Level of Owner's Treatment
Components	Ratio Adjustment on OCNLD basis (See <b>Schedule 6-2</b> )
Process	Level of Owner's Treatment
Type of Sale	Negotiated, Contracted, Franchise, Condemnation or Orderly Liquidation
Location	Coastal, Interior, Urban, Suburban or Rural
Size	Equivalent Residential Units or Connections (ERCs) based upon AWWA meter size.

### 6.5.1 Asset Composition Adjustment

The purchase price of a utility system is to an extent a function of the assets that the system owns. Therefore, in comparing similar transactions, it is important to analyze the classes of assets in the possession of the system being utilized as the basis for comparison and make necessary adjustments to compensate for differences in total asset comparison show in **Schedule 6-2**.

### 6.5.2 Other Adjustments

Other adjustments were evaluated as to capacity, process, sale type, location and size and determined to make adjustments for those factors as needed.

#### 6.5.2.1 Size of the System

Unit prices can vary considerably depending on the quantity sold. As discussed earlier, the size of each water and wastewater utility is described in terms of the connections that the system serves. **Figures 6-1** and **6-2** show trend lines of each comparable sale that increase at parallel rates as the number of connections served by the system increases for both the water and wastewater systems, respectively.

Based on the adjustment made for the size of each comparable system, the trend lines in **Figures 6-1** and **6-2** display that a system serving 713 water and 671 wastewater connections has an average price per connection of \$1,535 and \$2,266 for water and wastewater, respectively.

However, these average prices per connection were reduced for the subject system's characteristics. The water price was reduced from \$1,535 to \$1,250 per connection, primarily to account for regulatory compliance issues (Haloacetic Acids (HAA) violation, Compliance Commitment Agreement (CCA) with the Illinois Environmental Protection Agency (IEPA), etc.). The wastewater price was reduced from \$2,266 to \$1,750 per connection due to the primary use of stabilization ponds (low-level treatment) and future regulatory risk.

## 6.6 ANALYSIS AND CONCLUSIONS

**Table 6-2** summarizes the adjusted price per connection based on the allocated purchase price.

**Table 6-2**  
**Comparable Sales Analysis**  
**Adjusted Price per ERC**

No.	Adjustment Factor	<u>Adjusted \$ / ERC <sup>(1)</sup></u>	
		Water	Wastewater
1	Connection	\$ 1,250	\$ 1,750
Final Price per ERC <sup>(1)</sup>		\$ 1,250	\$ 1,750

