

McCann Appraisal, LLC

June 8, 2010

Mike McLaughlin, Chairman  
Adams County Board  
Adams County Courthouse  
507 Vermont St  
Quincy, IL 62301

Re: Wind Turbine setbacks

Dear Chairman McLaughlin  
and Members of the Adams County Board:

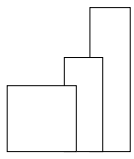
On behalf of my clients and as a real estate valuation advisor to the elected officials of Adams County, I am hereby submitting my written testimony as a professional real estate appraiser. Having been sworn in prior to expert testimony numerous times, I am quite familiar with the serious nature of giving my oath, and you may consider this written document to be a sworn affidavit. My opinions are also certified pursuant to Illinois Appraiser Licensing law and requirements.

I understand the County is considering a 1,000 foot residential setback requirement for wind turbines, and I have read that certain committee members are contemplating a recommendation increasing that to a 1,500 foot minimum. My testimony will address the adequacy of such setbacks, based upon a synopsis of widely known, reported and/or studied effects of living in close proximity to utility scale wind turbine projects. My testimony also includes results of my own independent study of property value impacts, and my professional opinions, recommendations and supporting illustrative comment are included along with supporting data I and other appraisers and researchers have developed as well.

Finally, I have projected the likely or probable impact to residential property values in Adams County, on the basis of what independent market research indicates. When considering an ordinance for setbacks from residential lots, as well as schools and other occupied dwellings or non-industrial land uses, I believe that my specialized expertise and experience as an appraiser familiar with wind farm issues is a relevant consideration for the policy-makers in Adams County.

## **Introduction**

First and foremost, I understand very well that consideration of industrial scale wind energy projects is a unique situation for virtually every jurisdiction considering applications or requests from developers to build and operate such projects. They are intensive, large-scale projects with a decidedly industrial character, and most projects in



Illinois are proposed to “overlay” existing mixed-use residential and agricultural areas. This type of overlay is also sought in Adams County.

This is significant in the evaluation of land use compatibility or typical zoning standard compliance, since it is virtually impossible to introduce such a large scale project among existing low intensity residential uses without dramatically changing the character of the neighborhoods that will be encompassed by the turbine’s land use overlay.

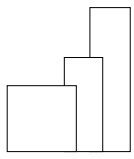
These large scale projects affect thousands of acres, and are far different than “typical” zoning variation or land use approval requests, such as a drive-through lane at a restaurant or bank, or a request to construct a gas station with a car wash. When the prudence of reviewing requests for smaller-scale, single uses is required to insure the new development does not adversely affect neighboring people or land uses, the immense scale and intensity of wind energy project development and operations demands even greater scrutiny and expert evaluation, which is often not financially feasible for smaller, rural counties.

My written testimony incorporates substantial experience with wind energy projects gained over the last 5 years, and 29 years experience as an appraiser. I have been qualified and testified in hundreds of contested and litigated land use matters, in zoning hearings, state and federal courts, and other public forums. I have been formally engaged to evaluate potential real estate impacts for 8 wind energy projects in Illinois, and have consulted with concerned citizens on a pro bono basis for several other projects throughout the United States. My qualifications and experience in this and numerous other impact studies, zoning compliance evaluations and property value damage claims is summarized within my professional biography included herein.

The ***Appraisal Institute*** has developed methodology and techniques for evaluating the effects of environmental contamination on the value of real property. The three potential effects that contamination can have on real property: cost effects, use effects, and risk (stigma) effects. All three effects are recognized as being present with utility-scale wind energy projects, as summarized in my written testimony.

**Cost effects** can include neighboring owner costs to attempt to mitigate against sound intrusion, shadow flicker, medical costs to deal with sleep deprivation related conditions, as well as, in some instances, the cost to rent substitute housing and potential legal costs incurred to protect individual owner’s property rights, etc. For Agricultural property, there can be increased costs due to the loss of ability to retain aerial spraying services, which can result in increased cost for ground spraying methods and/or decreased crop yields.

**Use effects** include the loss of peaceful use and enjoyment of their homesteads for many turbine neighbors, and there is evidence that livestock has been adversely impacted by the noise from turbines, ranging from death (*goats in Taiwan*) to reproductive disorders (*See Wirtz case in Wisconsin*) and behavioral changes and



irritability of horses and cattle. These may also represent cost effects, in some cases, or other forms of financial impact.

**Stigma effects** can range from loss of aesthetics, diminished views and character of neighborhoods, to fear of health issues and noise disturbance, etc. This effect is often manifest in the lack of marketability of homes in the “footprint” and nearby properties most impacted by active turbines, and to varying degrees the known and unknown cost and use effects are also contributing factors to stigma effects.

My opinions are also based on use of the recognized and generally accepted methods for valuing contaminated properties – paired sales analysis (*i.e. Appendix C*), environmental case studies analysis (*i.e. Appendices B, D, E and F*) and multiple-regression analysis. (*i.e. Appendix D*). I have also reviewed studies conducted by other appraisers, which yield similar indications of property value impacts.

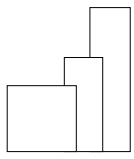
In the Adams County matter, my evaluation of the proposed wind turbine setbacks is conducted from a real estate valuation perspective with a land use impact focus, since every land use has some impact upon neighboring land uses and residents. The impact can be substantially positive, negative, or so minimal as to be immeasurable in terms of property values. As I understand it, governmental policies and land use decisions are intended to prevent “significant” negative impacts on property values and the peaceful use and enjoyment of existing property by area residents.

Further, I believe the majority of my written testimony, and supporting basis thereof, is applicable to other locations characterized by residential uses interspersed with historically compatible agricultural land uses.

In order to be perfectly clear, I must also state that I have developed no professional opinion or conclusions as to the validity of the need for, or effectiveness of, industrial-scale wind energy projects for their intended purpose: the creation of renewable energy. While my research has disclosed considerable controversy on these topics as well, I leave those conclusions, opinions and corporate or governmental decisions to experts on electric utility issues and those technical aspects of these projects.

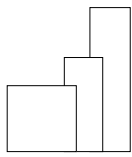
Thus, as a professional appraiser, I focus on the concept and reality of property value impacts. In order to understand the basis for any potential impacts, I have researched, collected, reviewed, studied and considered the same type of information available to anyone with an internet connected computer, which comprises the majority of the home-buying public in modern countries like the United States. I have also researched property values and value-related trends in larger wind energy project locations, to investigate whether industry claims are true or whether the neighboring citizens of such projects have valid claims regarding property value impacts.

Briefly stated, there is much to be concerned about as officials in Adams County whom are responsible for protecting the public health, safety and welfare, as well as the use and enjoyment of property and its underlying value.



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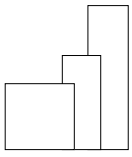
As the balance of my written testimony and the supporting documentation indicates, I have developed a summary of professional expert opinions and wind energy project impact mitigation recommendations, which includes nine (9) primary opinions and ten (10) recommendations, as follows:



## **SUMMARY OF OPINIONS & RECOMMENDATIONS**

### **Opinions**

1. Residential property values are adversely and measurably impacted by close proximity of industrial-scale wind energy turbine projects to the residential properties, with value losses measured up to 2-miles from the nearest turbine(s), in some instances.
2. Impacts are most pronounced within “footprint” of such projects, and many ground-zero homes have been completely unmarketable, thus depriving many homeowners of reasonable market-based liquidity or pre-existing home equity.
3. Noise and sleep disturbance issues are mostly affecting people within 2-miles of the nearest turbines and 1-mile distances are commonplace, with many variables and fluctuating range of results occurring on a household by household basis.
4. Real estate sale data typically reveals a range of 25% to approximately 40% of value loss, with some instances of total loss as measured by abandonment and demolition of homes, some bought out by wind energy developers and others exhibiting nearly complete loss of marketability.
5. Serious impact to the “use & enjoyment” of many homes is an on-going occurrence, and many people are on record as confirming they have rented other dwellings, either individual families or as a homeowner group-funded mitigation response for use on nights when noise levels are increased well above ambient background noise and render their existing homes untenable.
6. Reports often cited by industry in support of claims that there is no property value, noise or health impacts are often mischaracterized, misquoted and/or are unreliable. The two most recent reports touted by wind developers and completed in December 2009 contain executive summaries that are so thoroughly cross-contingent that they are better described as “disclaimers” of the studies rather than solid, scientifically supported conclusions. Both reports ignore or fail to study very relevant and observable issues and trends.
7. If Adams County approves a setback of 1,000 feet, 1,500 feet, or any distance less than 2-miles, these types of property use and property value impacts are likely to occur to the detriment of Adams County residences and citizens for which the nearest turbines are proposed to be located.
8. The approval of wind energy projects within close proximity to occupied homes is tantamount to an inverse condemnation, or regulatory taking of private property rights, as the noise and impacts are in some respects a physical invasion, an



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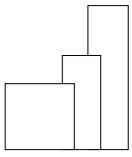
easement in gross over neighboring properties, and the direct impacts reduce property values and the rights of nearby neighbors.

9. A market value reduction of **\$6.5 million** is projected for the residential property located in the footprint and within 2-miles of the pending Prairie Mills project located in east Adams County.

