

## **A CURRENT APPRAISAL OF**

The Special Purpose Building and Land  
Property Known As The  
Hinsdale Middle School Complex

### **LOCATION**

100 South Garfield Street  
The Northwest Corner of South Garfield Street and East 3<sup>rd</sup> Street  
And  
The Northwest Corner of South Washington Street and East 3<sup>rd</sup> Street  
Hinsdale, Illinois

### **PREPARED FOR**

Don White, Ph. D.  
Superintendent  
Community Consolidated School District 181  
115 West 55th Street  
Clarendon Hills, IL 60514

### **PREPARED BY**

Associated Property Counselors, Ltd.  
Dale J. Kleszynski, MAI, SRA  
15028 South Cicero Avenue, Suite L  
Oak Forest, Illinois 60452

### **AS OF**

May 16, 2016

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**ASSOCIATED PROPERTY COUNSELORS, LTD.**

*Real Estate Appraisers and Consultants*

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September 5, 2016

Don White, Ph. D., Superintendent  
Community Consolidated School District 181  
115 West 55th Street  
Clarendon Hills, IL 60514

**Re: Hinsdale Middle School  
The Special Purpose Building and Land  
100 South Garfield Street  
The Northwest Corner of South Garfield Street and East 3rd Street  
And  
The Northwest Corner of South Washington Street and East 3rd Street  
Hinsdale, Illinois**



Dear Dr. White, Ph. D.:

As requested, I inspected and appraised the above referenced property to estimate the Market Value of the Fee Simple estate as of May 16, 2016. Briefly described, the subject property is a special purpose improvement that is used as a middle school. The subject includes the school facility and associated land. Market Value is defined elsewhere in this report.

Don White, Ph. D.  
September 5, 2016  
Page 2

The following Appraisal Report describes my valuation methodology and contains pertinent data gathered while completing this appraisal. Please reference the discussion of the Scope of Work, Appraisal Development and Report Option for important information regarding the level of research and analysis for this appraisal, including property identification, inspection, Highest and Best Use analysis and valuation methodology.

This is a Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses. The appraisal and report are intended to comply with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute.

Based on the analysis described in the following report, it is my opinion that the Market Value of the Fee Simple estate in the subject property, located at 100 South Garfield Street, Hinsdale, Illinois, as of May 16, 2016 is:

**\$7,000,000**

**Seven Million Dollars**

If you have any questions, please contact me.

Respectfully submitted,



Dale J. Kleszynski, MAI, SRA  
President

Associated Property Counselors, Ltd.

Certified General Real Estate Appraiser (Illinois License Number 553.000213)

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## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<b>EXECUTIVE SUMMARY</b>	
<b>Subject Name &amp; Location:</b>	Hinsdale Middle School 100 South Garfield Street Hinsdale, Illinois
<b>Property Type:</b>	Special Purpose School/University-Classroom Bldg. This property type classification is taken from the Appraisal Institute's Commercial Database Standards.
<b>Permanent Real Estate Tax Index Number(s)</b>	numerous – See file
<b>Taxing Authority:</b>	Du Page County, Illinois
<b>Land Area:</b>	Reported to be 9.51 acres or 414,386 square feet
<b>Zoning:</b>	IB, 'Institutional Building District'
<b>Building Improvements:</b>	The subject property is a special purpose improvement that is used as a middle school. The subject property has a gross building area of 107,500 square feet. The improvements are reported to have been constructed in 1975 with renovations and additions in 2009.
<b>Land-to-Building Area Ratio:</b>	3.85 to 1
<b>Intended Use:</b>	This appraisal and report are to assist the client in an internal decision.
<b>Intended User(s):</b>	The client is identified as Community Consolidated School District 181. Don White, Ph. D. Superintendent, of Community Consolidated School District 181 represents the client. The client is the intended user of the appraisal and report.
<b>Property Rights Appraised:</b>	Fee Simple
<b>Date of Value Opinion:</b>	May 16, 2016
<b>Date of Inspection:</b>	May 16, 2016
<b>Date of Report:</b>	September 5, 2016
<b>Highest and Best Use Analysis:</b>	
<b>As Vacant:</b>	Development based on the reasonable probability of rezoning in the Village of Hinsdale and area development patterns in the vicinity of the subject site. See limiting condition associated with the current zoning of the property.
<b>As Improved:</b>	The current use is an interim use property until such time that the property can be redeveloped based on the reasonable probability of rezoning and area development patterns in the vicinity of the subject site. See limiting condition associated with the current zoning of the property.
<b>Estimates of Value:</b>	
<b>Estimates of Value – Land Only “As Vacant”:</b>	
<b>By The Sales Comparison Approach:</b>	\$7,000,000
<b>Estimates of Value – Market Value of the Subject Property “As Improved”:</b>	
<b>By The Sales Comparison Approach:</b>	\$7,000,000
<b>Estimated Market Value:</b>	\$7,000,000

## **INTENDED USER OF THE REPORT**

The client is identified as Community Consolidated School District 181. Don White, Ph. D., Superintendent of Community Consolidated School District 181 represents the client. The client is the intended user of the appraisal and report. No other user is intended or implied.

## **INTENDED USE OF THE REPORT**

This appraisal and report are to assist the client in an internal decision. No other use is intended or implied.

## **IDENTIFICATION OF THE REAL ESTATE**

The subject property is located at the northwest corner of South Garfield Street and East 3rd Street and the northwest corner of South Washington Street and East 3rd Street in Hinsdale, Illinois. The common address is 100 South Garfield Street, Hinsdale, Illinois. This property is further identified by numerous Permanent Real Estate Tax Index Numbers in Du Page County. See file for list of Permanent Real Estate Tax Index Numbers.

The site is improved with the Hinsdale Middle School and includes a separate vacant parcel of associated land that is used as an athletic field. The subject property is identified by the common address and the street boundaries identified elsewhere. Numerous tax parcels identify the property according to my search of public record. This appraisal and report are subject to a formal survey to verify land dimensions, land area, building area, building dimensions and legal description.

## **REAL PROPERTY INTEREST APPRAISED**

The subject property is appraised in Fee Simple estate. The Dictionary of Real Estate Appraisal, Sixth Edition, defines Fee Simple estate as "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

## **TYPE AND DEFINITION OF VALUE**

The purpose of this appraisal is to estimate the Market Value of the Fee Simple estate in the subject property. The applicable definition of Market Value, taken from The Dictionary of Real Estate Appraisal, Sixth Edition, is presented on the following page.

## **DEFINITION OF MARKET VALUE**

Market Value, as used in this report is defined as:

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

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised, and acting in what they consider their best interests;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

Source: **The Dictionary of Real Estate Appraisal, Sixth Edition**

Because the purpose of this appraisal and report is to develop an opinion of market value, the appraiser must also provide an estimate of a supportable Exposure Time in order to meet the condition ensuring “reasonable time is allowed for exposure in the open market.”

Exposure Time is defined in The Dictionary of Real Estate Appraisal, Sixth Edition, as “[the] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” It should be noted that Exposure time is a retrospective opinion estimate based on an analysis of past events assuming a competitive and open market (USPAP, 2016-2017 ed.).

Exposure Time varies depending on the property type as well as market activity at the time of the analysis. The concluded opinion of Exposure Time is unique to a specific property as of its effective date of value. As such, Exposure Time is used to help the intended users of the appraisal and report understand the market conditions as of the date of value by offering analysis of the time needed to consummate market transactions involving properties similar to the subject. The appraiser’s opinion of Exposure Time can be developed through an analysis of information provided by market participants, data services or transactions involving comparable properties and the number of days or months those comparable properties has been exposed to the market prior to sale.

## **ESTIMATE OF EXPOSURE TIME**

In formulating the opinion of Exposure Time for the subject property I considered both the sales data presented in the Sale Comparison Approach to Value section of this report as well as additional information taken from the CoStar database. According to the available information, the exposure time for properties in the subject area range from 9 to 24 months. Based on an analysis of this data, I conclude that the Exposure Time for the subject property preceding May 16, 2016 is 9 to 18 months. This is typical of similar properties in this market.

## **ESTIMATE OF MARKETING TIME**

In the appraisal process, Marketing Time is the forecast of the amount of time it would take from the effective date of value to the date in the future when the property would sell for the concluded market value. In the analysis of the subject property, the Marketing Time as of May 16, 2016 is estimated at 12 to 18 months. This is also typical of similar properties in this market.

## **EFFECTIVE DATE OF THE APPRAISAL**

The effective date of the appraisal is May 16, 2016.

## **EFFECTIVE DATE OF THE REPORT**

The effective date of the report is September 5, 2016.

## **DISCLOSURE OF PAST APPRAISAL AND ASSIGNMENT CONDITIONS**

Neither Associated Property Counselors, Ltd. nor Dale J. Kleszynski, MAI, SRA have completed an appraisal of the subject property within the three years prior to this date of value. The appraiser signing the Certification located elsewhere in this report has no present or contemplated future interest in the property or the parties involved beyond this estimate of value.

In order to help ensure the analysis of the subject is understood in the proper context, any assignment conditions that may affect the scope of work must be disclosed. These appraisal assignment conditions include Extraordinary Assumptions, Hypothetical Conditions, Jurisdictional Exceptions and any other assumptions, conditions or laws/regulations that could affect the scope of work. An Extraordinary Assumption is something specific to the appraisal assignment at hand that is believed to be true for the sake of the appraisal but may or may not be true as of the effective date of the appraisal. A Hypothetical Condition, on the other hand, is something that is known to be untrue as of the effective date of the appraisal but is taken as true for the purpose of the appraisal assignment. Jurisdictional Exceptions are rare but can affect an appraisal assignment when federal, state or local laws and regulations contradict or supersede professional appraisal standards.

The Extraordinary Assumptions, Hypothetical Conditions and/or Special Limiting Conditions considered in this appraisal assignment are disclosed on the following page. Additional general underlying assumptions and limiting conditions follow the Certification of this report.

## **DISCLOSURE OF EXTRAORDINARY ASSUMPTIONS, HYPOTHETICAL CONDITIONS, JURISDICTIONAL EXCEPTIONS AND/OR SPECIAL LIMITING CONDITIONS**

To the best of my knowledge the subject property is owner-occupied and not encumbered by a lease. Typically, properties like the subject are owner-occupied. I reserve the right to amend this appraisal and report if all or a portion of the subject property is leased. I further reserve the right to review any documents associated with the lease of any portion of the subject property.

A plat of survey for the subject property was not available. I reserve the right to amend the appraisal and report after reviewing a plat of survey that identifies land dimensions, land area, wetland classification, flood plain classification, building dimensions, building area and floor plan for all areas of the structure.

The subject property is located within the IB, "Institutional Building District" and the current use as a middle school is reported to be legal and conforming within this classification. The Village Planning Department reports that an amendment to the current zoning classification is unlikely. I inform the client and user of this appraisal and report that properties like the subject in surrounding communities have been successfully developed with mixed-use or commercial applications after rezoning is complete and improvements are razed. In my opinion, restrictive zoning often has a negative impact on the utility and value of the real estate. I suggest that the client seek additional legal advice in this area to examine all available options.

The assumption of reasonable probability of rezoning the property to expand the use of the real estate beyond the limitations of the current zoning classification is likely to increase the desirability of the property and the ultimately the value. I am not an expert in this area and I suggest that the client seek a legal opinion to determine if the property can be rezoned with applications that are similar to those found in competitive communities and are located near the rail line which services the western suburbs. I reserve the right to amend this appraisal and report after reviewing legal opinions that address and clarify the issue of reasonable probability of rezoning in the Village of Hinsdale. In this appraisal, I assume that it is reasonable and probable to rezone the property to reflect residential, commercial and mixed use development.

