

Appraisal Report

Prepared for:

Federal Deposit Insurance Corporation
Credit Support Unit

Prepared by:

Wyatt Griffin, CAGA
Griffin Auction & Real Estate Co., Inc.
4651 Evergreen Lane
Huntington, NE
402-002-5457

Member: Certified Appraisers Guild of America

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Summary

On November 7, 2016, at the request of Federal Deposit Insurance Corporation, I personally inspected the assets of Enerplax Investment, Jackson County, Missouri.

Value

Liquidation Value: The Liquidation Market value for this
property in combination is:

\$12,451,700.00

This is not the appraisal report. The appraisal report must be read in its entirety.

To the best of our knowledge the assets are well maintained and operable.

Conditions of Appraisal

The value stated in this Appraisal Report is based on the best judgment of the appraiser given the facts and conditions available at the date of the valuation.

The use of the report is limited to the purpose of determining the value of personal property. This report is to be used in its entirety only.

Any additional research or testimony required by the client or the court will be billed at the current rates.

Disclosure of the contents of the Report is governed by the Standards and Practices of the Certified Appraisers Guild of America.

Certification of Report

Neither Wyatt Griffin, Griffin Auction & Real Estate Co., Inc., nor any of its employees have any present or future interest in the subject property. At such time as this property is available for auction Griffin Auction & Real Estate Co., Inc. would like to be considered to conduct the auction. No prohibited fee was assessed for this report.

Wyatt Griffin of Griffin Auction & Real Estate Co., Inc. has successfully completed the personal property appraiser certification program with the Certified Appraisers Guild of America and is a member in good standing. This report was prepared in accordance with the Standards and Practices of the Certified Appraisers Guild of America which has review authority of this report.

Wyatt Griffin has personally examined the subject property. The statements of fact contained in this report are true and correct to the best knowledge and belief of the appraiser.

Griffin Auction & Real Estate Co., Inc. was established in 2008. Wyatt Griffin has varied experience as an auctioneer and an appraiser.

By: Wyatt Griffin, C.A.G.A.
For: Griffin Auction & Real Estate Co., Inc.

Purpose of the Report

The purpose of this report is to determine the Liquidation value for The Federal Deposit Insurance Corporation.

Method of Valuation

The method of valuation used for this appraisal is the Liquidation Value.

Definition of Value

Liquidation Value

For purposes of this report Liquidation Value is defined as:

The price at which the property would change hands when there was a financial situation existing at the time of the sale so as to require a sacrifice.

Basis of Appraisal

Valuation Date

The date of valuation for determining our value estimation is November, 2016

Date Appraisal Conducted

This appraisal was conducted on November 7, 2016.

Limitations of Property

There were no limitations on use or disposition of this property.

Location of Appraisal

Gas turbine generating plant located Jackson County, Missouri.

Analysis

Market Demand

The two General Electric gas turbine generating units, though 20 years old, have actually appreciated, rather than depreciated. This is due to the fact that the G. E. Frame 7B turbine is in great demand due to the fact that its successor, the frame 9 made today is approximately \$20,000,000.00, with virtually the same efficiency.

Emissions Control Regulations

These turbines are grandfathered from emission upgrades. Therefore, they are not subject to expensive emissions control regulations. This creates a greater demand for these units.

Moving Cost

If these turbines were moved elsewhere in the country, then upgrades costing millions of dollars, would have to be done in order for the turbines to be approved. The second cost is the dismantling and shipping of these units. Approximate costs of dismantling and rebuilding would be in excess of \$5,000,000.00 per unit. Approximate costs of transporting are also \$500,000.00 per unit, depending on the destination.

Limitations on Marketing

At this time and date there are virtually no General Electric frame 7B turbines on the open market in this country. If several G. E. Frame 7B's were placed on the open market then the value would be less, depending on the quantity.

International Market Considerations

If these turbines and the other major pieces of equipment were put on the open market, i.e. placed up for auction, then ample time to market these units must be given. Although these units have great demand, the buyers of these units are normally large corporations or other countries, such as Chile, Columbia, Philippines, Mexico and other South American countries. These entities need time to work through the proper channels, make decisions and to secure financing.