### **Recommendations**

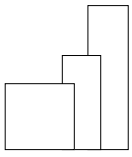
Therefore, if the County Board should choose to adopt the industry requested minimal setbacks, or some other setback of less than 2-miles from residential uses or occupied dwellings or structures such as schools, churches and nursing homes, I have developed a series of recommendations that would at least partially mitigate the widely experienced impacts prevalent with industrial scale wind turbines developments, as follows:

1. A Property Value Guarantee (PVG) should be required of the developer(s), significantly similar to the PVG attached hereto as **Appendix A**. A County-controlled fund or developer bond should be required to guarantee no undue delay in PVG payment(s) to legitimately affected homeowners, and/or to buy out homeowners located within 2-miles of any turbines if they elect to relocate away from the turbine project(s) and cannot sell for the pre-project market value of their properties. Such a guarantee is nominal in cost, relative to total project costs, and are used to condition high impact land use approvals such as landfills and even limestone quarries, as well as other wind energy developments (i.e. *DeKalb County, Illinois, etc.*)
2. An alternative to the bonding element of Recommendation # 1 would be to require that the developer(s) obtain a specialized insurance policy from a high-risk insurance carrier or legitimate insurer, such as Lloyds of London, if they will even insure against such impacts. If Lloyds was unwilling to provide such insurance, however, that should be compelling to the County that professional risk-management actuaries find such projects too risky for even them to insure. Under those possible circumstances the burden of risk is fairly placed with the developer, rather than the residential occupants who are being surrounded or otherwise directly impacted by close proximity of the projects.
3. If Adams County decides to permit projects, the limited evidence of impacts beyond a 2-mile setback would mitigate against the need for a PVG as cited in recommendation # 1.
4. If Adams County decides to permit projects, I recommend that the County require developer funding and a plan to constantly monitor not only sound levels in



decibels, but also in low frequency noise emissions from the turbines utilizing the best available technology, or at least homeowner reports and logs. There is significant evidence and personal accounts confirming that low frequency sound/noise is “felt” by nearby occupants, and, as I understand it, cannot be measured by decibels as audible noise is typically measured. Disclosure of the owner’s actual experience to prospective buyers is necessary from both an ethical perspective and, I believe potentially under the Illinois Real Property Disclosure Act, as a “known” defect or detrimental condition. Thus, documentation should be created at the cost of the developer(s), to insure that appropriate disclosures can be made to any prospective buyer(s) of homes within the 2-mile zone.

5. Appropriate devices should be installed at the developers expense at all occupied dwellings and property lines within a 2-mile distance of any turbines, and the County should retain the ability to immediately enforce the shut-down of any turbines exceeding a level of 10 decibels or more above ambient background noise levels from any property/home experiencing that exceeded noise level. The proximity of constant or frequent noise sources is an adverse impact to the use and enjoyment of a residential property, and indicates a basis for loss of property value.
6. An alternative to recommendation # 5 would be to place a limit on hours of operation, requiring turbines within 2 miles of any occupied (non-participating) dwelling be shut off during normal sleeping hours (*i.e. 10 p.m. to 7 a.m.*).
7. If the County finds that the wind energy projects are desirable from a economic development goal or perspective, or for the “public good”, I recommend that “footprint” and 2-mile distant neighboring homeowners (measured to lot line from the furthest span of turbine blades) be afforded the opportunity to sell to either the developer or the County, with possible use of eminent domain powers employed by the County, on behalf of and at the expense of the developer(s).
8. The financial assurance for decommissioning and reclamation of wind turbine pad sites, i.e., a bonding requirement, is also recommended as a County condition. To demonstrate solvency companies should pay the bond requirements before starting construction. It’s basically insurance in case the company goes bankrupt or otherwise abandons the wind project without taking down the turbines and reclaiming the land. Coal mines, quarries, landfills and drilling companies have similar bond or financial assurance requirements.
9. An aesthetic landscaping requirement for wind project developers to plant mature trees or groves to shield the view between residential properties and turbines. Evergreens planted along property lines and/or other types of trees strategically planted between residential windows and turbines would partially alleviate aesthetic impacts from turbines.



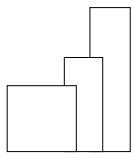
10. The County should consider a moratorium on wind energy project development(s) in Adams County, until such time as:

- A thorough and complete Wind Energy Ordinance is developed and adopted by the County, which incorporates all the protection and authority of zoning, building and health codes.
- Appropriate Conditional or Special Use standards are developed and adopted, to insure wind developers carry the burden of their for-profit projects rather than the hosting jurisdiction(s) and/or neighboring property owners.
- The actual experiences of numerous existing turbine neighbors is documented thoroughly by an impartial group of professionals with appropriate qualifications in the various relevant fields of expertise, i.e., acoustic engineers, medical sciences, valuation professionals, etc.

The preceding recommendations are not intended to be all inclusive or to address all wind energy project issues and impacts. They are intended to address issues that affect the public health, safety and welfare of area residents, as well as their property values.

The following pages summarize portions of underlying support for the preceding opinions and recommendations.





## **General Impact Issues & Comment**

Several Issues are relevant considerations to property value impacts. As the real estate market becomes more aware of complaints and problems attendant to living near turbines, a stigma is becoming common. Stigma issues are inextricably intertwined with property value trends, and the general public has varying but increasing levels of awareness of underlying issues and conflicts with wind energy projects.

The most measurable impact on home values is the distances from the industrial-scale turbines. The categories of impact that my research discloses as most typically related to distance include:

- Noise and “vibro-acoustic” effect.
- Aesthetics & compatibility.

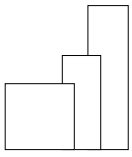
Wildlife impacts, i.e., bird & bat kills, road damage, tax & fiscal impacts are also issues attendant to wind farms, but have little or no identifiable correlation to property value impacts, and are only mentioned in passing.

The following comments, excerpts and attachments attempt to summarize a representative sample of these issues, industry claims, market reactions and responses by McCann Appraisal, LLC.

First, as a part time Florida resident and homeowner, I am quite concerned about the ultimate impacts of the ongoing and catastrophic oil spill in the Gulf of Mexico. I mention this man-made disaster because I note certain parallels between the goals, claims and realities between the Gulf situation and the wind energy development trend.

One might argue that man-made disasters like the Gulf oil spill are part of the justification for pushing full steam ahead on wind energy projects, yet the parallels remain between off-shore oil drilling and wind turbine projects:

- Both project types seek to provide independent energy needs for the United States.
- Both are extremely large scale types of projects, notwithstanding the invisible & noiseless infrastructure of oil rigs to most citizens, i.e., no neighbors at sea.
- Both industries have gone on record with claims that their projects are “safe”, will have very minimal impact on the environment, and include many “trust us” type statements, messages and public relations campaigns.
- Both have considerable evidence accumulated of “anecdotal”, but nevertheless serious negative impacts that are long-term and affect a relatively small percentage of the population.
- Both have historically had influence on political and legislative decision makers.
- Questionable “science” is cited and utilized by the energy industry to support their PR claims and approval requests, with respect to property values and health



issues emanating from noise, and primarily the sleep interruptions. As an example, Exxon was able to obtain a written opinion that the Valdez spill did not damage coastal property values, despite the nearly complete destruction of the local fishing-based economy and the extensive environmental degradation from the oil spill.

- With accidents like the Valdez spill and now the BP Gulf catastrophe, and against the growing anecdotal list of impacts from industrial-scale wind turbine projects, it is justifiable to enforce the assurances and responsibilities of the energy industry, overall, and to place the cost of mitigating their impacts on the corporations who develop, own and operate the energy projects.

Further, when the term **“Green Energy”** is used, I perceive an implicit claim by the wind energy industry and even governmental policy goals that creation of such energy is (*intended to be*) of low or no impact on the environment. I consider impacts on people and their property values to be included in the term “environment”.

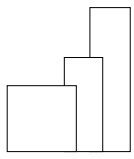
There is however a considerable body of evidence that clearly shows there are in fact many circumstances where this intention does not match the reality, and is affecting many people, livestock, lifestyles, sleep and health issues, and the related underlying property values of wind turbine neighbors.

The Adams County consideration of a setback requirement is tantamount to a “zoning” ordinance, as it affects land use and compatibility with existing and neighboring land uses.

Zoning is defined in similar ways as:

- Dividing an area into zones or sections reserved for different purposes such as residence and business and manufacturing, etc.
- Legislative action for the purpose of regulating the use of property and the construction of buildings, facilities or structures within the area under the jurisdiction of the legislative body concerned.
- An exercise of police power by a municipality to regulate and control the character and use of property.
- Governmental authority over land use, intended to protect the public health, safety and welfare, while creating or preserving compatibility between land uses.

Most Zoning Ordinances require as a condition for approval of a special use, such as a wind energy generating project, that the **“proposed use will not be injurious to the value of neighboring property”** and/or **“will not prevent the use and enjoyment of neighboring property for uses to which it is already used or zoned”**.



Despite the consistently reported effects on neighboring people, a typical developer's answer to this is: ***There is no "scientific" evidence of health issues.***

My response to that is there has been no legitimate study by the wind industry to determine what, if any health effects are linked to proximity to turbines.

To my knowledge there are no scientific studies that prove bricks falling from a high rise scaffold will cause injury or worse to people walking below, but there is enough "anecdotal" evidence over time to warrant building codes and ordinances that require effective barriers to **protect the public health, safety & welfare** (*which is exactly what zoning and other ordinances are supposed to accomplish*)

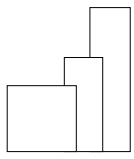
According to the website for Adams County, the Division of Health Protection's Environmental Health Section responsibilities include:

- reduction of food borne illnesses through restaurant and food stand inspection
- assurance of safe drinking water through private and non-community water well system permitting and inspection
- regulation of proper wastewater disposal through on-site wastewater system permitting and inspection
- permitting and annual inspection of tanning parlors
- investigation of nuisance complaints relating to the above-mentioned areas of responsibility as well as rodents and trash
- annual surveillance of mosquitoes and birds for the presence of West Nile Virus

From a land use policy perspective, which is directly related to the use and impact on homes from turbines, I anticipate the County may need to increase staff to deal with nuisance complaints from turbines located closer to homes than cited in recommendations #3, #4, #5 & #6.