In this assignment I estimated the value of the site as vacant and available for development based on the reasonable probability of rezoning in the Village of Hinsdale. I have not adjusted the conclusion to include the estimated cost to raze the improvements. I suggest that the client seek an estimate of the cost to raze the existing improvements because this information will assist in supporting the conclusion of Highest and Best Use and allow the user to identify options for the use or disposition of the property. This appraisal and report are subject to my review of a formal estimate of the cost to raze the existing improvements. I reserve the right to amend this appraisal and report after reviewing the requested estimate.

To evaluate the subject property I applied only the Sales Comparison Approach. I evaluated the site as if vacant to allow the user and client to understand the value of the land upon which the improvements have been constructed under the assumption that it could be developed with a residential, mixed use or commercial project that is similar to those found along the rail line that services the western suburbs. I additionally evaluated the property as currently improved with a middle school facility in the current condition and based on the assumption that the current use will continue for the foreseeable future.

There are no hypothetical conditions for this appraisal.

There are no other extraordinary assumptions, hypothetical conditions, and/or special limiting conditions that impact the evaluation or the value of the property. See Underlying Assumptions and Limiting Conditions located elsewhere in this report.

## **APPRAISAL PROCESS**

The appraisal process is a specific system used in developing estimates of market value of various interests in real estate. Primary aspects of the process involve acquiring, analyzing, and interpreting data. A reasonable conclusion is drawn based on the application of three approaches to value. These approaches are the **Cost Approach, Income Approach and the Sales Comparison Approach**. Upon completing the applicable approaches to value, the conclusions are reconciled based on the strengths and/or weakness of each. The final conclusion is drawn from the most reliable data and analytical tool. A summary of each of the Approaches to Value is provided on the following page.

## **APPROACHES TO VALUE**

*The Cost Approach* involves estimating the reproduction or replacement cost new of the building and site improvements. Deductions for various forms of accrued depreciation are then taken. The estimated value of the land, as if vacant, is added to the estimated costs of the depreciated building and site improvements. The result is an indication of value for the entire property by the cost to develop a duplicate or substitute structure as of the appraisal date. *The Income Approach* is an analysis of the property based on income producing capabilities. Depending on the quality and durability of the income, a discounting, or capitalization technique, may be applied. This analytical tool reflects the present worth of the right to receive all anticipated future benefits associated with the property from an investment standpoint. *The Sales Comparison Approach* is an analysis of the property based on sales and listing activity for similar real estate. Since few properties are identical, adjustments are made to reflect the variations. An opinion of value for the subject property (the likely price if offered on the market) is formulated based on the most relevant data utilized in the analysis.

## **SCOPE OF WORK AND REPORT OPTION**

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). As stated previously, the purpose of this appraisal is to estimate the Market Value of the Fee Simple estate in the subject property as of the effective date of value to assist the client in an internal decision. While completing this appraisal, I considered (by way of example and not limitation) the physical characteristics of the subject property, the location of the property, comparable data, supplemental data retained in my file and summarized in this report, the USPAP Standards, various text material published by the Appraisal Institute (14th Edition, Dictionary of Terminology, and specialty articles) and documents associated with the verification of the sales transactions. Photocopies of all information considered while completing this analysis are retained in my file and/or office.

To prepare this appraisal and report, a complete interior and exterior inspection of the subject property has been made, and photographs taken.

I reviewed zoning information and the applicable land use controls for the subject property. In addition, I interviewed a representative of the Village of Hinsdale Planning Department to discuss the current zoning of the property and the reasonable probability of rezoning the subject for an alternate use.

I completed an analysis of the market conditions that impact value in the subject area. This included a review of various databases that offer information on the subject's market area as well as other sources of additional information considered relevant to this analysis.

A complete 'as vacant' and 'as improved' highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

A formal survey of the property was not available for my review. This appraisal and report are subject to a formal survey to verify land area, land dimensions, building dimensions, building area, floor plan, flood plain and wetland areas.

I completed research to develop comparable data for use in the analysis of the subject property and the information was verified. I considered all approaches to value that are applicable. The result of this appraisal is communicated in an Appraisal Report as defined in the Uniform Standards of Appraisal Practice.

A detailed description of the methods and techniques employed in the development of this appraisal assignment and Appraisal Report is presented on the following page.

## **APPRAISAL DEVELOPMENT**

The Cost Approach to Value is not applied in the analysis of the subject property. The reliability of this approach is weakened by the need to apply assumptions related to the overall depreciation and/or obsolescence found in the subject property.

Although the Cost Approach to Value is not applied in this analysis, I elected to present an analysis of the subject land based on sales transactions involving infill sites that are located in nearby communities. It is noted that although these sales are relevant in the evaluation of the subject property, each required a zoning modification or the establishment of a Planned Development so the intended project could be completed. During my interview with the Village of Hinsdale Planning Department I was informed that a modification to the current I-B "Institutional Building District" zoning classification is unlikely. The conclusion presented in this portion of the appraisal and report is based on the assumption that the current zoning classification can be amended to allow development in accordance with market trends and area development patterns. This extraordinary assumption is applied in the analysis that follows. I reserve the right to amend this appraisal and report as additional information becomes available.

The Income Approach to Value is not applied in the analysis of the subject property. The subject is not an income producing property and this approach does not reflect market behavior for this property type.

The Sales Comparison Approach to Value is presented and given the greatest consideration in formulating the final conclusion. Sufficient data is available in the market to complete this analytical technique and the available sales reflect the interactions of the buyers and sellers for similar properties. The sales used in this analysis appear to reflect transactions that are typical of the market. The Sales Comparison Approach to Value is presented in the evaluation of the property "as vacant" and "as improved".

This appraisal and Appraisal Report are intended to comply with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute. Additional data is retained in my file and/or office.

## **ACKNOWLEDGEMENT AND STATEMENT OF COMPETENCY**

When any portion of the work performed during the completion of this appraisal and report involves "significant appraisal assistance," those individuals must be identified and the extent of their contributions must be described.

In preparing this appraisal assignment, Dale J. Kleszynski, MAI, SRA performed the previously described inspection of the subject property, reviewed available documents and the public record, researched and verified the comparable data involving properties comparable to the subject and conducted an analysis using the above mentioned techniques in order to conclude on a reconciled value conclusion for the subject property. A statement of my professional qualifications is located elsewhere in this report. I am competent to complete the appraisal of the subject property.

## **LEGAL DESCRIPTION AND ADDITIONAL INFORMATION**

A legal description of the property was not available for my review. This appraisal and report is subject to a preliminary title report and formal survey to verify legal description, land dimensions, land area, building dimensions, floor plan and building areas for the subject property. I reserve the right to amend this appraisal and report after reviewing the requested information. Any additional information provided by the client and information developed in the completion of this appraisal and report are retained in my file and/or office.

## **PROPERTY HISTORY**

According to public record, the owner of the subject property is Community Consolidated School District 181. My review of the available information indicates that the subject property has not been listed for sale, transferred or sold during the three years prior to the effective date of value (May 16, 2016). It should be noted that the subject property has not been listed for sale or lease during this same three year period. The subject property is not known to be encumbered by any lease agreements.

## **ENVIRONMENTAL HAZARDS**

I was not provided with an environmental survey of the subject property. During my inspection of the property, I did not observe any obvious items that cause me to suspect that an environmental hazard exists. I am not an expert in this area. I reserve the right to amend the value conclusion should contamination be found. See the Underlying Assumptions and Limiting Conditions for further clarification of this matter.

## **AMERICANS WITH DISABILITIES ACT**

While inspecting the property and reviewing available records, I did not note any violations of the Americans With Disabilities Act. I am not an expert in this area. I reserve the right to amend my analysis upon review of reports related to the Americans With Disabilities Act.

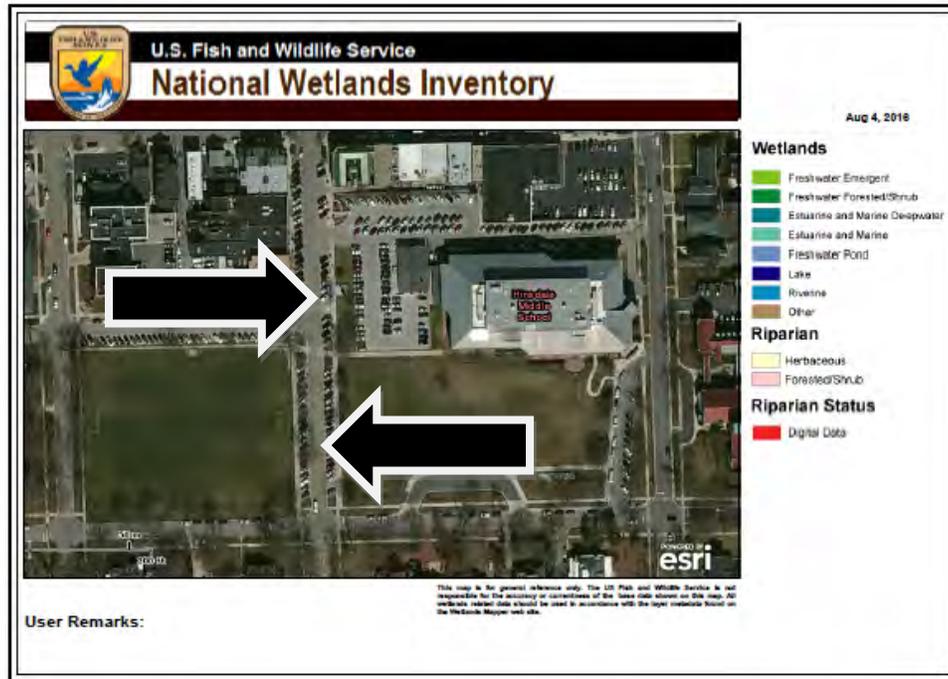
## **ASSESSMENT AND REAL ESTATE TAX SUMMARY**

Real estate taxes are levied by the municipality and taxing districts based on the assessed value of real property within its jurisdiction. The assessed value is normally based on some ratio or percentage of the real property value of the parcel. When this process is followed, the term "ad valorem taxes" is used to describe the amount real estate taxes billed (the term ad valorem means "according to value"). The assessing body will periodically estimate the value of each parcel within its jurisdiction and this valuation will be used to calculate the assessed value of each parcel based on its level of assessment. The treasurer's office will then use this assessed value in determining the real estate tax amount to be billed.

The property is identified by numerous Permanent Real Estate Tax Index Number(s). As a public school facility, the property is not assessed or taxed. The subject property is tax exempt.

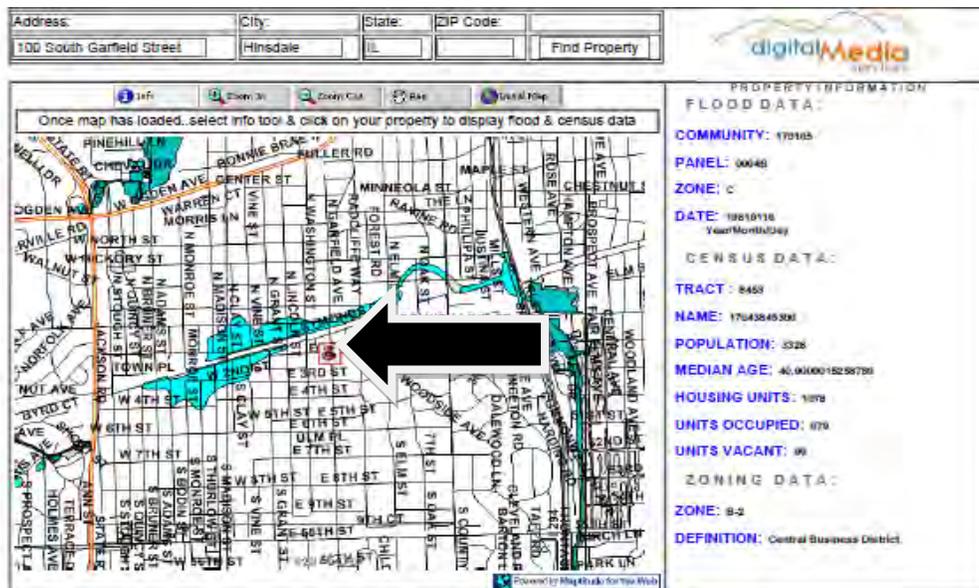
## WETLAND AREA

Information provided by the United States Fish and Wildlife Service indicates that the property is not impacted by a wetlands classification. I am not an expert in this area. I reserve the right to amend the value conclusion after reviewing a formal wetland report that is prepared by a qualified expert.