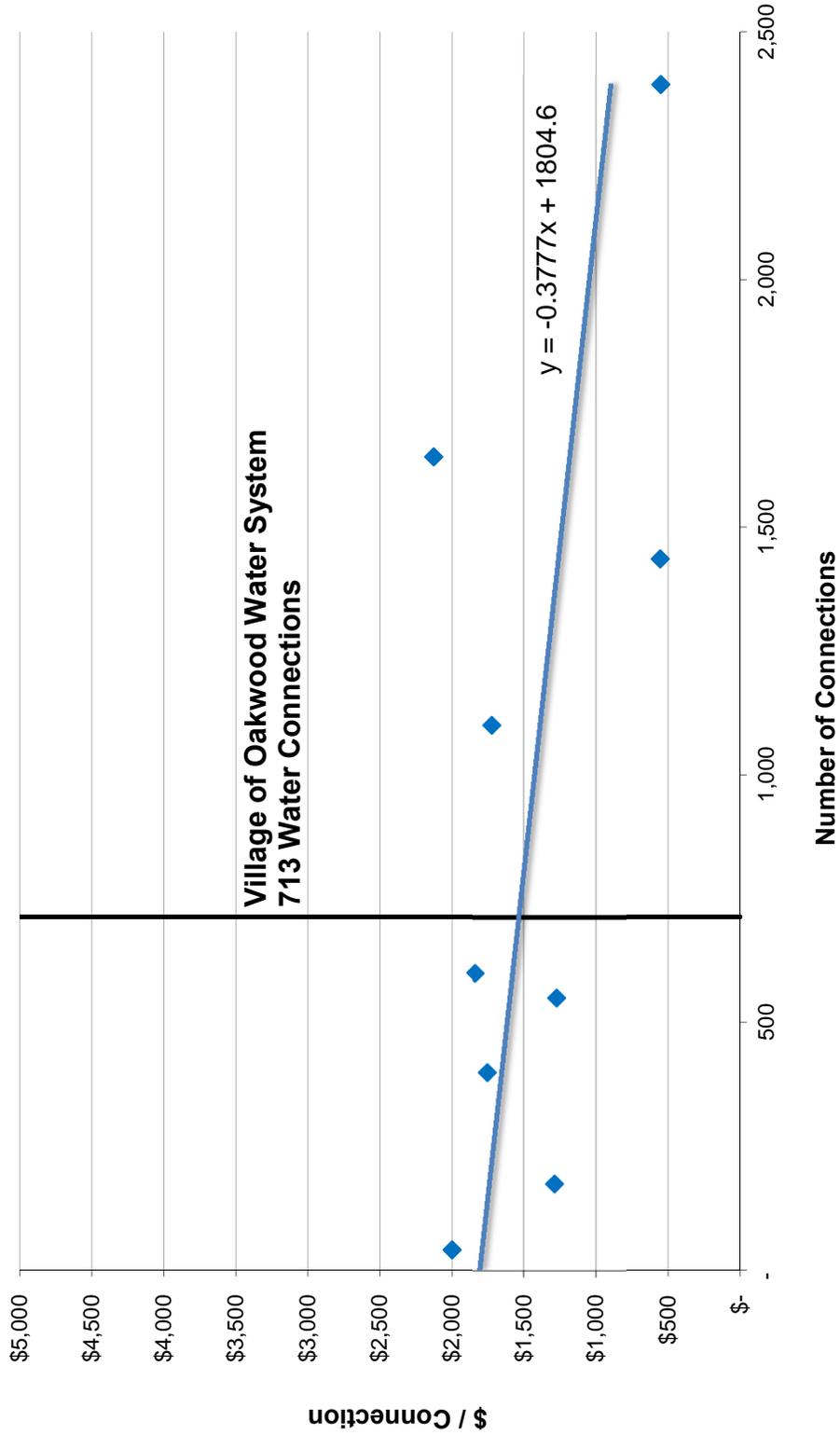
(1) Based on weighted trendline rounded to the nearest ten dollars.

Based on the data provided by the Village and our physical inspection of the Utility connections, the Utility has a total of 713 water connections and 671 wastewater connections. Using the final price per water and wastewater connection of \$1,250 and \$1,750, the comparable sales analysis provides a total estimated value of the water system assets to be acquired to be \$890,000 and the wastewater system of \$1,180,000, rounded to the nearest ten (10) thousand dollars as detailed on **Table 6-3** below.

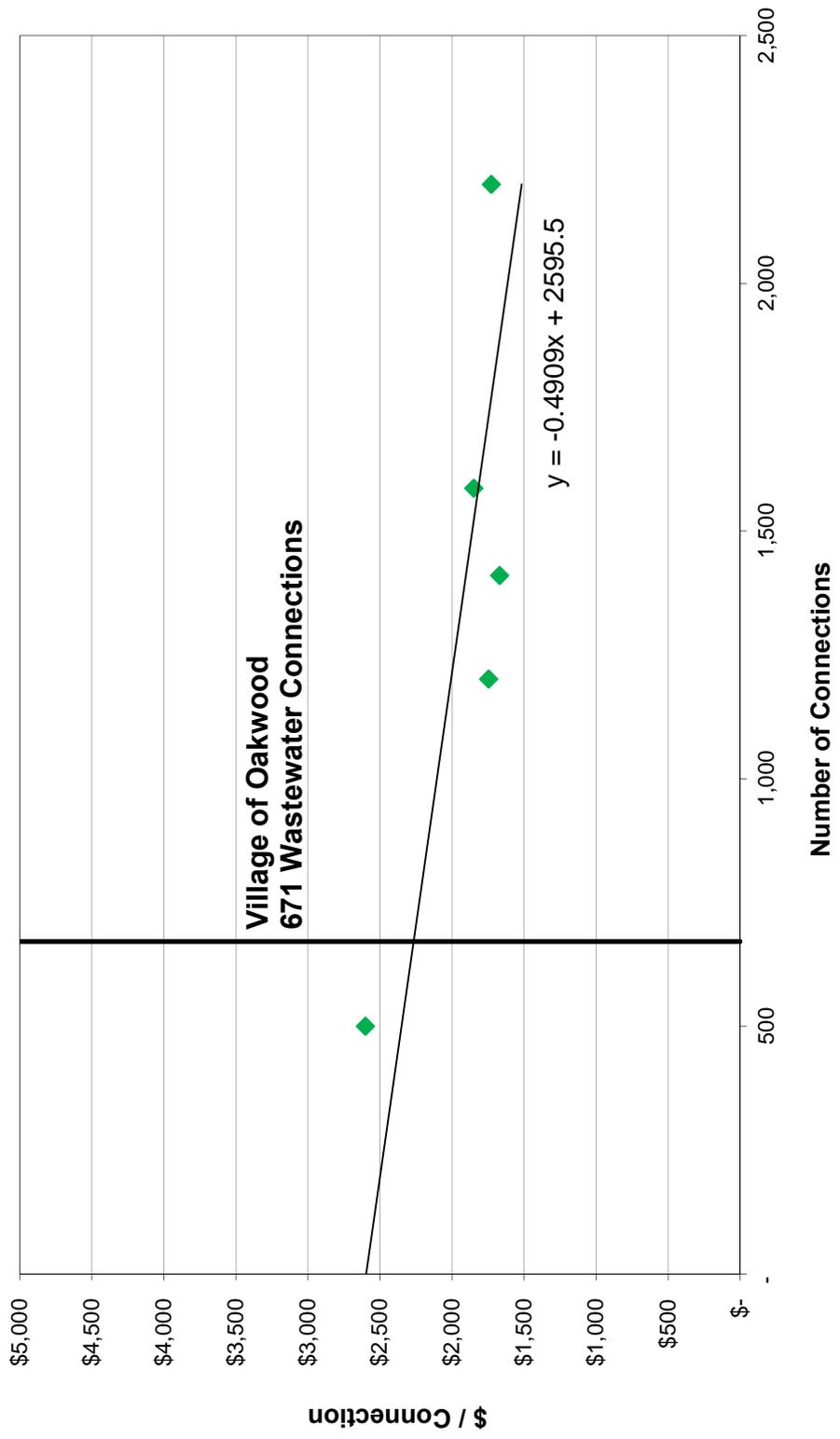
**Table 6-3**  
**Summary of Value**  
**Comparable Sales Approach**