To my knowledge, there are no scientific studies that prove there are **no** ill health effects either. The recent (December 2009) AWEA/CWEA report is merely a literature review that reads more like a "disclaimer", in its conclusions regarding review of other studies, and claims there is no scientific proof of adverse health effects. In fact, research has disclosed one of the Doctor/authors of that industry funded report has directly contradicted his prior sworn testimony regarding low frequency sound impacts so, to my mind, the report is wholly unreliable.

I may add that If citizens parked a vehicle in front of County Board member or developers homes with an audible or physically perceptible "thump-thump" low frequency beat emitted all night, with an occasional gear screeching or jet engine noise for good measure, there is little doubt that the local law enforcement department would



be called with a disturbing the peace complaint. This complaint would also no doubt be enforceable, even if the vehicle was not actually parked on the complainant's property.

While the preceding remarks are perhaps as glib as industry claims that there are no adverse health, noise or property value effects, it is still an appropriate use of police powers of government bodies to **prevent** such disturbances.

But after the fact of a setback or other ordinance is approved, the noise generator has the authority of an ordinance approving the use to stand behind, and the local residents must either endure the disturbances, relocate or incur thousands of dollars in legal expenses just to be heard in a forum where the complaint is given new consideration, namely, in Court. This growing trend is costly for all involved, and can include the governmental body, participating land owners/lessors, as well as the developers and the innocent by-stander homeowners.

The alternative and, sadly, growing trend is for people to give up trying to deal with the problems of large turbines being developed in their midst, and abandon their homes (*See Wirtz family case in Wisconsin, etc*).

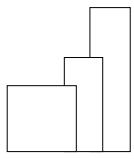
As a real estate appraiser with 25 years experience in evaluating zoning matters, I am unaware of any other land use in the 20 States in which I have worked that is permitted to cause such a nuisance that a property owner's rights are completely disregarded and protection of their property values marginalized to the point of meaningless and non-existent protection, via inadequate separation of incompatible uses based on industry-preferred setbacks.

I also suggest that when the governmental goal is economic development and tax revenue as the foundation for approval of these large-scale projects, they would be well advised to build in to their equation not only the cost of attorney fees to protect governmental decisions, but also the lost tax revenue from abandoned houses, potentially higher medical costs and injury claims from neighbors, road damage, and other ancillary costs that developers do not advertise, much less typically admit.

See the Canadian Hydro case for a group of neighboring homes bought out by the developer to eliminate certain vocal noise/health complaints, and note that those are not the first or last homes demolished as a direct impact of a wind energy project. Much can be read on the internet, and a summary of buy-outs is attached in **Appendix B**.

### **Adams County Background**

Per Wikipedia, as of the census of 2000, there were **68,277 people** (66,234 residents projected for 2010), 26,860 households, and **17,996 families** residing in the county. The population density was **80 people per square mile** (31/km<sup>2</sup>). There were 29,386 housing units at an **average density of 34 per square mile**.



The median income for a household in the county was \$34,784, and the median income for a family was \$44,133 (Median Household Income projected for 2010 was \$42,880). The per capita income for the county was \$17,894. About 7.40% of families and 10.00% of the population were below the poverty line including 12.00% of those under age 18 and 8.90% of those aged 65 or over. 78% of county households earn less than \$75,000 per year, leaving limited relocation options available to the majority of people in the Adams County.

**Median Home Value** for 2000 was \$73,090 rising in 2005 to \$106,059 and by 2010 had reached \$132,445.

### **Property Value Impacts**

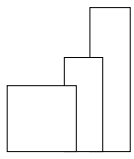
Several physical factors, perceptions, stigma issues and concerns are reflected in the market trends used to measure property value impacts. The market trends include increased marketing time, decreased marketability and lower values for homes in relatively close proximity to new wind turbine projects. The negative factors typically include:

1. Audible sound and low frequency sound.
2. Health concerns and widely reported adverse affects at numerous project locations.
3. Sleep deprivation, which is sometimes also linked to health affects.
4. Aesthetic impacts due to introduction of large industrial-scale turbines into the immediate neighborhood, and which affects perceptions of compatibility and views from residential property.

The Appraiser has not attempted to isolate the level of value reduction related to each separate stigma issue, but has considered the sale price data to incorporate market awareness of these potential factors as a whole. Although the impacts vary from property to property, individual tolerances vary, and the distances between sale data and turbines also vary, adequate data exists to indicate that close proximity to turbines has a measureable and significant negative impact on residential property values.

I refer to **Appendix E** for a small sample of relevant sound and health concern research articles and reports, to assist the reader of this testimony in understanding the type of information still being developed regarding wind turbine noise. This sample is by no means complete or exhaustive as to the number of articles available to the general public on the internet, but it accurately reflects the trends and reported circumstances encountered by wind project neighbors.

Health concerns and impacts documented by Dr. Nina Piepont, the World Health Organization, and medical professionals from the United States, France, Canada, etc., link health impacts to noise issues primarily, and while not commonplace, there are



reports of noise being heard or “felt” as far as 2-miles from the nearest turbine to residences.

Aesthetic impacts or amenity factors, while more subjective and personal, have a well established relationship to property values. An attempted objective measurement of amenities represented by property sale data with vistas ranging from premium to poor is contained in **Appendix D, Figure ES-2**. This data was derived from the 2009 United States Department Of Energy (DOE) funded study, prepared by researchers affiliated with an acknowledged advocate of wind energy development, thus, it is not subject to being categorized as an “objector’s study”. Nevertheless, it is demonstrative that poor vistas (views) typically yield property sale prices **21% lower than homes with an average vista**, and approximately **34% lower than homes with a premium vista**.

Similarly, Figure **ES-4 in Appendix D** indicates measureable declines in property values over time, with reductions beginning after announcement of wind energy projects within a mile of home sales, and even steeper declines after the turbines have been operational for several years.

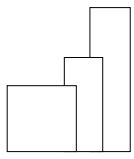
Finally, and despite the executive summary conclusions of the DOE funded study excerpted in **Appendix D, Figure ES-1** clearly shows a **5.3% to 5.5%** lower property value for homes within 1-mile of turbines, and a measured decline out to a 2 mile distance, as compared to the base-line home sales located more than 5-miles from turbines.

It is noted that this study analysis used regression analyses developed by the authors, and which has been subject to professional peer review criticism for the application of regression techniques and arguably incomplete or improper variables. Thus, this study may tend to minimize the actual impacts, as the carefully crafted language in the report’s executive summary appears to indicate is the case.

What is clear is that there is a simple correlation or appropriate comparison between the data represented by Extreme Views of turbines and the Poor Vista views, as shown in the photograph appendices (D & E) within **Appendix D**, and the Poor Vista data shows a **21% lower than average value** for homes.

**Appendix C** contains data derived from Lee County Illinois Assessor records, and has in fact been used by an appraiser in Illinois for several different wind project developer zoning applications in Illinois and Wisconsin. After performing statistical analysis of select data with certain data excluded from the analysis, the appraiser was able to conclude that there was no measurable and statistically significant difference between home sales in zones within 2 miles and more than 2 miles from the nearest turbines of the Mendota Hills project.

However, there was also a 10% deviation from the mean, which indicates the conclusions are only valid beyond that deviation. In my opinion, discounting effects that lie within a 10% deviation is not indicative of appropriate consideration of value losses,



as a 10% loss of home value is a significant loss to most people in the marketplace, and goes well beyond typical price reductions of negotiated sales. Regardless, both the near and far data is presumably reflective of typical negotiations, yet only the pattern from the nearby property sales shows even further declines in average sale prices.

I have analyzed the same data, as shown in **Appendix C**, on the basis most similar to how the market views residential property. On its face, the data reflects a **25% lower average** sale price per square foot for homes located within 2-miles of turbines, as compared to homes outside the 2 mile zone.

My findings are consistent with other non-industry retained appraisal studies of property values near wind turbine projects, and I submit copies of those studies as supplemental documentation to this written testimony.

**Appendix F** contains a partial list of wind turbine neighbor complaints which are mostly unresolved. However, when combined with the sample of developer buyouts caused by noise/health effects shown in Appendix B as well as other reports of home abandonment, rental of replacement housing by neighbors, and the non-anecdotal data contained in Appendices C and D, there exists adequate data to indicate market support for Recommendation 1 (Appendix A) to Adams County.

### **Property Value Impact Projection – Adams County**

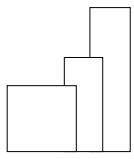
The pending Prairie Mills (PM) project located in east Adams County has been disclosed to the degree that a number of turbine leases are known to exist in certain sections of Clayton, Concord, Columbus and Camp Point Townships.

Via review of reported turbine lease location information and comparison with Farm Plat Maps for the preceding Townships, it has been estimated that approximately 143 homes are located within the “footprint” of the project, and Forty seven (47) Sections are identified as locations for at least one (1) turbine in each Section, which represents a 47 square mile or 30,000+ acre “footprint” for the PM project. This indicates an existing residential development density of just over 3 homes per square mile. Based on an additional 47 sections for each surrounding/abutting square mile, the 2 mile impact zone is estimated to contain approximately 94 square miles with 282 homes.