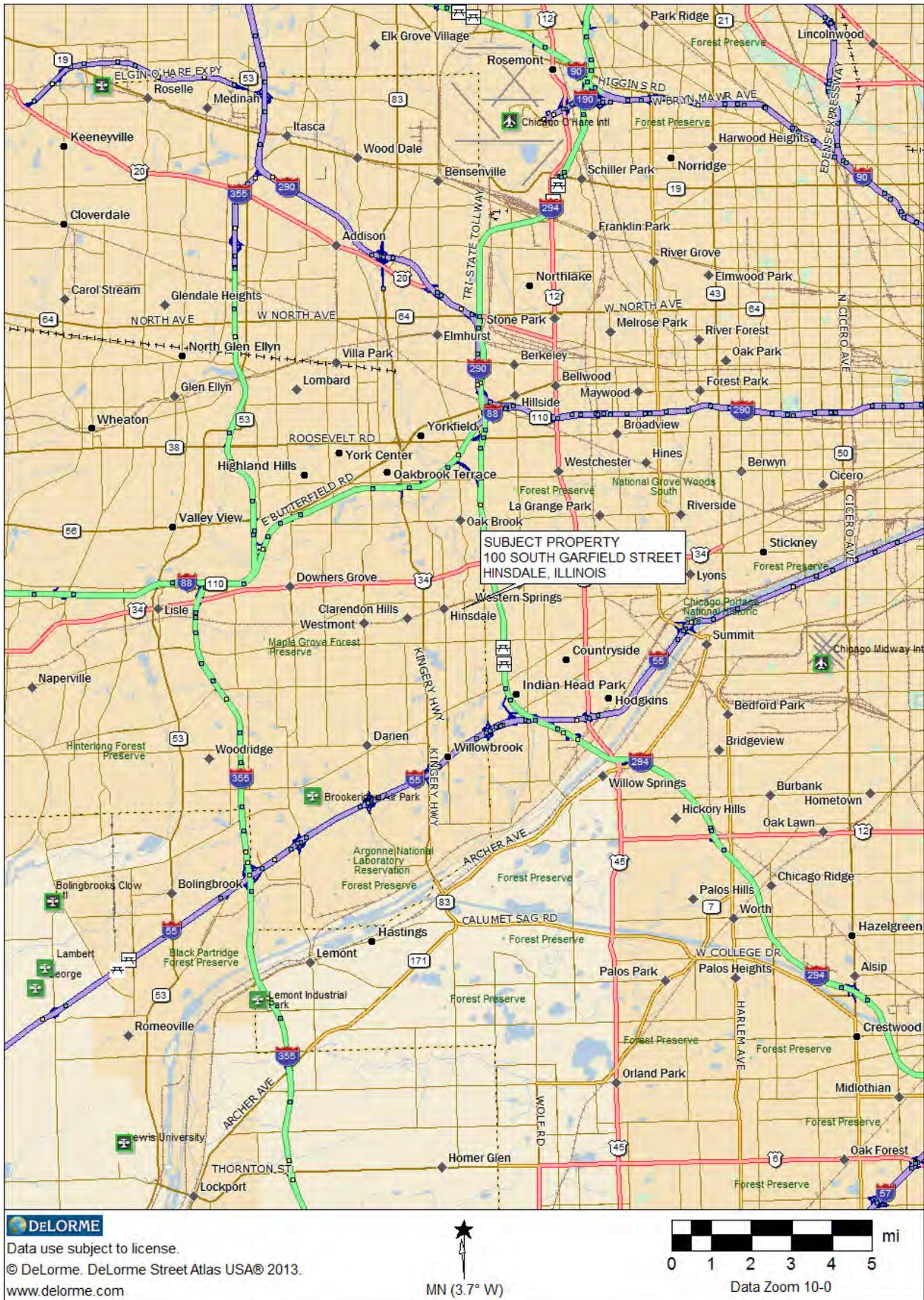


## FLOOD PLAIN

According to Community Panel 170105 0004B, dated January 16, 1981, the subject property is in a C zone flood hazard area. Zone C is considered an area of minimal flooding. See file for additional information. I am not an expert in this area and am reporting data from FEMA maps. I reserve the right to amend this appraisal and report after reviewing a formal flood hazard report that is prepared by a qualified expert.



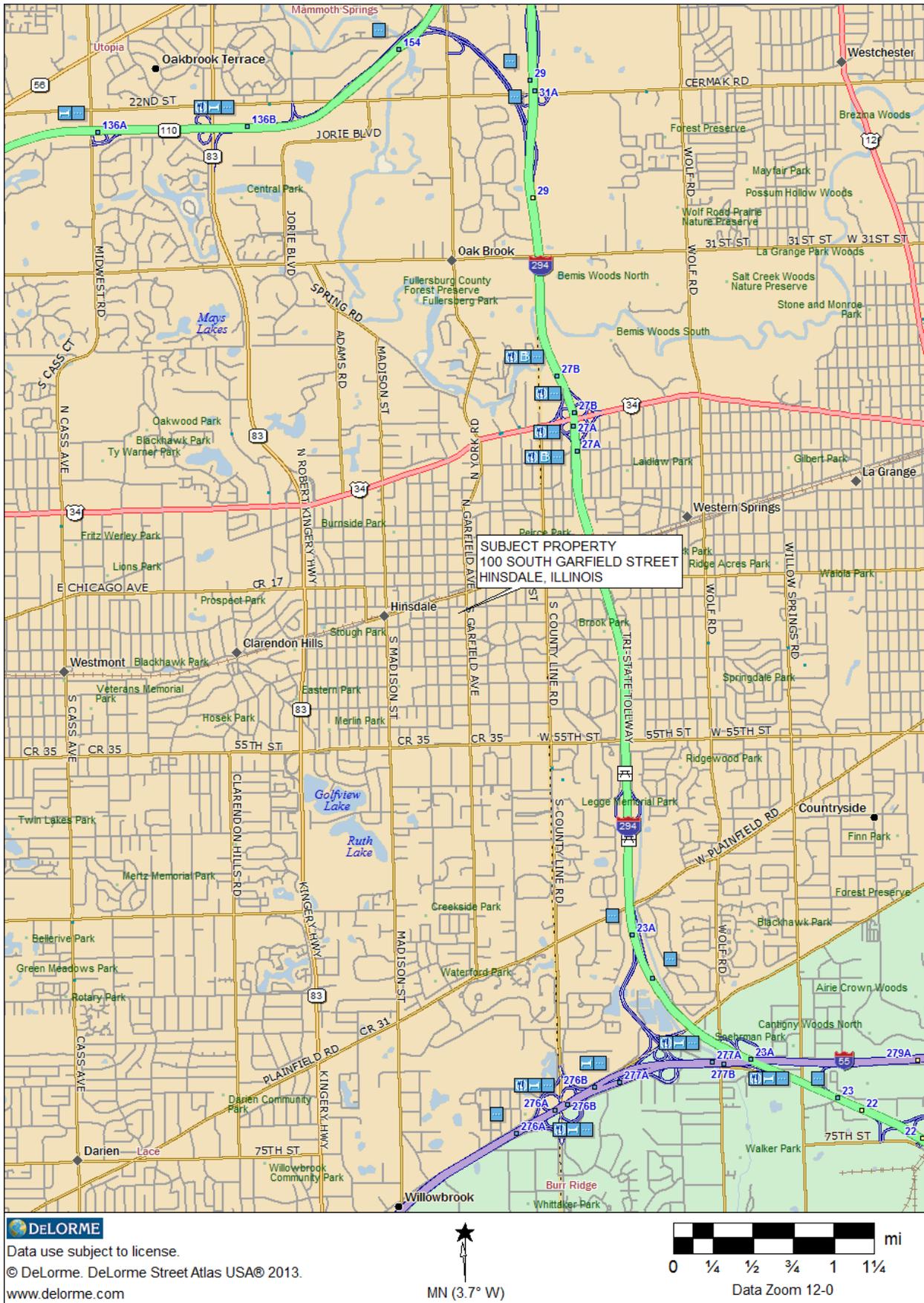
# REGIONAL MAP



## **AREA DATA**

<b>Location:</b>	Village of Hinsdale DuPage and Cook County, Illinois
<b>Geographic Area:</b>	Estimated at 4.86 square miles.
<b>Distance to Major Cities:</b>	Chicago, Illinois                    18 miles Indianapolis, Indiana            190 miles Detroit, Michigan                 270 miles
<b>Housing:</b>	According to the Multiple Listing Service, there were 262 single family homes sold in Hinsdale in the year 2015 with an average sale price of \$1,135,001.
<b>Health Care:</b>	Health care needs are served through Hinsdale Hospital. Hinsdale Hospital is a 462-bed facility noted for their comprehensive diagnostic and treatment programs.
<b>Education:</b>	Elementary School District 181 and District 86 consistently rank at the top in the state's school report cards. Hinsdale and neighboring Clarendon Hills have elementary schools which feed into Hinsdale Central High School.
<b>Recreational Facilities:</b>	There are 19 parks located in Hinsdale that provide extensive activities for its residents.
<b>Labor Market:</b>	The general labor population consists of both skilled and semi-skilled persons. The unemployment rate for this area is consistent with that found in the City of Chicago, and the region in general.
<b>Employment:</b>	The primary employers within the village include Hinsdale Hospital and the Hinsdale school districts.
<b>Utilities:</b>	Electricity and gas are provided by Commonwealth Edison and Nicor Gas. Water and sewer services are provided through the Village of Hinsdale.
<b>Transportation:</b>	Access to surrounding suburbs is available via Interstates 294 and 55, which connect to Interstate 88, allowing access to the Chicago Metropolitan District. Public transportation is provided by the METRA train service. Regional air transportation is facilitated by Midway Airport, while international service is provided through O'Hare International Airport.