Customer Type	Number of ERCs	Value per ERC	Total Value (Rounded)
Water	713	\$ 1,250	\$ 890,000
Wastewater	671	\$ 1,750	<u>1,180,000</u>
Total			<u>\$ 2,070,000</u>

**FIGURE 6-1**  
**VILLAGE OF OAKWOOD WATER SYSTEM**  
**Number of Connections vs. \$ / Connection**  
**Water Systems**



**FIGURE 6-2**  
**VILLAGE OF OAKWOOD WASTEWATER SYSTEM**  
**Number of Connections vs. \$ / ERC**  
**Wastewater Systems**



**SCHEDULE 6-1**  
**VILLAGE OF OAKWOOD WATER AND WASTEWATER SYSTEM**  
**COMPARABLE SALES ANALYSIS**  
**Selected Water and Wastewater Transactions**

No.	Name of Utility	Name of Purchaser	System		Year	Purchase Price	Number of Connections		
			Type	Year			Water	Wastewater	Total
1	Wingert Water Systems	Aqua Texas	W	2012	\$ 1,890,000	1,100	-	1,100	
2	Royal Oaks Water System	Aqua Texas	W	2012	\$ 40,000	40	-	40	
3	Moecherville Water District	Aqua Illinois	W	2012	\$ 1,400,000	400	-	400	
4	Olwen Heights	Pennsylvania American	W	2013	\$ 450,000	175	-	175	
5	Clarion Area Authority Claysville Donegal Joint Municipal Authority	Pennsylvania American	WW	2008	\$ 3,800,000	-	2,200	2,200	
6	Mifflin Township Water Authority	Pennsylvania American	W/S	2008	\$ 2,000,000	550	500	1,050	
7	Wedgefield Utilities, Inc.	Aqua Pennsylvania	W	2012	\$ 1,100,000	600	-	600	
8	Forest Hills Utilities	Pluris Wegefied, LLC	W/S	2009	\$ 7,300,000	1,642	1,586	3,228	
9	Park Manor Waterworks, Inc.	Pasco County	W/S	2004	\$ 3,745,000	2,394	1,201	3,595	
10		Orange County	W/S	2003	\$ 3,350,000	1,436	1,410	2,846	

**SCHEDULE 6-2**  
**VILLAGE OF OAKWOOD WATER AND WASTEWATER SYSTEM**  
**COMPARABLE SALES ANALYSIS**  
**Asset Composition Adjustment**