**(94 square miles X 3 homes per square mile = 282 homes)**

According to Adams County demographic data researched, the median home value was \$132,445 for 2010; say \$130,000. Thus, aggregate residential home values in the probable impact area for the PM project, prior to development of the project, is estimated as follows:

Footprint homes: 143 X \$130,000 = \$18,590,000  
2-mile zone: 282 X \$130,000 = \$36,660,000



Aggregate value: \$55,250,000

Further review and disclosure of locations may increase the number of homes within the 2-mile zone, as it may incorporate higher density communities. I also recognize that the most severe impacts are realized by homes in the footprint, and those with the shortest setbacks from turbines outside the footprint. Those at the furthest points or with more effective screening afforded by topographic and landscaping features are not as likely to experience the maximum value impact. As a conservative check on the impact projections, I will utilize the 25% loss factor for homes in the footprint, and only a 5% value diminution factor as an average in the 2-mile zone. On this basis, property value losses projected due to the PM project are calculated as follows:

Footprint homes:	$\$18,590,000 \times 25\% = \$4,647,500$
2-mile zone:	$\$36,660,000 \times 5\% = \underline{\$1,830,000}$
Aggregate value reduction:	$\$6,477,500$ or <b>\$6.5 million</b>

Thus, if each and every residential Property Owner within the footprint and the 2-mile zone elected to move and sold for the appraised value, and the developer in turn sold each home for the post-project reduced value, the developer would incur a cost or loss of about \$6.5 million. This is equal to the cost of 2 to 3 turbines, and is essentially a “contingency” category in their financial pro-forma, but clearly not a cost-prohibitive factor that warrants or requires abandonment of the project.

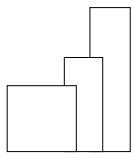
On balance, if the typical developer claims are true, then no homeowners will be disturbed to the degree that they will seek to move away from the project, and the value impact cost that is fairly absorbed by the project developer can be viewed as an unlikely worst-case scenario. However, if the market data supported basis for projecting value losses should materialize to the full extent of the projected estimate, then the developers gain should not be at the financial expense of existing homeowners and families.

Further, at least one other wind energy project is proposed for Adams County, the Rock Creek project proposed for Ellington, Mendon South, Mendon North and Ursa Townships. Rumors of a third project have been discussed to some degree, but the Appraiser does not have adequate data to evaluate the level of impact probable in the latter two projects.

A somewhat meaningful projection of the impact of 2 or 3 projects, however, can be simply calculated by doubling or tripling the value losses projected for the Prairie Mills project, and refined at a later date on a pro-rata basis when the number of proposed turbines is known and the number of affected residential properties counted more accurately.

Further, based on the residential density of Adams County, overall, with an average density of 34 homes per square mile (also equal to 18.8 acres per home average), the





number of homes in the footprint is estimated without projecting value losses into nearby towns or villages.

### **Closing Comment**

I trust that the preceding written testimony is useful to helping the Adams County Board in understanding better some of the issues that are commonplace with hosting wind energy project developments, and that complaints of neighbors are not just typical comment from people who don't want anything to ever change in their surroundings. There are real, tangible and discernible negative impacts and "stigma" associated with far too many wind projects to simply be an overly vocal minority.

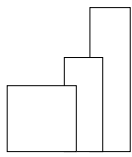
When people react to the negative influences in ways that would normally seem extreme, such as filing lawsuits or selling their properties for steep discounts from what they should be worth on the open market, or give up on marketing attempts completely and end up abandoning homes, it is not a minor impact or "refrigerator noise" that triggers such market reactions. Those comparisons often made by wind energy representatives are disingenuous, based on virtually everything I have researched.

Market sale data analyzed not only by me, but also by proponents and highly paid consultants to the wind industry, can not hide the fact that these effects become measurably manifest in dollar terms, even if that is just one component of negative impacts.

To be sure, not every neighbor experiences the identical effects or has identical reactions, but the negative reactions are clearly widespread enough to warrant special measures, consideration and conditions to be placed on wind energy project developers, and use of setbacks that are well outside of industry preferences appears to be the single best way to avoid or minimize impacts.

I understand that my recommendation of a 2-mile setback exceeds most of the setbacks required by other communities, but then again it is not my goal to win favor with wind energy developers or to march in step with the typical community setback requirements. My setback recommendation also is fairly consistent with independent medical expert recommendations, which they have based on real-life experience in treating people suffering from closer proximity to turbines.

If it is Adams County's goal to avoid as much conflict as possible, the 2-mile setback, in my professional opinion, has the best chance of accomplishing this goal. However, if



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the County wants all the benefits promised by wind energy, developers will likely indicate that their projects are not feasible with that kind of requirement. I believe that my recommendations in the event of shorter setbacks are reasonable, economically justified and feasible, and will help to keep “whole” the residents who would be the real hosts to the turbines, by having them as neighbors day and night.

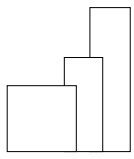
Wind developers are running against the clock to get the funding and tax benefits via expediting their projects as quickly as possible while it is still available, and it is reminiscent of the wild-west pioneering days of this country. Yet, we all know how that turned out for the natives of the land used for expanding the nation. It is my belief that orderly and controlled growth will be better in the long run for the economic health of host communities and their residents, and Adams County is in a position to guide this trend in such a manner by adopting reasonable low or no impact setbacks, and/or adopting the recommendations that will reduce social and financial impacts of utility scale wind energy projects proposed in Adams County.

My best wishes to the County in this difficult decision making process.

Respectfully submitted,

McCANN APPRAIISAL, LLC

Michael S. McCann, CRA  
*State Certified General Real Estate Appraiser*  
*License No. 553.001252 (Expires 9/30/2009)*



## **ADDENDUM**

- Appraisal Testimony Certification
- Professional Biography of Appraiser
- Adams County Map
- Adams County Market Profile & Demographics
- Adams County Township Map
- **Appendix A -** Property Value Guarantee Agreement
- **Appendix B -** Canadian Hydro home buy out records
- **Appendix C -** Mendota Hills Property Value Impact Sale Data
- **Appendix D -** DOE funded Multiple Regression Analysis study of wind energy project impact on residential property values.

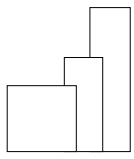
Figure ES-1

Figure ES-2

Figure ES-4

Appendix D - Vista rating photographs

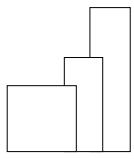
Appendix E – View rating photographs



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Cape Vincent Realtors Report on wind project  
impact on marketability of homes

- **Appendix E -** Case studies and articles regarding noise impact
- 
- **Appendix F -** Representative sample of neighbor complaints



**EXHIBIT A**  
**CONTINGENT AND LIMITING CONDITIONS OF APPRAISAL AGREEMENT**

The following terms and conditions apply to this and any engagement of McCann appraisal, LLC (McCann), by the client. Written, electronic or oral authorization by the client or their attorney or agent to proceed with the assignment shall constitute acceptance of these terms by the client.

It is assumed that the title to this property is good and marketable. No title search has been made, nor have we attempted to determine ownership of the property. The value estimate is given without regard to any questions of title, boundaries, or encroachments. It is assumed that all assessments are paid. We assume the property to be free and clear of liens and encumbrances except as noted. No attempt has been made to render an opinion or determine the status of easements that may pre-exist.

The legal description, if included herein, should be verified by legal counsel before being relied upon or used in any conveyance or other document.

Any exhibits in the report are intended to assist the reader in visualizing the property and its surroundings. The drawings are not intended as surveys and no responsibility is assumed for their cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.

Areas and dimensions of the property have not been physically measured unless specifically stated by McCann in the written appraisal report. If data is furnished by the Client or from plot plans or surveys furnished by the Client, or from public records, we assume it to be reasonably accurate. In the absence of current surveys, land areas may be based upon representations made by the owner's agents or our client. No responsibility is assumed for discrepancies, which may become evident from a licensed survey of the property.

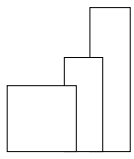
Our value estimate involves only the real estate and all normal building equipment, if any improvements are involved in this appraisal. No consideration was given to personal property (or special equipment), unless stated.

It is assumed that the property is subject to lawful, competent and informed ownership and management unless noted.

Information in this report concerning market data was obtained from buyers, sellers, brokers, and attorneys, trade publications or public records. This information is believed to be reliable. Dimensions, areas, or data obtained from others is believed correct; however, no guarantee is made in that the appraiser did not personally measure same.

Any information, in whatever form, furnished by others is believed to be reliable; however, no responsibility is assumed for its accuracy. The client specifically waives any claim of liability, which may result from reliance on information furnished by others.

The physical condition of any improvements described herein was based on visual inspection only. Electrical, heating, cooling, plumbing, sewer and/or septic system, mechanical equipment and water supply were not specifically tested but were assumed to be in good working order, and adequate, unless otherwise specified. No liability is assumed for the soundness of structural members, since no engineering tests were made of same. The roof(s) of structures described herein are assumed to be in good repair unless otherwise noted.



If the client has any concern regarding the structural, mechanical or protective components of the improvements described herein, or the adequacy or quality of sewer, water or other utilities, it is suggested that independent contractors or experts in these disciplines be retained and consulted before relying upon this appraisal, or a specific written disclosure of the defect or property condition must be made to the appraiser as part of the assignment.

We have not been provided, nor are we familiar with any engineering studies made to determine the bearing capacity of the land. It is therefore assumed that soil and subsoil conditions are stable unless specifically outlined in this report. We assume no responsibility for any such conditions, which may render the property more or less valuable. The client assumes responsibility for obtaining any engineering study necessary to determine soil and subsoil conditions. The client agrees to provide same in advance of execution of this agreement, or to waive any and all liability, which may result from undisclosed soil or subsoil conditions.

The existence of potentially hazardous material used in the construction or maintenance of the building, such as urea formaldehyde insulation and/or asbestos insulation, which may or may not be present on the property, has not been considered. In addition, no deposit of toxic wastes, unless specifically disclosed to the appraiser in advance of submittal of the appraisal report, has been considered. The appraiser is not qualified to detect such substances and suggests the client seek an expert opinion, if desired. Further, this report does not consider the potential ramifications due to the presence of Underground Storage Tanks (UST) or the possible environmental impact due to the leakage and/or soil contamination, if present.