# LOCATION MAP

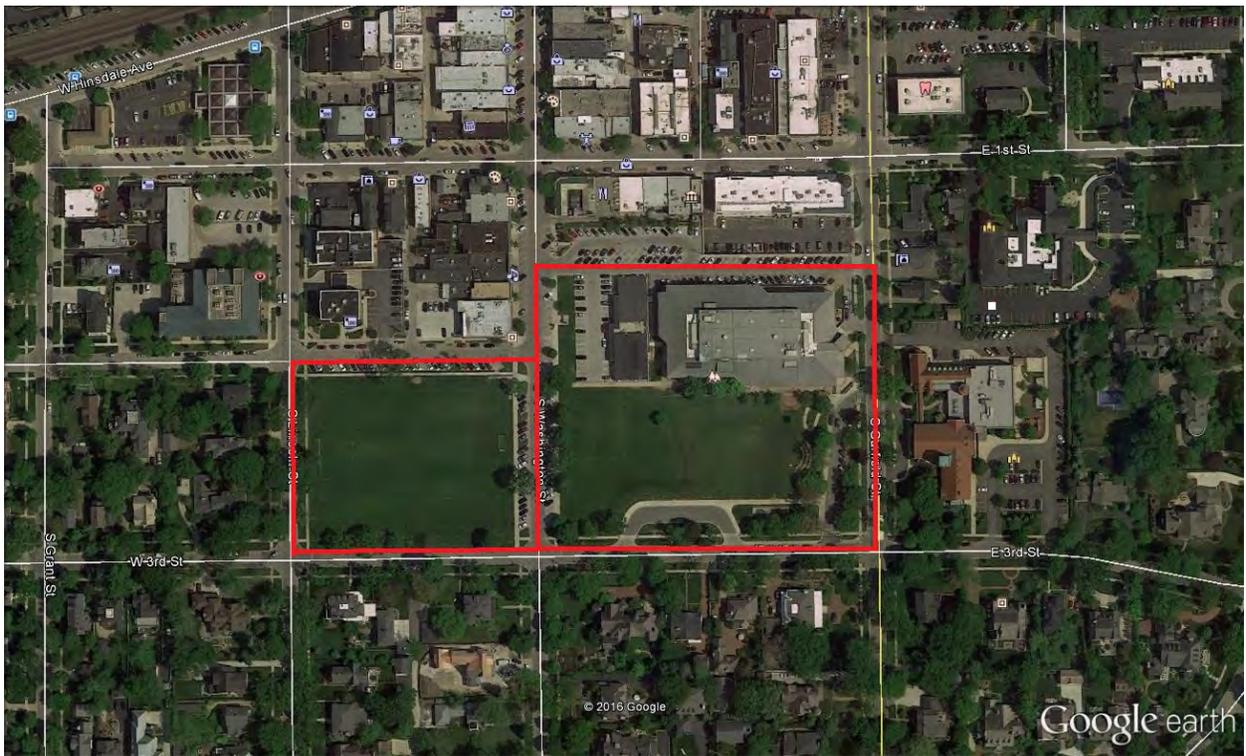
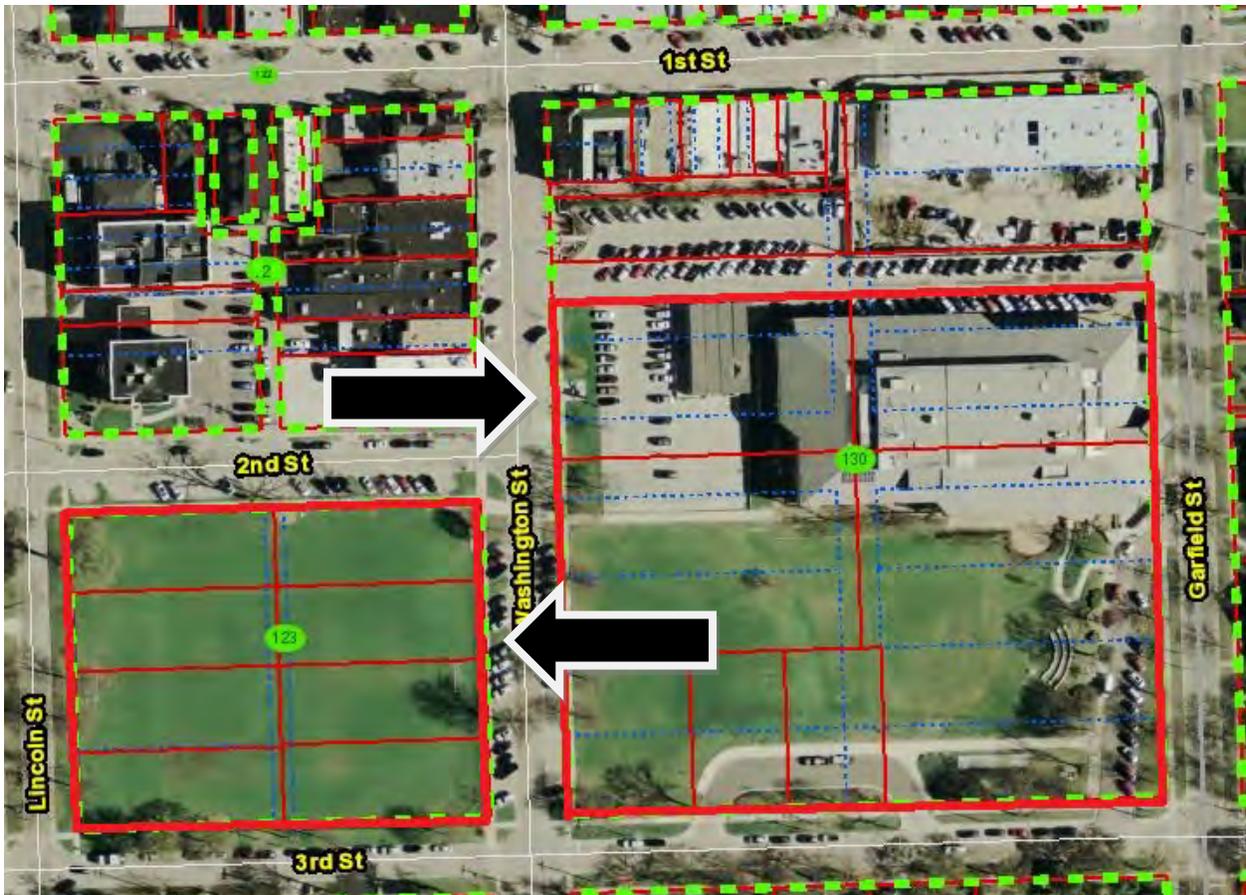


## **SITE DATA**

### **SITE DESCRIPTION**

<b>Location:</b>	<p>The subject property is located at the northwest corner of South Garfield Street and East 3rd Street and the northwest corner of South Washington Street and East 3rd Street in Hinsdale, Illinois. The common address is 100 South Garfield Street, Hinsdale, Illinois. The subject property is identified by the common address and the street boundaries identified elsewhere. Numerous tax parcels identify the property according to my search of public record. This appraisal and report are subject to a formal survey to verify land dimensions, land area, building area, building dimensions and legal description.</p>
<b>Dimensions and Land Area:</b>	<p>The portion of the site that is located at the northwest corner of South Garfield Street and East 3<sup>rd</sup> Street has approximately 594.00 feet of frontage along South Garfield Street and 466.62 feet of frontage along East 3rd Street. This parcel is currently improved with the Hinsdale Middle School. Remaining dimensions for both parcels vary based on point of reference.</p> <p>The portion of the property that is located at the northwest corner of South Washington Street and East 3<sup>rd</sup> Street has approximately 396.00 feet of frontage along South Washington Street and 346.50 feet of frontage along East 3rd Street. Remaining dimensions for both parcels vary based on point of reference.</p>
<b>Street Access:</b>	<p>The combined site area is reported to be 9.51 acres or 414,386 square feet.</p> <p>Access to the site is from South Garfield Street, South Washington Street and East 3rd Street.</p>
<b>Topography:</b>	<p>Generally level and at the grade of adjacent properties.</p>
<b>Utilities:</b>	<p>Sewer, water, telephone, electricity, and natural gas are available to the subject site. The utilities are typical and adequate for the market area.</p>
<b>Water and Sewer:</b>	<p>City water and City sewer</p>
<b>Electric:</b>	<p>Commonwealth Edison</p>
<b>Gas:</b>	<p>NICOR Gas</p>
<b>Soil Condition:</b>	<p>A soil test was not made available. I assume that conditions are adequate to support the existing improvements. I am not an expert in this area and I reserve the right to amend this analysis after reviewing a formal soil report. Please reference Underlying Assumptions and Limiting Conditions.</p>
<b>Flood Hazard Area:</b>	<p>According to Community Panel 170105 0004B, dated January 16, 1981, the subject property is in a C zone flood hazard area. Zone C is considered an area of minimal flooding. I am not an expert in this area. I reserve the right to amend this appraisal and report after reviewing a formal flood hazard report that is prepared by a qualified expert.</p>
<b>Environmental Hazards:</b>	<p>During my inspection I did not observe any obvious environmental hazards. I am not an expert in this area and suggest that the client consider an environmental audit by a qualified professional. I reserve the right to amend my analysis should an environmental hazard be identified (see Underlying Assumptions and Limiting Conditions).</p>
<b>Linkages:</b>	<p>Primary roadways in the area include South Garfield Avenue, Ogden Avenue and 55<sup>th</sup> Street. Interstate 294 and Illinois Route 83 are accessible within 3 to 4 miles of the subject. These expressways and state route allows access to Interstates 55, 88 and 90, surrounding suburbs, the City of Chicago, and the region in general.</p>
<b>Comments:</b>	<p>None</p>

**TAX ASSESSMENT MAP**



**PHOTOGRAPHS OF THE SUBJECT PROPERTY**



**SUBJECT PROPERTY**



**SUBJECT PROPERTY**

**PHOTOGRAPHS OF THE SUBJECT PROPERTY**



**SUBJECT PROPERTY**



**SUBJECT PROPERTY**

**PHOTOGRAPHS OF THE SUBJECT PROPERTY**



**SUBJECT PROPERTY**

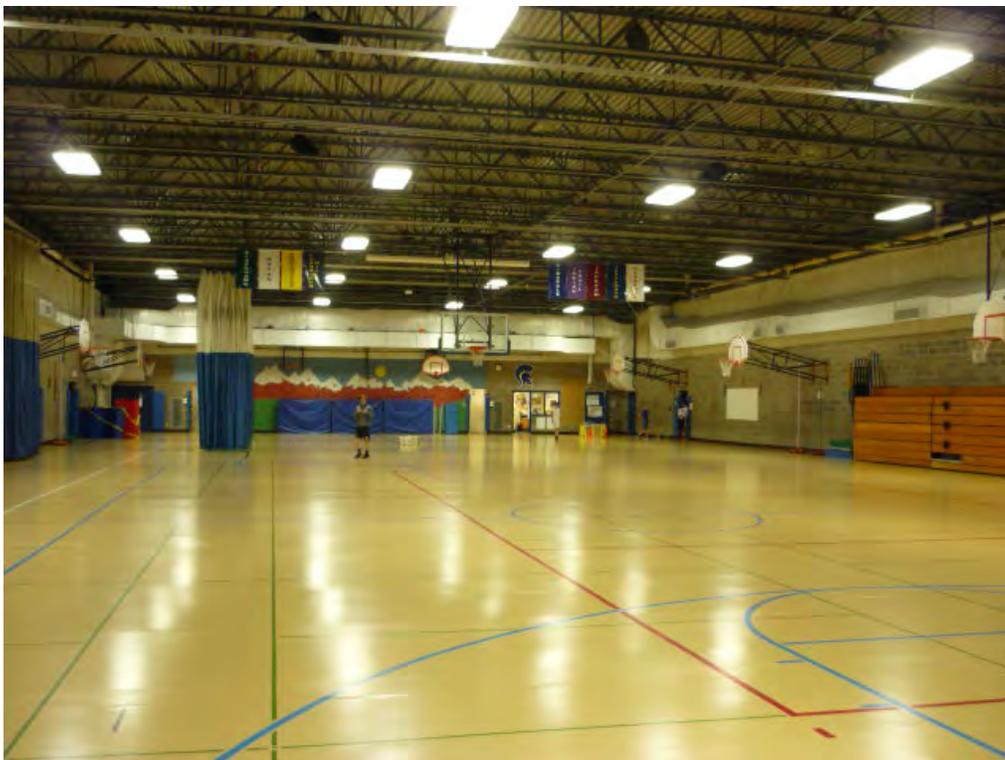


**SUBJECT PROPERTY**

**PHOTOGRAPHS OF THE SUBJECT PROPERTY**



**SUBJECT PROPERTY**



**SUBJECT PROPERTY**

**PHOTOGRAPHS OF THE SUBJECT PROPERTY**



**SUBJECT PROPERTY**



**SUBJECT PROPERTY**

**PHOTOGRAPHS OF THE SUBJECT PROPERTY**



**SUBJECT PROPERTY**



**SUBJECT PROPERTY**

## **DESCRIPTION OF IMPROVEMENTS**

The subject property consists of an average quality special purpose property that is occupied by the Hinsdale Middle School. The following is a detailed description of the improvements.