Valuation and Description of Assets

(A) Two General Electric Company, Frame 7, gas turbine generating units, model PG-7821 rated output at base load of approximately 52,750 KW at present site location and site conditions. Serial number 238030 and Serial number 238031. Each turbine is approximately 20 years old, with approximately 1,400 hours on each unit. From industry standards these are low hours for the age of these units. The generating plant in Jackson County, Missouri is considered a high peak plant. Each turbine is well maintained and in good working order. No major upgrades have been done to the units. Each unit is a 60 cycle unit. Each unit has had routine maintenance by the General Electric Company. No warranty is in place at this time by the General Electric Company or any other company.

In addition to the above, each turbine includes the following major pieces of equipment:

One simple cycle, single shaft combustion gas turbine and compartment.

One open ventilated synchronous generator and compartment.

One control and switch gear compartment.

One accessory compartment which includes the following pieces of equipment: General Electric 900 horse power starting engine, accessory gear pump, lubricating gear pump and a fire protection system.

One generator collector compartment.

One Buffalo Forge evaporative cooling system.

\$12,000,000.00

B. One 20 ton crane and acoustical housing designed for both turbines.

\$8,500.00

C. One Stewart & Stevenson package diesel generator rated at 1,250 KW for black start capability.

\$35,000.00

D. One Harris remote supervisory control system to operate two turbine generating units from a remote position. Currently disconnected, obsolete and out of service.

\$0

E. One Fuel Forwarding skid, containing oil heater and two oil pumps.

\$40,000.00

F. One Butler Manufacturing control house for two units, including maintenance section. This is a permanent structure and must be appraised with the real property.

G. Miscellaneous items to complete installation of the above described items. This is unknown to this appraiser and is not relevant to a liquidation appraisal.

H. Installation of the above items. This is unknown to this appraiser and is not relevant to a liquidation appraisal.

n. FUEL SYSTEM:

A. One 67,100 barrel maximum capacity, above ground fuel oil tank. Manufactured and installed approximately 20 years ago by Chicago Bridge and Iron Company. Because of the size of this tank and the environmental impact that may be associated with its removal only a scrap value is placed on this property.

\$3,000.00

B. One fuel unloading system consisting of both underground and above ground loading and unloading capabilities. System consists of oil pipeline, valving and fuel supply to gas turbines.

\$15,000.00

C. One lot of foundations, piping, meters, filters, valves and miscellaneous items necessary to complete the fuel oil system. These items have no value to this appraisal. The foundations are poured concrete and have no value, scrape or otherwise in a liquidation. The piping is buried underground and the cost to reclaim would outweigh the scrap value.

\$200

D. Installation of the above equipment. This is unknown to this appraiser and is not relevant to a liquidation appraisal.

ID. Miscellaneous items and electrical equipment to connect gas turbine generating equipment to Missouri Public Service Company's 161KV substation including to following:

A. One General Electric Company Transformer, generating step-up, 125/140MVA, 3 phase, 60 cycle, FOA, 161KV GRD, WYE 161KV/13.2 KV Delta with associated bushings, double windings and lightning arresters. The price listed below includes the switch yard and tower.

\$350,000.00

B. Installation of the above equipment. This is unknown to this appraiser and is not relevant to a liquidation appraisal.

IV. Related costs for general plant site preparations including but not limited to fuel tank, dike unit site location and control housing site. These related expenses must be appraised with the real property. The excavation and site work which include drainage ditches, roads and parking have no value in a chattel liquidation.

Qualifications of Wyatt Griffin

DESIGNATIONS

CAGA Certified Appraisers Guild of America

EDUCATION & SPECIAL TRAINING

**Oklahoma State University
Missouri Auction School, 2008
Certified Appraisers Guild of America**

TRADE ORGANIZATIONS

Certified Appraisers Guild of America, National Auctioneers Association, Nebraska Auctioneers Association, National Association of Realtors, Huntington Board of Realtors.

EXPERIENCE

Actively engaged since 2008 in selling Chattel, Personal & Real Property at auction, appraisal of personal property to include business, household, Antique and estate property.