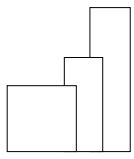
It is specifically noted that the appraiser(s) have not conducted tests to determine the presence of, or absence of, Radon. We are not qualified to detect the presence of Radon gas, which requires special tests and therefore must suggest that if the client is concerned as to the presence of Radon or any other potentially hazardous substances, he or she should take steps to have proper testing done by qualified firms who have the equipment and expertise to determine the presence of this substance in the property.

The separate allocation between land and improvements, if applicable, represents our judgment only under the existing utilization of the property. A re-evaluation should be made if the improvements are removed or substantially altered, and the land utilized for another purpose.

All information and comments concerning the location, neighborhood, trends, construction quality and costs, loss in value from whatever cause, condition, rents, or any other data for the property appraised herein, represents the estimates and opinions of the appraiser formed after an examination and study of the property.

Any valuation analysis of the income stream had been predicated upon financing conditions as specified in the appraisal report, which we have reason to believe are currently available for this property. Financing terms and conditions other than those indicated may alter the final value conclusions.

Expenses shown in the Income Capitalization Approach, if used, are estimates only, and are based on past operating history if available, and are stabilized as generally typical over a reasonable time period.



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The appraiser is not required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been made previously thereto. If the appraiser(s) is subpoenaed pursuant to court order, the Client will be required to compensate said appraiser(s) for their time at their regular hourly rates plus expenses.

All opinions, as to values stated, are presented as the appraiser's considered opinion based on the information set forth in the report. We assume no responsibility for changes in market conditions or for the inability of the Client or any other party to achieve their desired results based upon the appraised value. Further, some of the assumptions made can be subject to variation depending upon evolving events. We realize some assumptions may never occur and unanticipated events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those in our report.

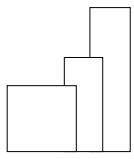
Appraisals made subject to satisfactory completion of construction, repairs, alterations, remodeling or rehabilitation, are contingent upon completion of such work in a timely manner using good quality materials and workmanship and in substantial conformity to plans or descriptions or attachments made hereto.

The Americans with Disability Act (ADA) of 1990, (effective January 2, 1992), as passed by the United States Congress, establishes a clear and comprehensive prohibition of discrimination on the basis of disability. This public law (Titles I-V) addresses employment (I); public services (II); public accommodations and services operated by private entities (III); telecommunications (IV); and miscellaneous provisions (V). The law covers all "commercial facilities" intended for non-residential use whose operations affect commerce. Most private manufacturing, industrial, and warehouse facilities, are neither considered public accommodations (even though their office area may be), nor are they generally subject to Title III of the law.

The appraiser has not made a specific compliance survey and analysis of the subject 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 subject property, along with a detailed analysis of the requirements of the ADA, could uncover that the subject property is not in compliance with one or more of the requirements of the Act. If this situation occurs, it could have an adverse effect upon the market value of the subject property.

Unless otherwise noted, it is assumed that the construction and use of the appraised property, if improved, complies with all public authorities having jurisdiction, including but not limited to the National Environmental Protection Act and any other applicable federal, state, municipal, and local environment impact or energy laws or regulations.

The appraisal services and appraisal report are intended and believed to be developed in compliance with the relevant requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). A signatory of the appraisal report is licensed by the State of Illinois as a Certified General Real Estate Appraiser and is a Member or Associate Member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require their members, candidates, or employers to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom the appraisal report was prepared may distribute copies of the appraisal report, in its entirety, to such third parties as may be selected by the party for whom the appraisal is prepared. Selected portions of this appraisal report, however, shall not be given to third parties without prior written



## McCann Appraisal, LLC

consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of the appraisal report. This restriction applies particularly as to the valuation conclusions, the identity of the appraisers, or any reference to the Appraisal Institute. McCann will retain the control and confidentiality of the clients file unless legally required to release such file.

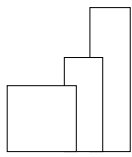
The Appraiser/ consultant responsibility is limited to the client, and use of this appraisal by third parties shall be solely at the risk of the client and/or third parties. This report should not be used or relied upon by any other party except the client to whom the report is addressed. Any party, who uses or relies upon any information in the report without the appraiser's written consent, does so at his own risk.

It is the intent of the appraiser(s) and those that retain their services, that the liability of McCann for any allegation of negligent acts, omissions, misrepresentations, or erroneous reliance upon information provided by others, is limited to and shall not exceed the cost of the services rendered. In the event of any disagreement between the parties regarding the services performed, fees and/or expenses to be paid, or any other clause in this document, it is agreed that such dispute shall be submitted to arbitration. The client waives any cause of action in the event of their failure to file such claim within one year.

McCann retains all copyrights to any work product developed by McCann on this assignment, and licenses use of the report exclusively to the client in exchange for the professional fees disclosed in the proposal.

**© Copyright 2010 McCann Appraisal, LLC**





## **CERTIFICATION**

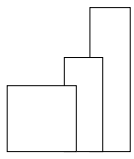
**PROPERTY LOCATION:** Adams County, Illinois  
Wind Turbine Setback written testimony

The undersigned, representing McCANN APPRAISAL, LLC, do hereby certify to the best of our knowledge and belief that:

- FIRST: The statements of fact contained in this written consulting testimony report are true and correct.
- SECOND: The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and represents the personal, impartial and unbiased professional analyses, opinions, and conclusions of the undersigned.
- THIRD: We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to any of the parties involved.
- FOURTH: We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- FIFTH: Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- SIXTH: 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.
- SEVENTH: Our analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- EIGHTH: No inspection was made by McCann Appraisal, LLC of the property that is the subject of this report.
- NINTH: No one other than the undersigned provided significant real property appraisal assistance to the person signing this certification.
- TENTH: Neither the undersigned nor McCann Appraisal, LLC has previously appraised the subject property.

IN WITNESS WHEREOF, THE UNDERSIGNED has caused these statements to be signed and attested to.

Michael S. McCann, CRA  
*State Certified General Real Estate Appraiser*  
*Illinois License No.553.001252*  
*(Expires 9/30/2011)*



## **PROFESSIONAL BIOGRAPHY**

### **MICHAEL S. MCCANN, CRA**

Michael S. McCann has been exclusively engaged in the real estate appraisal profession since 1980, and is the owner of McCann Appraisal, LLC.

#### **EXPERIENCE**

His appraisal experience has included market value appraisals in 20 states of virtually all types of commercial, office, residential, retail, industrial and vacant property, along with a wide variety of unique or special purpose real estate, such as limestone quarries, hotels, contaminated properties, etc. Appraisals have been prepared for purposes including condemnation, litigation, purchase, sale, estate planning, fractional interest valuation, leasehold and leased fee analysis, financing, divorce, damages and construction defects, easements, highway extension and widening, foreclosure, and numerous other purposes.

He has gained extensive experience in real estate zoning evaluations and property value impact studies, including analysis of gas-fired electric generating plants, shopping centers, industrial facilities, limestone quarries, sanitary landfills, transfer station, cell tower and wind farm projects. He has been retained as an independent consultant to municipalities, government agencies, corporations, attorneys, developers lending institutions and individual and private owners associations, and has completed appraisals for the States Attorney of Cook County, Illinois, for numerous downtown office buildings, major retail, hotel and commercial properties.

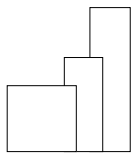
In addition to evaluation of eminent domain real estate acquisitions for both property owners & governmental condemning authorities, Mr. McCann has served as a Condemnation Commissioner (2000-2002) appointed by the United States District Court - Northern District, for the purpose of determining just compensation to property owners, under a federal condemnation matter for a natural gas pipeline project in Will County, Illinois.

He has been a speaker at seminars for the Appraisal Institute, the Illinois State Bar Association and Lorman Education Services on topics including the vacation of public right of ways (1986), and Property Taxation in the New Millennium (2000), Zoning and Land Use in Illinois (2005, 2006).

Related real estate expertise has been gained through negotiating transactions with a total in excess of \$65 million for purchase and sales of acreage and smaller sites, commercial and residential properties, both as agent on behalf of private and governmental clients and personally.

#### **EXPERT TESTIMONY**

Deposition, trial and public hearing testimony has been given for assignments that include appraisals, studies and consultation regarding real estate located throughout the United States. He has qualified and testified as an expert witness in Federal Court and numerous State Circuit Courts for condemnation, property tax appeal, foreclosure, divorce, and property damage proceedings and zoning matters in the Counties of Cook, Will, DuPage, Boone, Lake, Madison, St. Clair, Iroquois, Fulton, McHenry, Ogle, Marshall, & Kendall, as well as the Chicago and Cook County Zoning Boards of Appeal, the Property Tax Appeal Board (PTAB) and tax court &



## McCann Appraisal, LLC

Commissions of Illinois, Wisconsin, and Ohio, Circuit Courts in New Jersey and Indiana, as well as zoning, planning, and land use and County Boards in Texas, Missouri, Idaho, Michigan, New Mexico and various metropolitan Chicago area locales. He has been certified as an expert on the Uniform Standards of Professional Appraisal Practice (USPAP) by the Cook County, Illinois Circuit Court.

### **PROJECT EXPERIENCE**

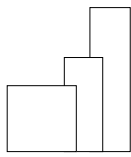
Mr. McCann has substantial experience in large-scale condemnation and acquisition projects and project coordination at the request of various governmental agencies and departments. These include appraisals for land acquisition projects such as the Chicago White Sox Stadium project, the Southwest Transit (Orange Line) CTA rail extension to Chicago's Midway Airport, the United Center Stadium for the Chicago Bulls and Blackhawks, the minor league baseball league, Silver Cross Field stadium in Joliet, Illinois, I-355 tollway and numerous highway acquisition and improvement projects, railway ROW transactions, as well as many other urban renewal, acquisition and neighborhood revitalization projects.