### **General Description – Summary**

<b>Development/Property Name:</b>	Hinsdale Middle School
<b>Property Type:</b>	The subject site is improved with a Special Purpose School/University-Classroom Bldg and associated land. This property type classification is taken from the Appraisal Institute's Commercial Database Standards.
<b>Building Size:</b>	The total building area is reported to be 107,500 square feet.
<b>Year Built:</b>	Reported to be constructed in 1975. The actual age of the subject improvements as of the effective date of value (May 16, 2016) is estimated to be 25 year(s) old.
<b>Renovations:</b>	It is reported that the subject property was renovated and additions were completed in 2009
<b>Land-to-Building Ratio:</b>	The reported land area of 9.51 acres or 414,386 square feet indicates a land-to-building area of 3.85 to 1.
<b>Construction Class:</b>	Class C
<b>Building Design:</b>	Typical open concept school design.
<b>Construction Quality:</b>	Average
<b>Condition/Appeal:</b>	Average

### **Foundation, Frame & Exterior**

<b>Foundation:</b>	Reinforced poured concrete
<b>Basement:</b>	None
<b>Exterior:</b>	Masonry and fixed glass set in metal frames
<b>Structural Frame:</b>	Steel
<b>Roof:</b>	Flat roof on a metal deck supported by steel beams and joists with composition covering.

## **DESCRIPTION OF IMPROVEMENTS (CONTINUED)**

### **Interior Finish**

<b>Floor Finish:</b>	Carpet, tile and/or slab flooring
<b>Wall Construction and Finish:</b>	Painted/Covered drywall, fixed glass set in metal frames and/or exposed walls
<b>Ceiling Finish:</b>	Acoustic ceiling panels.
<b>Lighting System:</b>	A mix of fluorescent and incandescent lighting.
<b>Washrooms:</b>	Adequate restroom/locker room facilities service the building.
<b>Additional Features:</b>	The first floor of the building is used for common/open gathering, food service, office and educational applications. The second floor is primarily dedicated to classroom and educational applications while the third floor is used for gymnasium and locker applications.
<b>Interior Layout:</b>	See floor plans located elsewhere in this report.

### **Mechanical Systems**

<b>Heating and Cooling:</b>	Roof mounted combination units. Roof mounted combination units.
<b>Power Supply:</b>	The building is equipped with adequate power. The power capacity is estimated at 800 to 1,000 ampere, three phase, four wire service.
<b>Alarm Systems and Sprinklers:</b>	Security and alarm services are adequate for the current operation of the property. The subject property is serviced by a sprinkler system.
<b>Elevators and Escalators:</b>	Adequate elevator service is available and the property is reported to be ADA compliant.
<b>Loading Area:</b>	The building is served by a raised dock area.

### **Parking**

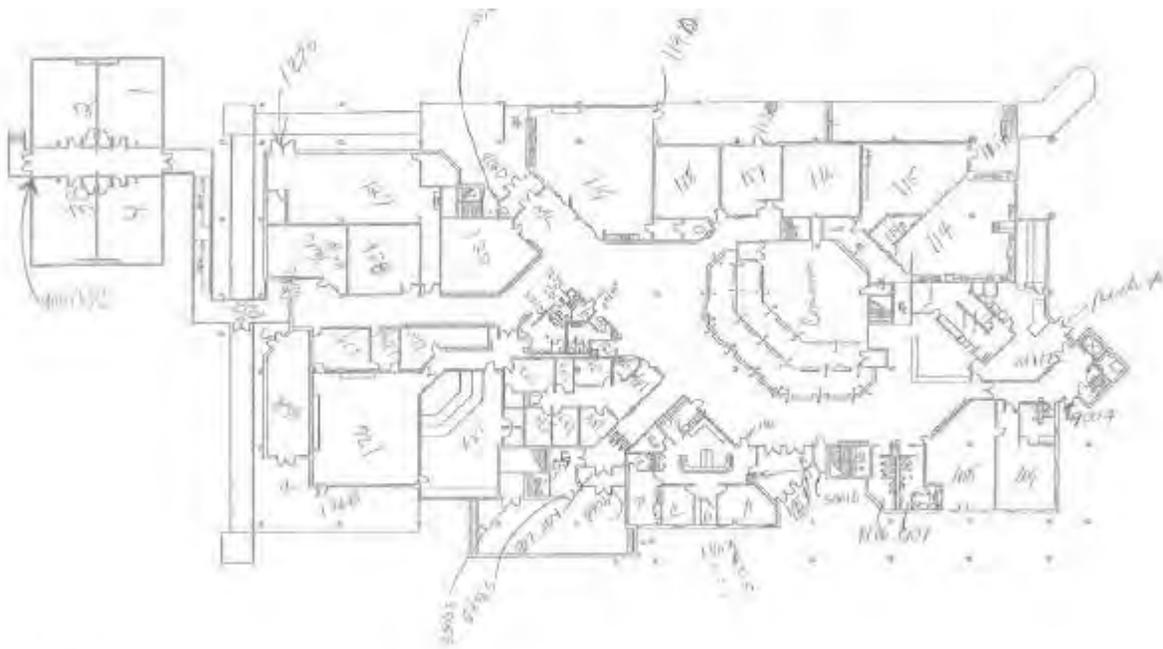
<b>Vehicle Parking:</b>	The subject property is serviced by limited onsite parking availability.
<b>Other Site Improvements:</b>	The site is improved with asphalt paved parking, service walks, lawn area, athletic fields, landscaping and signage.

## DESCRIPTION OF IMPROVEMENTS (CONTINUED)

### Property Analysis

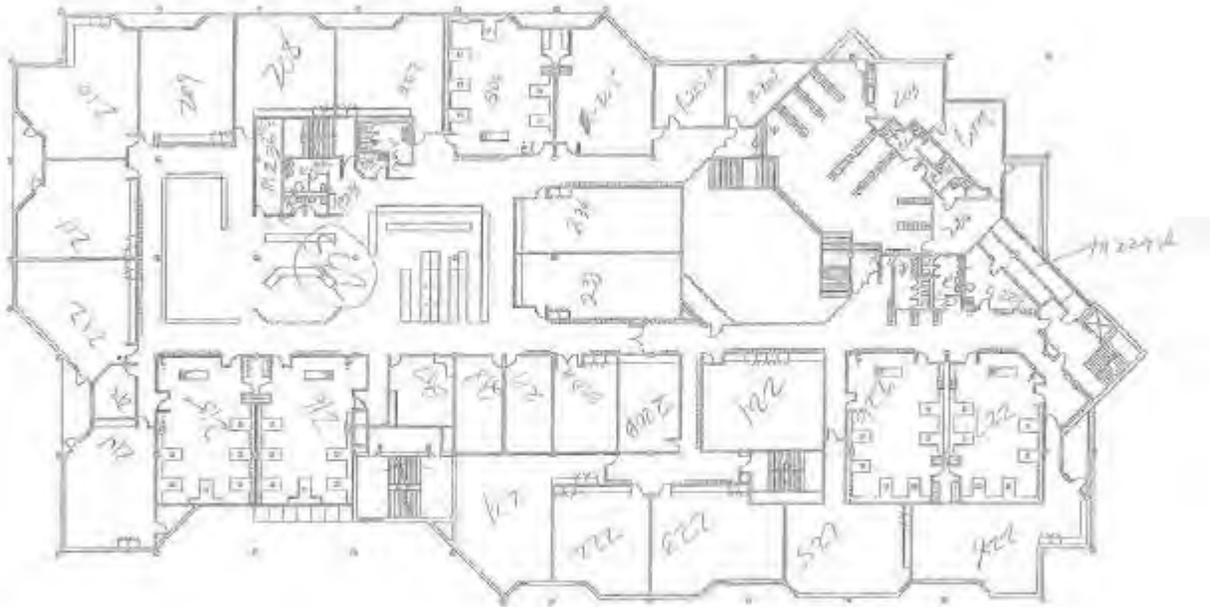
- Design & Functional Utility:** The subject property was reported to be constructed in phases and the floor plan has been modified over the years. The improvements have significant functional obsolescence caused by large open areas, location of the gymnasium on the third floor, inadequate elevator service and ventilation systems that are considered to be inadequate for the long runs formed by the hallway configuration.
- Deferred Maintenance:** Deferred maintenance reported as typical of buildings of this type and style with replacement and repairs performed as needed.
- Capital Improvements:** None noted or observed.
- Overall Condition and General Comments:** The subject improvements are considered to be in average condition.
- Effective Age and Total Economic Life:** Based on the available information, the effective age of the subject property is estimated at 25 years. The total economic life of properties like the subject is typically 50 years. The indicated remaining economic life is calculated to be 25 years.