TERRITORY

Midwest states including the states of Kansas, Missouri, Nebraska and Arkansas.

CLIENTS

Mary Velazquez, Bankruptcy Trustee, Walker Haight, Bankruptcy Trustee Jon Schuler, Attorney, Cynthia Cook, Attorney, Resolution Trust Corporation, Small Business Administration, Bank IV, Citadel National Bank, Cherokee Federal Savings and Loan, Fairhaven Plaza, Richard Weigel, Attorney, many other Banks and Saving and Loans, Trust Departments.

**Griffin Auction & Real Estate Co., Inc.
4651 Evergreen Lane
Huntington, Nebraska 66605-1127
402-002-5457**

November 14, 2016

**Federal Deposit Insurance Corporation
Credit Support Unit Attn.: Project
Manager**

RE: Appraisal, Purchase Order Number, 94-02901-A-AK To

Whom It May Concern:

Enclosed is the Appraisal Report for the Gas Turbine plant located in Jackson County, Missouri. The purpose of the report is for valuation purposes for the FDIC. The valuation method used was Liquidation Value.

Any further research required or court testimony concerning this report will be available at our current hourly rate.

Should you have any further questions, please feel free to call.

Sincerely,

**Wyatt Griffin
President**

Griffin Auction & Real Estate Co., Inc.
4651 Evergreen Lane
Huntington, Nebraska 66605-1127
402-002-5457

December 2, 2016

John Doe
Federal Deposit Insurance Corporation
Chicago, IL

RE: Amendment to Appraisal, Purchase Order Number, 94-01037-A-AK

Dear Mr. Doe:

As per our conversation of November 18, 2016, it was my understanding that the turbine generators were to be appraised as a liquidation value. This was done by the instruction of Brian Conner of the Federal Deposit Insurance Corporation. As we discussed, the appraised value would be much greater if the turbines would remain in place and are more valuable to the utility than to any other entity.

In reference to using the Frame 9 as a comparable I concluded that the two General Electric gas turbine generating units although 20 years old have actually appreciated, rather than depreciated. This is due to the fact that the G.E. frame 7B turbine is in great demand out of this country. The primary reason that the frame 7B is more likely to be sold abroad is the fact the emissions in this country are more stringent and rigid than abroad. The cost to upgrade these turbines would run into the millions if moved anywhere in this country. Its successor, the Frame 9, a 56-cycle turbine, which primarily is sold abroad sells for approximately \$20,000,000.00, depending on the destination and delivers approximately the same output of electricity as the 60 cycle Frame 7B. This was confirmed with General Electric and Harry Leathers, a turbine broker.

As stated in my prior correspondence, very few Frame 7B turbines have been sold or are for sale. In 2015, Idaho Power sold one G.E. Frame 7B to Longview Fiber in Longview, Washington. The removal and dismantling was supervised by General Electric. As per my conversation with Ron Schroder of Idaho Power he confirmed that the turbine had been maintained and overhauled by General Electric. He also confirmed a sale price of \$8,000,000.00.

Washington Power confirmed that two Frame 7B turbines were purchased from Japan in 2015 for \$7,100,000.00, each. These units were sold F.O.B. Houston Port. As stated in my prior appraisal the cost to install and transport would be in the \$1,000,000.00 range.

Lincoln Electric's manager, Brian McReynolds, advised that Lincoln Electric had been considering the Frame 7B offered by Idaho Power and felt that the price was fair, however, the timing was wrong for their utility.

Harry Leathers also confirmed the above sales and advised me that the turbines have greater demand abroad than in this country.

In conclusion the value of the two General Electric Frame 7B turbines are of more value to the utility in which they are now situated than to any other entity. The appraised value for these turbines where they are now located valued at an in-plant valuation versus a liquidation value has been modified to \$9,500,000.00 per turbine or a combination appraised value of \$19,000,000.00. It is also understood that the two appraised turbines have no warranty from General Electric Corporation.

Should you have any other questions, please call.

Sincerely,

Wyatt Griffin, CAGA
GRIFFIN AUCTION & REAL ESTATE CO INC.