### **REAL ESTATE EDUCATION**

Specialized appraisal education includes successful completion of Real Estate Appraisal Principles, Appraisal Procedures, Residential Valuation, Capitalization Theory and Techniques Part A, Uniform Standards of Professional Appraisal Practice and USPAP update courses, Case Studies in Real Estate Valuation, Highest and Best Use and Market Analysis, Advanced Income Capitalization, Subdivision Analysis and Special Purpose Properties, Eminent Domain and Condemnation, and Valuation of Detrimental Conditions in Real Estate offered by the Appraisal Institute. In addition, he has completed the Society of Real Estate Appraisers' Marketability and Market Analysis course, the Executive Enterprises - Environmental Regulation course, and a variety of continuing education real estate classes and seminars offered by other appraisal education providers, such as Litigation Valuation, Appraising in a Changing Economy, etc. Real estate courses from state licensed appraisal education providers were all subsequent to two years of associate study at the College of DuPage for marketing and real estate, and exceed the requirements for the Illinois Certified General Real Estate Appraiser license. Michael McCann is current with all continuing education requirements.

### **DESIGNATIONS, PROFESSIONAL AFFILIATIONS & LICENSES**

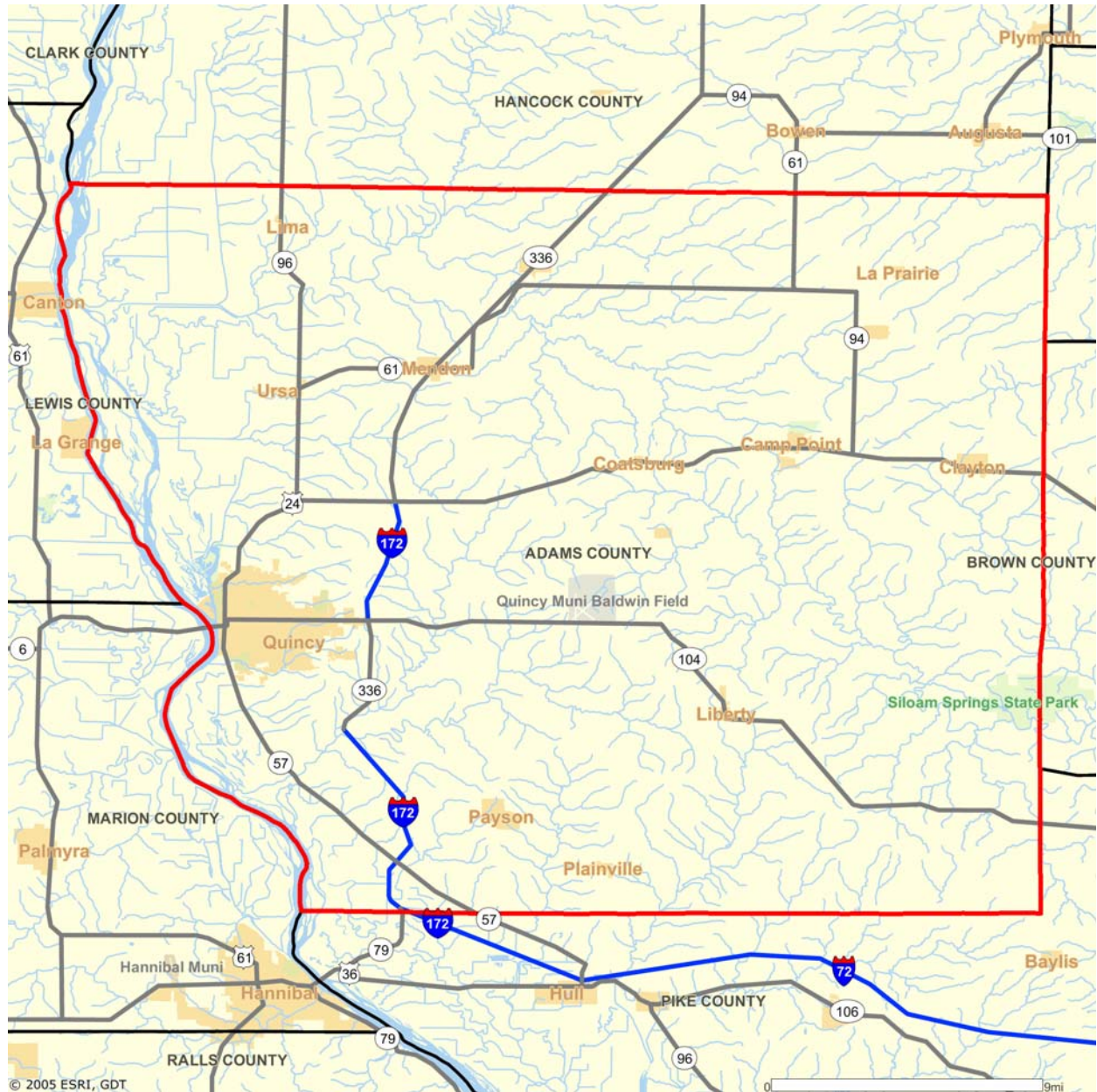
Mr. McCann is a State Certified Associate Member of the Appraisal Institute, and the National Association of Review Appraisers & Mortgage Underwriters designated him as a Certified Review Appraiser (CRA). He was elected in 2003 as a member of Lambda Alpha International, an honorary land economics society, and he served several years as a member of the Appraiser's Council of the Chicago Board of Realtors. He has held appraisal and sales licenses in several states, and is a State Certified General Real Estate Appraiser in the State of Illinois. *(License No. 533.001252, expiration September 30, 2011)*

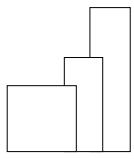


McCann Appraisal, LLC

## Adams County Standard Map

January 10, 2006





## Adams County Market Profile

<b>2010 Housing Units</b>	29,633
Owner Occupied Housing Units	68.9%
Renter Occupied Housing Units	20.1%
Vacant Housing Units	11.0%

2000 Total Population	68,277
2005 Total Population	67,488
2010 Total Population	66,234

### Median Household Income

2000	\$34,800
2005	\$38,723
2010	\$42,880

### Median Home Value

2000	\$73,090
2005	\$106,059

**2010 \$132,445**

### Per Capita Income

2000	\$17,894
2005	\$20,584
2010	\$23,864

### Median Age

2000	38.2
2005	39.4
2010	40.5

### 2010 Households by Income

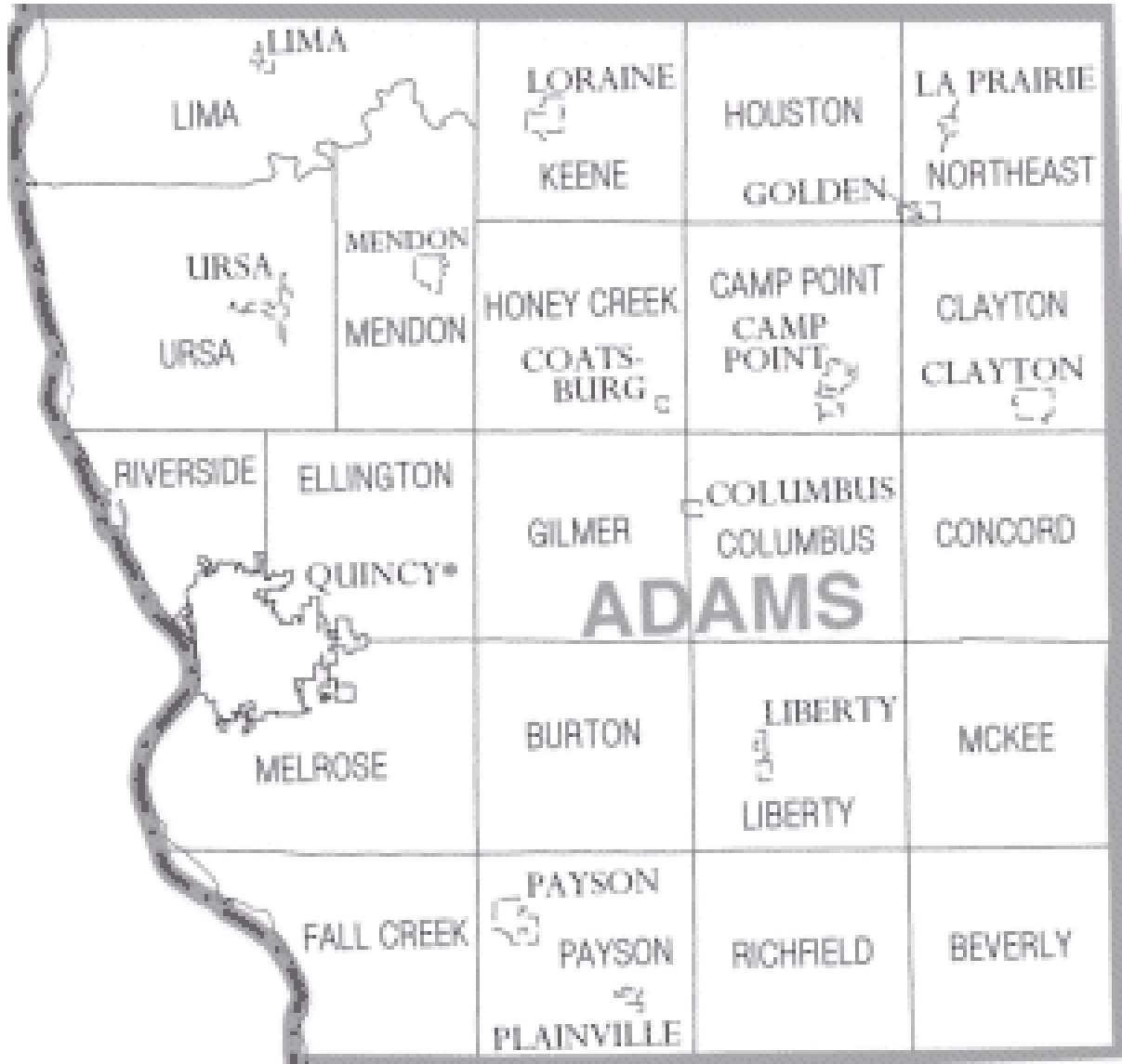
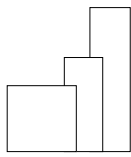
#### Household Income Base

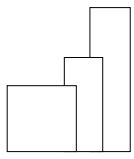
< \$15,000	13.8%
\$15,000 - \$24,999	13.0%
\$25,000 - \$34,999	13.7%
\$35,000 - \$49,999	16.9%
\$50,000 - \$74,999	20.7%
\$75,000 - \$99,999	9.3%
\$100,000 - \$149,999	1.8%
\$150,000 - \$199,999	2.2%
\$200,000+	2.5%

Average Household Income \$58,213

#### Source:

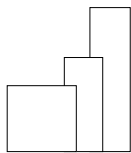
U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2005 and 2010.