### FLOOR PLAN

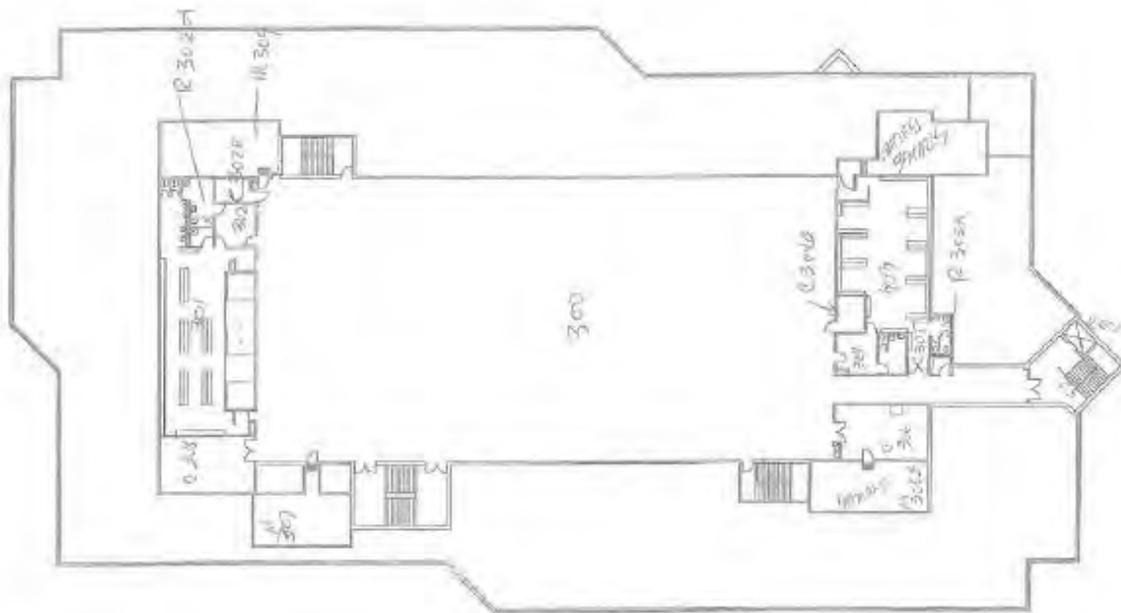


HMS First Floor

# FLOOR PLAN



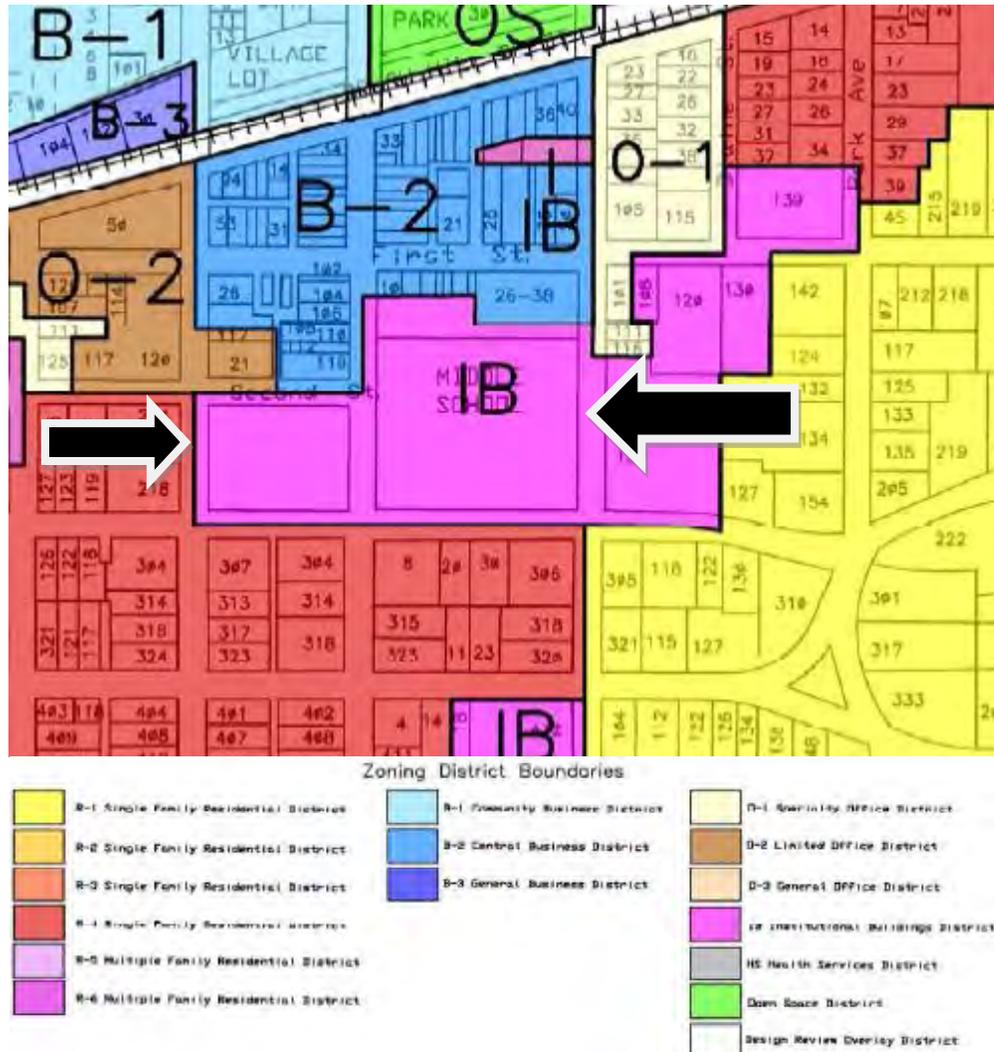
HMS Second Floor



HMS Third Floor

## ZONING

The subject property is zoned IB, 'Institutional Building District'. The Village of Hinsdale reports that the current Special Purpose School/University-Classroom Bldg use is a legal and conforming use under this zoning classification and associated zoning ordinance. The portion of the available zoning map that includes the subject property, as well as a brief description of the subject's zoning district, is reproduced below.



### Sec. 7-301: Purposes:

The IB institutional buildings district is established to accommodate existing and future public buildings and buildings having purposes and impacts similar to public buildings. It is the intent of this code, by this district, to avoid the problems inherent in treating such buildings as permitted or special uses in zoning districts characterized by uses and structures bearing no similarity to public and institutional uses and buildings. (1991 Code)

## **HIGHEST AND BEST USE**

The Appraisal Institute defines Highest and Best Use as follows:

“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

Source: **The Dictionary of Real Estate Appraisal, Sixth Edition**

The four criteria that the highest and best use of land as though vacant, must meet are defined in **The Dictionary of Real Estate Appraisal, Sixth Edition** as:

**Legal Permissibility.** A property use that is either currently allowed or most probably allowable under zoning codes, building codes, environmental regulations, and other applicable laws and regulations that govern land use.

**Physical Possibility.** For a land use to be considered physically possible, the parcel of land must be able to accommodate the construction of the ideal improvement.

**Financial Feasibility.** For a land use to be considered financially feasible, the value of the land use must exceed its cost.

**Maximum Productivity.** To achieve maximum productivity, a specific land use must yield the highest value of all the physically possible, legally permissible, and financially feasible possible uses.

An improved site is always valued as though vacant and available for its highest and best use. Existing improvements that do not conform with the ideal improvement may be an interim use (i.e., not the highest and best use) that contributes some value or even reduces value if the costs to remove the improvements are substantial. In the analysis of the Highest and Best Use As Improved, an appraiser considers the alternative uses by applying the same tools applied in the analysis of the highest and best use of the land as though vacant (the four test). The future economic performance of the existing improvements is the core concern in testing the alternative uses of the property as improved. This is done by the appraiser considering the number of alternative uses of the existing improvements:

- Demolish the existing improvements and redevelop the site.
- Convert, renovate, or alter the existing improvements to enhance the current use or change the use of the property to a more productive use.
- Retain the existing improvements and continue the current use. The existing improvements represent an interim use that helps defray the cost of carrying the property and demolition costs until all approvals have been obtained and actual construction may begin.

Source:

**The Appraisal of Real Estate, Fourteenth Edition & The Dictionary of Real Estate Appraisal, Sixth Edition**

## **HIGHEST AND BEST USE**

### **Conclusion – As Vacant**

As previously stated, the subject property is zoned IB, 'Institutional Building District'. My interview with the Village of Hinsdale allows me to conclude that the only legal use that the site would accommodate under its current zoning are those listed as allowable in the actual ordinance. The IB institutional buildings district is established to accommodate existing and future public buildings and buildings having purposes and impacts similar to public buildings. It is the intent of this code, by this district, to avoid the problems inherent in treating such buildings as permitted or special uses in zoning districts characterized by uses and structures bearing no similarity to public and institutional uses and buildings. (1991 Code). Therefore, only applications such as governmental buildings, schools and museums are allowable as a matter of right.

It is noteworthy that properties like the subject have been sold in nearby communities with the intention of redevelopment and successful zoning modifications have occurred. The Village of Hinsdale Planning Department in Hinsdale reported that a modification of the current zoning classification is unlikely. The client is, therefore, informed that limitations on the concept of reasonable zoning modifications typically may have a negative impact on value. I suggest that the client seek legal counsel to examine options that will allow the site to have maximum utility in the market. I reserve the right to amend this appraisal and report after reviewing any reports associated with this issue.

Based on my inspection of the subject property, neither the site nor the building appears to suffer from any condition that would render the property unbuildable and no soil tests are available for my review. The building is estimated to be constructed in 1975 and appears to have been well maintained. The improvements to the site have been located on the property since being constructed with no signs of unusual settling or erosion. Development of subject site for the current and legally permissible uses is considered physically possible.

The estimated value of the property, as improved, exceeds or is similar the value of the vacant site. My research allows me to conclude that land values in the subject marketplace have remained stable or increased since the economic downturn that occurred between 2008 and 2010. A comparison of the land pricing with the estimated value of the “as improved” subject property indicates the current use as a school facility is financially feasible or an interim use of the site until development options can be determined.

Based on my analysis, I conclude that the Highest and Best Use of the subject property, as vacant, is for development based on the reasonable probability of rezoning in the Village of Hinsdale.

## **HIGHEST AND BEST USE**

### **Conclusion - As Improved**

As stated elsewhere, the current school use of subject property appears to be legal under the IB, 'Institutional Building District' zoning classification. There are no known issues with the improvements to the subject site as currently constructed and the improvements are considered to be physically possible. The improvements to the subject site are consistent with area development and my search of market data allows me to conclude that demand for mixed use applications and residential units is strong.

Based on my analysis I conclude that the current school use is viable but with an interim use application until redevelopment of the property occurs.

**ANALYSIS OF THE SITE AS VACANT**

## **ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH**

### **Valuation Concept**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.



# ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

## Land Sale Number 1



### Transaction

<b>Address</b>	936-942 Maple Avenue	<b>Property Rights</b>	Fee Simple
<b>City</b>	Downers Grove	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	REO transaction
<b>Tax ID</b>	09-08-306-031 and 032-0000	<b>Grantor</b>	First Merchants Bank, N.A.
<b>Date</b>	2/26/2015	<b>Grantee</b>	Fortunee F. Massuda Trust
<b>Price</b>	\$1,100,000.00	<b>Verification</b>	Public Record - Document Number R2015-018404
<b>Price Per Land SF</b>	\$24.10		

### Land

<b>Acres</b>	1.05	<b>Zoning</b>	DB, Downtown Business District
<b>Land SF</b>	45,642	<b>Environmental Issues</b>	No wetlands designation reported.
<b>Shape</b>	Irregular	<b>Flood Zone</b>	Zone X
<b>Topography</b>	Level	<b>Utilities</b>	Available to site
<b>Road Frontage</b>	-	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
<b>Current Use</b>	Vacant Land	<b>Proposed Use</b>	Mixed Use

### Improvements

<b>GBA</b>	-	<b>Condition</b>	-
<b>GLA</b>	-	<b>Ancillary Buildings</b>	-
<b>No. of Stories</b>	-	<b>Parking</b>	-
<b>Year Built</b>	-		

### Comments

This property was purchased for multi-family residential development. This is a previously developed lot.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Land Sale Number 2



#### Transaction

<b>Address</b>	219 East Parkway Drive	<b>Property Rights</b>	Fee Simple
<b>City</b>	Wheaton	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Arm's Length
<b>Tax ID</b>	05-09-108-051	<b>Grantor</b>	CDG Wheaton, LLC
<b>Date</b>	12/4/2014	<b>Grantee</b>	CAVS Wheaton Property Owner, LLC
<b>Price</b>	\$2,200,000.00		
<b>Price Per Land SF</b>	\$12.56	<b>Verification</b>	Public Record - Document Number R2014-113825

#### Land

<b>Acres</b>	4.02	<b>Zoning</b>	R5. Residential District
<b>Land SF</b>	175,144	<b>Environmental Issues</b>	A portion of the property is impacted by a PFO1/SS1A wetland designation.
<b>Shape</b>	Irregular	<b>Flood Zone</b>	Zone X
<b>Topography</b>	Level	<b>Utilities</b>	Available to site
<b>Road Frontage</b>	--	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
<b>Current Use</b>	Vacant Land	<b>Proposed Use</b>	Assisted Living Facility

#### Improvements

<b>GBA</b>	--	<b>Condition</b>	--
<b>GLA</b>	--	<b>Ancillary Buildings</b>	--
<b>No. of Stories</b>	--	<b>Parking</b>	--
<b>Year Built</b>	--		

#### Comments

This property was purchased for development of an assisted living facility.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Land Sale Number 3



#### Transaction

<b>Address</b>	408 North Cass Avenue	<b>Property Rights</b>	Fee Simple
<b>City</b>	Westmont	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Partial Interest
<b>Tax ID</b>	09-04-409-007, 008 and 009	<b>Grantor</b>	Westmont Garden LLC
<b>Date</b>	12/31/2013	<b>Grantee</b>	Cass Avenue Dream Homes
<b>Price</b>	\$925,000.00		
<b>Price Per Land SF</b>	\$11.06	<b>Verification</b>	Public Record - Document Number R2013-170534

#### Land

<b>Acres</b>	1.92	<b>Zoning</b>	R-4 PD, General Residence District with Planned Development overlay
<b>Land SF</b>	83,636	<b>Environmental Issues</b>	No wetlands designation reported.
<b>Shape</b>	Rectangular	<b>Flood Zone</b>	Zone X
<b>Topography</b>	Level	<b>Utilities</b>	Available to site
<b>Road Frontage</b>	-	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
<b>Current Use</b>	Vacant Land	<b>Proposed Use</b>	Multi-Family Residential

#### Improvements

<b>GBA</b>	-	<b>Condition</b>	-
<b>GLA</b>	-	<b>Ancillary Buildings</b>	-
<b>No. of Stories</b>	-	<b>Parking</b>	-
<b>Year Built</b>	-		

#### Comments

This property was purchased for multi-family residential development.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Land Sale Number 4



#### Transaction

<b>Address</b>	Liberty Street and Station Street	<b>Property Rights</b>	Fee Simple
<b>City</b>	Aurora	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Arm's Length
<b>Tax ID</b>	07-21-208-001	<b>Grantor</b>	LEK, LLC
<b>Date</b>	9/16/2014	<b>Grantee</b>	M/I Homes of Chicago, LLC
<b>Price</b>	\$2,000,000.00		
<b>Price Per Land SF</b>	\$13.83	<b>Verification</b>	Public Record - Document Number R2014-084603