No.	Name of Utility	Name of Purchaser	System			Water System			Wastewater System		
			Type	Alloc P.P.	Conn	\$/Conn	Alloc P.P.	Conn	\$/Conn	Alloc P.P.	Conn
1	Wingert Water Systems	Aqua Texas	W	\$ 1,890,000	1,100	\$ 1,718.18	\$ -	N/A	N/A	N/A	N/A
2	Royal Oaks Water System	Aqua Texas	W	\$ 40,000	40	\$ 1,000.00	\$ -	N/A	N/A	N/A	N/A
3	Moecherville Water District	Aqua Illinois	W	\$ 1,400,000	400	\$ 3,500.00	\$ -	N/A	N/A	N/A	N/A
4	Olwen Heights	Pennsylvania American	W	\$ 450,000	175	\$ 2,571.43	\$ -	N/A	N/A	N/A	N/A
5	Clarion Area Authority	Pennsylvania American	WW	\$ -	N/A	N/A	\$ 3,800,000	2,200	\$ 1,727.27		
6	Claysville Donegal Joint Municipal Authority	Pennsylvania American	W/S	\$ 700,000	550	\$ 1,272.73	\$ 1,300,000	500	\$ 2,600.00		
7	Mifflin Township Water Authority	Aqua Pennsylvania	W	\$ 1,100,000	600	\$ 1,833.33	\$ -	N/A	N/A	N/A	N/A
8	Wedgefield Utilities, Inc.	Pluris Wegefield, LLC	W/S	\$ 4,366,580	1,642	\$ 2,659.31	\$ 2,933,420	1,586	\$ 1,849.57		
9	Forest Hills Utilities	Pasco County	W/S	\$ 1,648,992	2,394	\$ 688.80	\$ 2,096,008	1,201	\$ 1,745.22		
10	Park Manor Waterworks, Inc.	Orange County	W/S	\$ 995,597	1,436	\$ 693.31	\$ 2,354,403	1,410	\$ 1,669.79		

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# SECTION 7

**SECTION 7**  
**RECONCILIATION OF VALUATION APPROACHES**

The cost, income, and comparables sales approaches for the Utility to be acquired are considered in this section. The numeric results for each approach are presented below in **Table 7-1**.

**Table 7-1**  
**Results of Valuation Approaches**

<u>Valuation Approach</u>	<u>Value</u>
Replacement Cost New Less Depreciation	\$ 2,270,000
Income	N/A <sup>(1)</sup>
Comparable Sales	\$ 2,070,000

Note: (1) The income approach is not applicable due to variability in the determination of value, as described in **Section 5**.

The cost approach provides a specific valuation for the Utility. The asset listing provided, along with field observations, provide the basis for producing the cost approach. This approach includes the adjustments to the system and the loss of value from physical, functional, and external depreciation, when applicable. This approach includes the documented value/cost of assets as of June 10, 2013 and is an accurate representation of the complex, special purpose property. This approach considered the Utility values separately as described in **Section 4**. Using this approach, I have valued the combined Utility at \$2,270,000, and I have quantified the weight for this approach at approximately 60%. Presently, in the marketplace, the cost approach is not determinate of value, but rather is more a measure of asset surety. Recent disinflation (past 2 – 3 years) has somewhat weakened the weight to be given to this approach.

The income approach values the Utility based on the present value of the available cash flows anticipated to be generated from the ongoing operation of the system. However, in this particular instance there are several unique and mitigating factors which would

tend to diminish the importance of the income approach in the Determination of Value, such that the weighting applied to this approach would be zero. As such, this approach has not been performed, and thus I have quantified the weight of the income approach at 0%.

There are numerous sales of existing water and wastewater systems in a variety of contexts. Due to this data, I have included the sales comparison approach on this exclusive (monopoly) special purpose property at \$2,070,000. Based on our consideration of the sales comparison approach, I have quantified the weight to be given the approach at approximately 40%. In the real-estate marketplace, this approach is slightly more determinative of value. However, the nature and context of transactions included in this analysis are difficult to adjust in order to provide comparability with minimal variation. The comparable sales approach has been weighted slightly less than the cost approach for this Utility.

Considering the results provided above in conjunction with my prior experience and professional judgment, the opinion of the value of the Village of Oakwood Water and Wastewater utility system facilities as of June 10, 2013 is:

**\$ 2,190,000**

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*(two million, one hundred and ninety thousand dollars)*

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# APPENDIX A

## **APPENDIX A**

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Assumed Standard Terms and Conditions