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## **Appendix A**



McCann Appraisal, LLC

## Property Value Guarantee Agreement

This Property Value Guarantee Agreement (Agreement”) made and entered into on this \_\_\_\_ day of \_\_\_\_\_, by and between *(Insert Developer Corp. Name)* \_\_\_\_\_, having its principal offices at \_\_\_\_\_ (“Guarantor”) and \_\_\_\_\_, residing at (Insert address) \_\_\_\_\_, IL (zip) \_\_\_\_\_, (“Property Owners”).

### RECITALS

WHEREAS, Property Owners own eligible Property as described herein (“Property”), that  
Property having the legal description as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Adams County,  
Illinois.

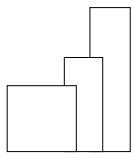
WHEREAS, Guarantor has been granted approvals by Adams County Ordinance No. \_\_\_\_\_ for the construction and operation of a wind energy center consisting of up to # \_\_\_\_\_ turbines on properties located in unincorporated \_\_\_\_\_ Townships in Adams County, Illinois [“Wind Energy Center”];

WHEREAS, Guarantor desires to alleviate concerns and guarantee preservation of Property values of all Property located in proximity to the Wind Energy Center, specifically within two (2) miles of any wind turbine (measured from furthest reach of turbine blades to the Property); and WHEREAS, Guarantor is desires to provide for either continued occupancy of existing residences by Property Owners or otherwise not financially impacting neighboring Property Owners as a result of the Wind Energy project; and WHEREAS Property Owners are desirous of preserving equity in the Property, by ensuring that if the Property described herein is either diminished in value or sold at a price less than the ASKING PRICE as a result of proximity to the Wind Energy Center, as determined by the procedures contained herein, the Guarantor will guarantee payment to the Property Owners of such difference; or if Property owner is unable to sell the Property following a reasonable marketing period, as defined herein, the Guarantor will guarantee payment to the Property Owners of the full Appraised value and purchase the Property, as defined herein.

### IT IS HEREBY AGREED AS FOLLOWS:

1. EFFECTIVE DATE OF AGREEMENT. This Agreement shall become effective and binding on Guarantor when signed by both parties. Notwithstanding the foregoing, if an administrative agency or court of competent jurisdiction rules or holds that the approvals

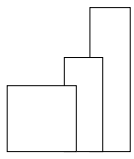




or permits issued by Adams County for the Wind Energy Center has been in excess of or in violation of said governmental body's authority or otherwise unlawful, and Guarantor has not constructed any of the wind turbines, then Guarantor's obligations under this Agreement shall be null and void. However, the construction of any or all of the proposed turbines shall render this agreement in full force and effect, and constitute the requirement of the Guarantor to fulfill all obligations to the Property owner, as defined herein.

2. ELIGIBILITY: EXERCISE OF GUARANTEE. (a) Property that is within two (2) miles of the tip of a turbine blade that is part of the Wind Energy Center is covered by this guarantee, to the extent the property is developed or approved for development on \_\_\_\_\_, the date Adams County voted to approve Ordinance No, \_\_\_\_\_ approving the Wind Energy Center ("Ordinance Date"). Owners of such Property who were owners of record as of the Ordinance Date ("Property Owners"), or their legitimate heirs or assigns as described in Paragraph 14, are eligible to exercise this guarantee. In the event that the Property Owners wish to sell their eligible Property, and exercise the guarantee set out in this Agreement, they shall notify Guarantor of same in writing by certified mail and thereafter they shall make a good faith effort to sell said Property by entering into a listing contract with a licensed real estate broker pursuant to the terms herein. (b) Property Owners shall have a period of ten (10) years to execute this agreement from the Ordinance date cited in paragraph 2.

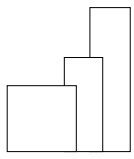
3. QUALIFIED PROFESSIONAL APPRAISER. For the purposes of this Agreement, a "qualified professional appraiser" shall mean a person who is licensed by the State of Illinois as a Certified General Appraiser or Licensed Residential Appraiser who (a) holds a valid Illinois license, (b) has not been subject to any suspension or revocation of license for any prior disciplinary action regarding their Illinois License by Illinois licensing authorities or from any professional association to which Appraiser is a member or affiliated with, and (c) has not been previously retained by either the wind energy industry or any citizens or citizens groups to opine in writing or in testimony as to wind energy projects effects on property values, hereafter deemed a "Qualified Professional Appraiser" (Appraiser), (d) is not related to the Property Owners, is not an employee or prior contractor of Guarantor or its affiliates and does not otherwise have a business relationship with Guarantor or Property Owners, and (e) who is a member of at least one national appraisal association that subscribes to the requirements of USPAP, (f) has at least 5 years experience in appraising and has worked within Adams County and/or any surrounding Counties during that period. (g) All appraisal reports shall conform to the Uniform Standards of Professional Appraisal Practice (USPAP), as required by current Illinois law. (h) The appraisal fee shall be paid in advance by the Guarantor to the County, for retention of the Appraiser by the County Attorney, who shall include a copy of this agreement to the Appraiser with the required fee, and a retention letter advising the Appraiser that the County, as a neutral party, is retaining the Appraiser and they are instructed to be independent of any influence from either party to this agreement. Guarantor agrees to reimburse the County for any services required of the Appraiser subsequent to delivery of the Appraisal Report, including but not limited to time expended responding to subpoena for testimony at deposition or trial.



4. **AGREED TO ASKING PRICE.** The ASKING PRICE is the value of the Property at the time the Property Owner decides to sell, with Property Owner discretion to either increase or decrease the asking price by no more than 5% difference with the Appraised Value. The ASKING PRICE of the Property may, however, be mutually agreed to by the Property Owners and the Guarantor. The ASKING PRICE may be mutually amended by agreement of the Property Owners and Guarantor at any time, subject to agreement.

5. **DETERMINATION OF ASKING PRICE BY APPRAISAL** If the parties are unable to agree on the ASKING PRICE of the Property prior to the Property Owner listing the Property for sale, then the Guarantor shall hire, at its expense, a second Appraiser and shall notify Property Owner of such Appraiser in writing with a resume or qualification summary for the Appraiser for review by the Property Owner. If the Property Owner objects to the Guarantor's choice of appraisers, it shall state those objections to Guarantor in writing within thirty (30) days of the notification of the choice of Appraiser. In the event Property Owner reasonably objects, the Guarantor shall choose another Appraiser, and proceed as described below. When a qualified professional appraiser is hired pursuant to this Paragraph 5, he or she shall be instructed to determine the market value which will become the ASKING PRICE, subject to Property Owner 5% discretion, of the Property as follows:

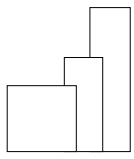
- a. Assume that no wind energy center or utility scale wind turbine(s) are located within two (2) miles of the Property;
- b. Utilize comparable sale data of property, developed as the Property was developed as of the Ordinance Date and located a minimum of two (2) miles distance away from the Wind Energy Center, or further so that in the opinion of the appraiser the selling price of that comparable property was not influenced by the presence of the Wind Energy Center or any other wind energy project;
- c. Utilize a minimum of three (3) comparable sale property, located approximately the same distance from major population centers (such as Quincy) so that in the opinion of the appraiser the selling price of the comparable property was not influenced by its closer or more distant proximity to new or existing population or employment centers.
- d. Establish the market value which is based upon the Property as developed on the Appraisal inspection date, with consideration of any normal or typical maintenance, repairs or additions made during the effective term of this agreement;
- e. Prepare a written narrative appraisal or residential form report supplemented as needed with written descriptions, analysis or comments, and which conforms to the requirements of USPAP;
- f. Prepare the appraisal in full compliance with any and all state standards and state regulations which pertain to the preparation of an appraisal of the Property except those standards and regulations which conflict with these instructions; and
- g. The appraiser shall note the condition of the premises, both interior and exterior, at the time of the appraisal.



If Property Owner and Guarantor accept the appraised value, then such value shall constitute the ASKING PRICE, and the Property Owners shall offer the above-described Property for sale at no less or more than a 5% difference with that price. If either the Property Owner or the Guarantor does not accept the appraised value, the non-accepting party may retain a second qualified professional Appraiser, of its choice, who shall not be made aware of the first appraised value and who shall determine the market value of the above-described Property on the basis of Paragraph 5(a) through (g) above. If both parties do not accept the original appraisal, they shall agree to the second qualified professional Appraiser and Guarantor shall pay the costs. In the event a second Appraisal is obtained pursuant to this paragraph and is within ten percent (10%) of the first Appraisal, the ASKING PRICE shall be the arithmetic average of the original appraised value and the second appraised value, unless the Guarantor or the Property Owner is unsatisfied with such Appraisal with specific reason(s) given in writing for disagreement with the Appraised value. In such event, the first two appraisers shall be instructed to agree on a third qualified professional Appraiser, at the sole expense of the Guarantor or the Property Owner, whichever is unsatisfied, unless both parties are unsatisfied in which case the expense shall be equally shared, and who shall not be made aware of either the first or second appraised values, and who shall determine the market value of the Property on the basis of Paragraph 4 (a) through (g) above. The ASKING PRICE will then be the arithmetic average of the three appraised values if the lowest value is no more than fifteen percent (15%) lower than the highest appraised value. If the fifteen percent (15%) range is exceeded the third Appraisal shall conclusively determine the ASKING PRICE for the purpose of this Agreement.