#### Land

<b>Acres</b>	3.32	<b>Zoning</b>	B1(S), Business District-Local Retail, Special Use District
<b>Land SF</b>	144,619	<b>Environmental Issues</b>	No wetlands designation reported.
<b>Shape</b>	Irregular	<b>Flood Zone</b>	Zone C
<b>Topography</b>	Level	<b>Utilities</b>	Available to site
<b>Road Frontage</b>	--	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
<b>Current Use</b>	Vacant Land	<b>Proposed Use</b>	Multi-Family Residential

#### Improvements

<b>GBA</b>	--	<b>Condition</b>	--
<b>GLA</b>	--	<b>Ancillary Buildings</b>	--
<b>No. of Stories</b>	--	<b>Parking</b>	--
<b>Year Built</b>	--		

#### Comments

This property was purchased for residential development.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Land Sale Number 5



#### Transaction

<b>Address</b>	103 South Prospect Avenue	<b>Property Rights</b>	Fee Simple
<b>City</b>	Clarendon Hills	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	REO transaction
<b>Tax ID</b>	09-11-303-026 and 027	<b>Grantor</b>	SBC REO LLC
<b>Date</b>	2/13/2013	<b>Grantee</b>	88 Park Avenue, LLC
<b>Price</b>	\$300,000.00	<b>Verification</b>	Public Record - Document Number R2013-023856
<b>Price Per Land SF</b>	\$18.27		

#### Land

<b>Acres</b>	0.38	<b>Zoning</b>	B-1, Retail Business District
<b>Land SF</b>	16,422	<b>Environmental Issues</b>	No wetlands designation reported.
<b>Shape</b>	Irregular	<b>Flood Zone</b>	Zone X
<b>Topography</b>	Level	<b>Utilities</b>	Available to site
<b>Road Frontage</b>	--	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
<b>Current Use</b>	Vacant Land	<b>Proposed Use</b>	Mixed Use

#### Improvements

<b>GBA</b>	--	<b>Condition</b>	--
<b>GLA</b>	--	<b>Ancillary Buildings</b>	--
<b>No. of Stories</b>	--	<b>Parking</b>	--
<b>Year Built</b>	--		

#### Comments

This property was purchased for mixed-use development.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

Land Sales Summary								
Comp	Address	Date	Price	Land SF	Price Per Land SF	Acres	Price Per Acre	
Comp	City	State						
<b>Subject</b>	100 South Garfield	5/16/2016	\$0	414,386	\$0.00	9.51	\$0.00	
	Hinsdale	IL						
<b>1</b>	936-942 Maple Avenue	2/26/2015	\$1,100,000	45,642	\$24.10	1.05	\$1,047,619.05	
	Downers Grove	IL						
<b>2</b>	219 East Parkway Drive	12/4/2014	\$2,200,000	175,144	\$12.56	4.02	\$547,263.68	
	Wheaton	IL						
<b>3</b>	408 North Cass Avenue	12/31/2013	\$925,000	83,636	\$11.06	1.92	\$481,770.83	
	Westmont	IL						
<b>4</b>	Liberty Street and	9/16/2014	\$2,000,000	144,619	\$13.83	3.32	\$602,409.64	
	Aurora	IL						
<b>5</b>	103 South Prospect	2/13/2013	\$300,000	16,422	\$18.27	0.38	\$789,473.68	
	Clarendon Hills	IL						

Adjustments to the market data are considered for Property Rights Conveyed, Financing, Condition of Sale, Changes in Market Conditions or Market Trends Over Elapsed Time, Location, Zoning, Land SF and any differences in the Physical Variation or improvements to the site as of the date of sale (Current Use/Physical Variations). The physical characteristics and/or site improvements considered include the comparable sale's shape, frontage, topography, flood zone and wetlands classification, drainage, available utilities and building/site improvements. The following is a summary of the applied adjustments.

### Property Rights Conveyed

All of the data used reflects the sale of the fee simple estate. These sales are considered to be similar when compared to the subject property. A substantial adjustment for property rights conveyed is not required.

### Financing

It is reported that the sales used were acquired on a cash basis or at terms that are reflective of the market. The data used is similar to the subject. A substantial adjustment for financing is not required.

### Condition of Sale

**Sale Numbers 2 and 4** were not impacted by any special or adverse conditions. These sales are considered to be similar when compared to the subject property. A substantial adjustment for condition of sale is not required for these sales. **Sale Numbers 1, 3 and 5** are reported to be REO or partial interest sales. My analysis of the data allows me to conclude that the prices paid appear to reflect market prices. These sales do not require a substantial adjustment for condition of sale.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Elapsed Time

The sales used in this analysis occurred between February 2013 and February 2015. An examination of the data and information retained in my file/office indicates that property values have increased since 2010. Each sale used in this analysis requires an upward adjustment for elapsed time.

### Location

The adjustments applied for location are based on my observation of the location, differences in access, and/or surrounding development patterns. **Sale Number 1** is similar to the subject as it is adjacent to the core development in Downers Grove, Illinois. Surrounding development in this area is similar when compared to the subject. A substantial adjustment for location is not required. **Sale Number 2** is inferior when compared to the subject property. This sale is not located in or adjacent to the core development in Wheaton, Illinois. This sale requires an upward adjustment for location. **Sale Number 3** is inferior in location when compared to the subject property. This sale is not in or adjacent to the core development in Westmont, Illinois. This sale requires an upward adjustment for location. **Sale Number 4** is similar to the subject with respect to location. Although not located in the core development area of Aurora the location of this property features rail access and amenities that are similar to those near the subject. Overall this sale does not require a substantial adjustment for location. **Sale Number 5** is similar to the subject as it is adjacent to the core development in Clarendon Hills, Illinois. Surrounding development in this area is similar when compared to the subject. A substantial adjustment for location is not required.

### Zoning

As stated previously, the subject is located in the IB, "Institutional Building District" and according to the Hinsdale Planning Department modification of the classification is unlikely. I note that infill properties like the subject are regularly rezoned or experience zoning modification to allow productive development of land as the needs of the community change. The reported limitation on zoning modification impacts the utility and overall value of the real estate. As indicated earlier, I suggest that the client seek legal counsel to examine the issue of reasonable probability of rezoning the subject property to allow uses that are consistent with area development in the vicinity of the subject.

In this matter I am assuming that the reasonable probability of rezoning exists and the subject land can be sold by the owner with typical zoning restrictions that are sufficiently flexible to allow development after improvements are razed. A substantial adjustment for zoning is not made.

### Land Area

The sales presented have land areas that range from 16,422 to 175,144 square feet. A comparison of the data indicates that smaller sites tend to sell for higher unit prices. Each sale used in this analysis is smaller in size when compared to the subject property. These sales require a downward adjustment for land area.

## **ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH**

### **Physical Variations**

The adjustments applied for physical variations are based on my observation of the physical characteristics, available utilities, and utility of the site. Each sale used in this analysis is superior to the subject with respect to improvements. It is noteworthy that if the subject were to be redeveloped, the expense associated with razing the existing improvements would be extensive. This unknown expense would likely influence the price a purchaser would consider if the property were to be redeveloped. I suggest that the client seek an estimate of cost to raze the improvements so a supported adjustment can be extracted. In this analysis I assume that the value conclusion presented here will be adjusted after the estimated cost to raze the improvements is determined.

### **Land Comparable Sales Price Range and Reconciled Land Value Conclusion**

Before adjustments, the unit price range for the comparable data used is \$11.06 to \$24.10 per square foot of land area. Adjustments to the market data were considered for property rights conveyed, financing, condition of sale, elapsed time/market trends, location, zoning, land area and physical variations/current use.

After adjustments, I select a unit value of \$17.00 per square foot of total land area as appropriate in the analysis of the subject property. The following is a summary of my calculations and estimate of value.

**ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH**

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	
Address	100 South Garfield Street	936-942 Maple Avenue	219 East Parkway Drive	408 North Cass Avenue	Liberty Street and Station Street	103 South Prospect Avenue	
City	Hinsdale	Downers Grove	Wheaton	Westmont	Aurora	Clarendon Hills	
State	IL	IL	IL	IL	IL	IL	
Date	5/16/2016	2/26/2015	12/4/2014	12/31/2013	9/16/2014	2/13/2013	
Price	\$0	\$1,100,000	\$2,200,000	\$925,000	\$2,000,000	\$300,000	
Land SF	414,386	45,642	175,144	83,636	144,619	16,422	
Land SF Unit Price	\$0.00	\$24.10	\$12.56	\$11.06	\$13.83	\$18.27	
<b>Transaction Adjustments</b>							
Property Rights	Fee Simple	Fee Simple	None	Fee Simple	None	Fee Simple	None
Financing	Conventional	Conventional	None	Conventional	None	Conventional	None
Conditions of Sale	Cash	REO transaction	None	Arm's Length	None	Arm's Length	None
Market Trends Through	5/16/2016	Upward		Upward		Upward	
Location Adjustment	Hinsdale	Downers Grove	Wheaton	Westmont	Aurora	Clarendon Hills	
		None	Upward	Upward	None	None	
Zoning Adjustment	IB, "Institutional Building District"	DB, Downtown Business District	R5, Residential District	R-4 PD, General Residence District with	B1(S), Business District-Local Retail,	B-1, Retail Business District	
		None	None	None	None	None	
Land SF Adjustment	414,386	45,642	175,144	83,636	144,619	16,422	
		Downward	Downward	Downward	Downward	Downward	
Current Use/Physical Variations Adjustment	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	
		None	None	None	None	None	
<b>Net Adjustments</b>		Downward	Upward	Upward	Upward	Downward	

Land Value Ranges & Reconciled Value	
<b>Number of Comparables:</b>	<b>5</b>
	<b>Unadjusted</b>
<b>Low:</b>	\$11.06
<b>High:</b>	\$24.10
<b>Average:</b>	\$15.96
<b>Median:</b>	\$13.83
<b>Reconciled Value/Unit Value:</b>	\$17.00
<b>Subject Size:</b>	414,386
<b>Indicated Value:</b>	\$7,044,562
<b>Reconciled Final Value:</b>	<b>\$7,000,000</b>
	<b>Seven Million Dollars</b>

**ANALYSIS OF THE PROPERTY AS IMPROVED**

## **ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH**

### **Valuation Concept**

In the Sales Comparison Approach, sales and offerings of similar type properties are analyzed and adjusted for a value indication of the property being appraised. This approach reflects the actions of buyers and sellers in the market and is based upon the principle of substitution.

I have researched five comparables for this analysis considered in the completion of this appraisal. These comparable sales are documented in the improved sales data map, summary charts, narrative discussion of the required adjustments and analysis grid located on the following pages. All sales have been researched through numerous sources and verified. Additional information is retained in my file and/or office.