6. LISTING WITH BROKER. Property Owners shall utilize the services of a real estate broker/agent who shall be licensed in Illinois, is not financially affiliated with or related to the Appraiser, shall not be immediately related to the Property Owners or Guarantor as determined by being related no closer than second cousins and/or any history of sharing the same residence, and shall be a member of the Board of Realtors Multiple Listing Service or Exchange (Broker), unless these requirements are waived by the Guarantor upon the request of a Property Owner. Property Owners shall give Guarantor notice of the Broker with whom they wish to contract and shall obtain Guarantor's approval of said Broker within five (5) business days of written notice to Guarantor that Broker meets the no-relation requirement. Guarantor will not unreasonably withhold such approval and will confirm no relationship with Broker to the Property Owner. If the Guarantor objects to the Property Owners' choice of Broker, it shall state those objections, in writing to Property Owners. In the event Guarantor reasonably objects, the Property Owners shall choose another Broker, and proceed as described above. As sellers of the Property, Property Owners shall be responsible for the Brokerage commission or fee UNLESS the Property is purchased by Guarantor pursuant to Guarantor purchase of the Property after 180 days as provided for herein. Nothing herein shall prevent the Property Owner from selling the Property at a value higher than the ASKING PRICE as determined herein.

7. TERM OF LISTING. Property Owners shall list the Property, at the ASKING PRICE as determined in Paragraphs 4, 5 and 6, or at a higher value if agreed by Guarantor.



During the listing term, Property Owners shall accept any offer to purchase for the ASKING PRICE that is a bona-fide offer to purchase by a qualified buyer with a valid loan commitment or buyer otherwise acceptable to the Guarantor, provided that normal mortgage contingencies have been met or satisfied by buyer or waived by Property Owner and any home inspection contingency has been satisfied or waived by Property Owner. Said listing contract shall provide: (a) that the Broker shall list the Property in the multiple listing exchange; (b) that the Property will be so listed until the occurrence of either the (i) closed sale of the Property or (ii) expiration of a period of 180 days; (c) that the broker shall not be entitled to any commission after the expiration of the listing contract. The Property Owners shall cooperate with the Broker in obtaining a purchaser pursuant to the terms set forth in the listing agreement and shall make, in good faith, all reasonable efforts necessary to conclude a sale pursuant to the said terms. However, this shall not be construed as a requirement that Property Owner conceals their own experience with living in the Property, inclusive of any audible or inaudible noise effect emanating from the wind turbines.

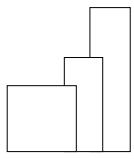
8. OFFERS TO PURCHASE. Property Owners shall provide the Guarantor with written notification of every written contract or Offer to Purchase that they receive for the Property and agree, for a period of 180 days, not to accept any offer below the ASKING PRICE without the express and written approval of the Guarantor, provided that Guarantor responds within twenty four 24 hours of Notice from Property Owner. In no event shall the Property Owners entertain anything other than good faith, bona fide offers of purchase.

9. GUARANTOR'S CONSENT TO PURCHASE. Guarantor shall have the right to make a non-contingent counter offer(s) on any offers of purchase which are more than 5% below the ASKING PRICE, said counter offer to be tendered to the purchaser within twenty four (24) hours of notification by the Property Owner of the offer of purchase. In the event the buyer accepts or meets any such counteroffer made or requested by the Guarantor, or in the event the Guarantor otherwise consents to a sale of the Property more than 5% below the ASKING PRICE, the Guarantor shall pay the Property Owners, at closing, the difference between the ASKING PRICE and the sale price so established.

10. SALE WITHOUT GUARANTOR CONSENT. If the Property Owners have not received an offer of purchase at the ASKING PRICE within 180 days of listing the Property for sale, or the Guarantor has not consented to the sale of the Property below the ASKING PRICE, the Property Owners may sell the Property at the highest offer of purchase still pending or at the next good faith bona fide offer to purchase. It shall notify the Guarantor, in writing, of its intention to accept such offer.

11. PROPERTY OWNER'S CLAIM.

(a) If the Property has sold for less than the ASKING PRICE, as determined herein, and Property Owner believes that the reason for such lowered value is because of the Wind Energy Center's proximity to the Property, Property Owner shall make a claim to the Guarantor, requesting payment for the difference between the ASKING PRICE and the



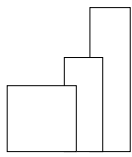
sales price. Within thirty (30) days of such request, Guarantor shall pay the Property Owner the difference unless Guarantor, within that time, has demonstrated that the sale is not a bona-fide transaction.

(b) If the Property Owner has not received an offer of purchase at the ASKING PRICE after 180 days of listing the Property for sale, Guarantor shall, within thirty (30) days of notification in writing purchase the Property for the ASKING PRICE, unless Guarantor, within that time, has demonstrated conclusively that Property Owner did not reasonably cooperate with the terms of a bona-fide sale contract.

© If the Property has not sold within 180 days of the Listing agreement, and Guarantor provides Multiple Listing Service statistics that demonstrate a median Marketing Time for all unincorporated Adams County residential properties is in excess of 180 days, as of the original Listing date, then Guarantor has the option of notifying the Property Owner that they must extend the Listing or enter into a separate listing agreement with a new Broker for a period of 180 days. If the extended Listing option pursuant to paragraph 11 © does not result in a bona-fide sale agreement within the second (2<sup>nd</sup>) 180 day Listing term, then Guarantor must abide by the terms of paragraph 11 (b) and buy the Property for an increased price as determined by the Appraised Value plus the most recent Consumer Price Index (CPI) multiplied by 50%.

12.AGRICULTURAL LAND. This agreement requires payment by the Guarantor to any non-participating agricultural land owners with Property located within 2 miles of the Wind Turbines, on the basis of increased costs, if any, resulting from AG property owners loss of aerial spraying services, provided that (a) Ag Property owner has utilized aerial spraying services for at least 1 of the last 3 years during crop seasons; (b) aerial spraying services either decline to continue service to the Ag Property in question as a direct result of pilot safety concerns from wind turbine structures or increase the cost of services to the Ag Property in question; (c) lower lease rates are agreed between Ag Property owner and tenant farmer as a result of tenant farmers increased costs described in paragraph 12 (a) and/or (b). Cost increases and Ag Property Owner compensation shall be based on either the actual cost increase for continued use of aerial spraying services active in Adams County or the actual contracted 3<sup>rd</sup> party cost of alternative application of AG chemicals minus the last documented cost for aerial application of AG chemicals. Guarantor shall be provided documented cost differences as soon as practical after costs are incurred by the Ag Property Owner, and shall submit payment to Ag Property Owner within 60 days of notice by Ag property Owner. However, Guarantor shall have the right to have cost information reviewed by and independent auditor during the 60 day period, and if payment due the Ag Property Owner is disputed by Guarantor, they shall have the right to submit the payment claims to arbitration In Adams County, Illinois.

13. TERMINATION OF GUARANTOR'S OBLIGATIONS. This Agreement shall terminate and Guarantor shall have no obligation to guarantee the Property value or purchase price once any wind turbines located within two (2) miles of the Property are decommissioned and demolished and operations at the Wind Energy Center have been permanently terminated as the result of any corporate decision, order, judgment, or



decree issued by a federal, state, or local agency, court, or unit of government having jurisdiction under administrative code, statute, law, or ordinances.

**14. PROPERTY OWNER OPTION AND ALTERNATIVE TO RELOCATION.** In the event that any Property Owner elects to remain in their home and not relocate pursuant to the preceding terms and conditions of the Property Value Guarantee, Property Owners located in the footprint or within one (1) mile of the perimeter of the footprint shall notify Guarantor within 3 years of commencement of operations of the Wind Energy Project that they are exercising their option under paragraph 14, and shall be compensated by the developer in a cash amount equal to 25% of the Appraised Value, as set forth in paragraph 5 of this agreement. Property Owners located between one (1) mile and two (2) miles of said footprint perimeter shall have 2 years to exercise the paragraph 14 option, and compensation shall be equal to 5% of the Appraised Value, as set forth in paragraph 5 of this agreement. Any exercise of the paragraph 14 Property Owner Option and payment to Property Owner by Guarantor shall constitute a full waiver and release of any future property value diminution claim or right to sell to the Guarantor as otherwise provided for in this agreement.

**15. ASSIGNMENT OR TRANSFER.** Neither this Agreement nor the rights under it may be assigned, conveyed, or otherwise transferred by Property Owners. The guarantee given by Guarantor to guarantee the Property value and to purchase the Property is personal, and does not run with the land; however, said Agreement shall inure to the benefit of the Property Owners, their personal representatives, trustees, guardians, custodians or their heirs; but, in all events, shall terminate after any closed sale of the Property.

**16. APPLICATION OF LAW DISPUTES.** This Agreement shall be construed consistent with law in the State of Illinois. Disputes concerning the application or terms of this Agreement shall be subject to the circuit court jurisdiction of Adams County.

GUARANTOR:

By \_\_\_\_\_  
Name Title Date

PROPERTY OWNERS:

By \_\_\_\_\_  
Name Date