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

# IMPROVED SALES DATA



## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Improved Sale Number 1



Transaction			
<b>Address</b>	125 East Seminary Avenue	<b>Property Rights</b>	Fee Simple
<b>City</b>	Wheaton	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Arm's Length
<b>Tax ID</b>	05-16-128-014	<b>Grantor</b>	St. John Evangelical Lutheran Church of Wheaton
<b>Date</b>	4/17/2013	<b>Grantee</b>	Bartlett Learning Center
<b>Price</b>	\$2,670,000.00	<b>Verification</b>	Public Record - Document Number R2013-056399
<b>Price Per SF</b>	\$63.57		
<b>Days On Market</b>	487		
Site			
<b>Acres</b>	1.68	<b>Flood Zone</b>	Zone X
<b>Land SF</b>	73,361	<b>Zoning</b>	R7, Residential District
<b>Topography</b>	Level	<b>Utilities</b>	Available to site
<b>Shape</b>	Rectangular	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
<b>Environmental Issues</b>	No wetlands designation reported.		
Improvements			
<b>Source For SF Area</b>	NA	<b>PGI</b>	NA
<b>Rentable Area</b>	NA	<b>EGI</b>	
<b>No. of Units</b>		<b>Expense Ratio</b>	
<b>Year Built</b>	1949	<b>NOI</b>	
<b>Renovations</b>	None reported	<b>Cap Rate</b>	
<b>Condition</b>	NA	<b>EGIM</b>	
Comments			

This is a two-story church facility that was purchased to convert to a learning center. This was reported to be a high vacancy property. This property is tax exempt.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Improved Sale Number 2



Transaction			
<b>Address</b>	2501 North Chestnut Avenue	<b>Property Rights</b>	Fee Simple
<b>City</b>	Arlington Heights	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Arm's Length
<b>Tax ID</b>	03-17-100-015-0000	<b>Grantor</b>	GlenKirk
<b>Date</b>	11/20/2015	<b>Grantee</b>	Holy Nation Presbyterian Church
<b>Price</b>	\$2,300,000.00		
<b>Price Per SF</b>	\$78.46	<b>Verification</b>	Public Record - Document Number 1532415026
<b>Days On Market</b>	455		
Site			
<b>Acres</b>	4.05	<b>Flood Zone</b>	Zone X
<b>Land SF</b>	176,218	<b>Zoning</b>	R-3, One-Family Dwelling District
<b>Topography</b>	Level		
<b>Shape</b>	Irregular	<b>Utilities</b>	Available to site
<b>Environmental Issues</b>	No wetlands designation reported.	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
Improvements			
<b>Source For SF Area</b>	NA	<b>PGI</b>	NA
<b>Rentable Area</b>	NA	<b>EGI</b>	
<b>No. of Units</b>		<b>Expense Ratio</b>	
<b>Year Built</b>	NA	<b>NOI</b>	
<b>Renovations</b>	None reported	<b>Cap Rate</b>	
<b>Condition</b>	NA	<b>EGIM</b>	
Comments			

This is a one-story school building purchased by a church facility. As of the 2015 assessment the property was used as a school and therefore was exempt from property taxes.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Improved Sale Number 3



Transaction			
<b>Address</b>	9301 Gross Point Road	<b>Property Rights</b>	Fee Simple
<b>City</b>	Skokie	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Auction
<b>Tax ID</b>	10-15-115-018-0000 and others	<b>Grantor</b>	Solomon Schechter Day School
<b>Date</b>	1/31/2014	<b>Grantee</b>	The Muslim Community Center, Inc.
<b>Price</b>	\$2,216,339.00		
<b>Price Per SF</b>	\$56.83	<b>Verification</b>	N/A
<b>Days On Market</b>	121		
Site			
<b>Acres</b>	6.4	<b>Flood Zone</b>	Zone X
<b>Land SF</b>	277,403	<b>Zoning</b>	R1-Single Family District
<b>Topography</b>	Level		
<b>Shape</b>	Irregular	<b>Utilities</b>	Available to site
<b>Environmental Issues</b>	No wetlands designation reported.	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
Improvements			
<b>Source For SF Area</b>	NA	<b>PGI</b>	NA
<b>Rentable Area</b>	NA	<b>EGI</b>	
<b>No. of Units</b>		<b>Expense Ratio</b>	
<b>Year Built</b>	NA	<b>NOI</b>	
<b>Renovations</b>	None reported	<b>Cap Rate</b>	
<b>Condition</b>	NA	<b>EGIM</b>	
Comments			

This is a three-story school building. This property is tax exempt.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Improved Sale Number 4



#### Transaction

<b>Address</b>	9000 South Ridgeland Avenue	<b>Property Rights</b>	Fee Simple
<b>City</b>	Oak Lawn	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Arms-Length
<b>Tax ID</b>	24-06-201-058-0000	<b>Grantor</b>	Oak Lawn Community Church
<b>Date</b>	11/16/2015	<b>Grantee</b>	Christian Assembly
<b>Price</b>	\$1,200,000.00	<b>Verification</b>	Public Record Document Number 1532016027
<b>Price Per SF</b>	\$60.00		
<b>Days On Market</b>	NA		

#### Site

<b>Acres</b>	2.65	<b>Flood Zone</b>	Zone X
<b>Land SF</b>	115,434	<b>Zoning</b>	R-1, Single-family Residence
<b>Topography</b>	Level and at street grade	<b>Utilities</b>	All Available
<b>Shape</b>	Irregular	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions
<b>Environmental Issues</b>	NA		

#### Improvements

<b>Source For SF Area</b>	CoStar	<b>PGI</b>	NA
<b>Rentable Area</b>	NA	<b>EGI</b>	
<b>No. of Units</b>		<b>Expense Ratio</b>	
<b>Year Built</b>	1970	<b>NOI</b>	
<b>Renovations</b>	NA	<b>Cap Rate</b>	
<b>Condition</b>	Good	<b>EGIM</b>	

#### Comments

NA

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Improved Sale Number 5



#### Transaction

<b>Address</b>	6600 West 127th Street	<b>Property Rights</b>	Fee Simple
<b>City</b>	Palos Heights	<b>Financing</b>	Conventional
<b>State</b>	IL	<b>Conditions Of Sale</b>	Arms-Length
<b>Tax ID</b>	24-30-418-023-0000	<b>Grantor</b>	Life Ministries Church of God
<b>Date</b>	4/1/2014	<b>Grantee</b>	Harvest Bible Chaple
<b>Price</b>	\$1,500,000.00	<b>Verification</b>	Public Record - Document Number 1410441096
<b>Price Per SF</b>	\$63.03		
<b>Days On Market</b>	NA		

#### Site

<b>Acres</b>	2.7	<b>Flood Zone</b>	Zone X
<b>Land SF</b>	115,295	<b>Zoning</b>	R-1, Residential
<b>Topography</b>	Level and at street grade	<b>Utilities</b>	All available to the site
<b>Shape</b>	Irregular	<b>Encumbrance Or Easement</b>	No adverse impact from encroachments, encumbrances, easements or restrictions.
<b>Environmental Issues</b>	No wetland designation reported.		

#### Improvements

<b>Source For SF Area</b>	NA	<b>PGI</b>	NA
<b>Rentable Area</b>	NA	<b>EGI</b>	
<b>No. of Units</b>		<b>Expense Ratio</b>	
<b>Year Built</b>	1977	<b>NOI</b>	
<b>Renovations</b>	NA	<b>Cap Rate</b>	
<b>Condition</b>	Average	<b>EGIM</b>	

#### Comments

NA

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

Improved Sales Summary							
Comp	Address	State	Date	Price	Price Per SF	Land To Building Ratio	GBA
Subject	100 South Garfield Street		5/16/2016	\$0.00	\$0.00	3.85	107,500
Subject	Hinsdale	IL					
1	125 East Seminary Avenue		4/17/2013	\$2,670,000.00	\$63.57	1.75	42,000
	Wheaton	IL					
2	2501 North Chestnut Avenue		11/20/2015	\$2,300,000.00	\$78.46	6.01	29,315
2	Arlington Heights	IL					
3	9301 Gross Point Road		1/31/2014	\$2,216,339.00	\$56.83	7.11	39,000
	Skokie	IL					
4	9000 South Ridgeland Avenue		11/16/2015	\$1,200,000.00	\$60.00	5.77	20,000
4	Oak Lawn	IL					
5	6600 West 127th Street		4/1/2014	\$1,500,000.00	\$63.03	4.84	23,800
	Palos Heights	IL					

Adjustments to the market data are considered for property rights conveyed, financing, condition of sale, elapsed time, location, land-to-building ratio, building area and physical variations. The following is a summary of the applied adjustments.

### Property Rights Conveyed

The data presented reflects the transfer of the fee simple interest in the property. My review of the data allows me to conclude that a substantial adjustment for property rights conveyed is not required.

### Financing

It is reported that the sales used were acquired on a cash basis or at terms that are reflective of the market. The data used is similar to the subject. A substantial adjustment for financing is not required.

### Condition of Sale

**Sale Numbers 1, 2, 4 and 5** were not impacted by any special or adverse conditions. These sales are considered to be similar when compared to the subject property. A substantial adjustment for condition of sale is not required for these sales. **Sale Number 3** is reported to have sold at auction. When compared with the other data presented, this sale appears to have been sold at a discount. An upward adjustment is required.

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

### Elapsed Time

The data used in this analysis sold between April 2013 and November 2015. The data used and information retained in my file/office indicates that prices for similar properties have increased since 2010. The sales used in this analysis require an upward adjustment for elapsed time.

### Location

The adjustments applied for location are based on my observation of the location, differences in access, and/or surrounding development patterns. **Sale Number 1** is similar to the subject because it is adjacent to the core development area of Wheaton, Illinois. A substantial adjustment is not required. **Sale Number 2** is similar to the subject because it is adjacent to the core development area of Arlington Heights, Illinois. A substantial adjustment is not required. **Sale Number 3** is similar to the subject because it is adjacent to the core development area of Skokie, Illinois. A substantial adjustment is not required. **Sale Number 4** is inferior to the subject because it is not influenced by the core development area of Oak Lawn, Illinois. An upward adjustment is required. **Sale Number 5** is inferior to the subject because it is not influenced by the core development area of Palos Heights, Illinois. An upward adjustment is required.

### Land-to-Building Ratio

Land-to-building ratio is an expression of the relationship between the land area and building area that is found at the subject property. This relationship is significant for judging the utility of a school property because newer modern school facilities are typically developed with adequate room for expansion, adequate parking and sufficient areas for athletic facilities. The subject is inferior when compared to modern facilities. **Sale Numbers 2, 3, 4 and 5** are superior to the subject with respect to land-to-building ratio. These sales require a downward adjustment. **Sale Number 1** is inferior to the subject with respect to land-to-building ratio. This sale requires an upward adjustment.

### Building Area

The sales presented have building areas that range from 20,000 to 42,000 square feet. My analysis of the sales and additional data retained in my file/office indicates that smaller buildings tend to sell at a higher price. Each sale used in this analysis is smaller in size when compared to the subject property. Each sale used in this analysis requires a downward adjustment for building area.

## **ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH**

### **Physical Variations**

As stated previously, the subject is a school facility that has been expanded and modified since construction. The property suffers from significant functional obsolescence with respect to floor plan, open areas, mechanical systems and ADA compliance. Each of the sales used in this analysis were selected because they are similar to the subject with respect to floor plan, functional utility, mechanical systems and obsolescence. Each sale is similar to the subject with respect to condition. The sales used in this analysis do not require a substantial adjustment for physical variation.

### **Conclusion**

Before adjustments the unit price range for the comparable data used is \$56.83 to \$78.46 per square foot of building area, including land. Adjustments to the market data were considered for property rights conveyed, financing, condition of sale, elapsed time, location, land-to-building ratio, building area and physical variations.

After adjustments, I select a unit value of \$65.00 per square foot of building area, including land as appropriate in the analysis of the subject property. The following is a summary of my calculations and estimate of value. Therefore:

## ESTIMATE OF VALUE BY THE SALES COMPARISON APPROACH

Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5	
Address	100 South Garfield Street	125 East Seminary Avenue		2501 North Chestnut Avenue		9301 Gross Point Road		9000 South Ridgeland Avenue		6600 West 127th Street	
City	Hinsdale	Wheaton		Arlington Heights		Skokie		Oak Lawn		Palos Heights	
State	IL	IL		IL		IL		IL		IL	
Date	5/16/2016	4/17/2013		11/20/2015		1/31/2014		11/16/2015		4/1/2014	
Price	\$0	\$2,670,000		\$2,300,000		\$2,216,339		\$1,200,000		\$1,500,000	
GBA	107,500	42,000		29,315		39,000		20,000		23,800	
GBA Unit Price	\$0.00	\$63.57		\$78.46		\$56.83		\$60.00		\$63.03	
<b>Transaction Adjustments</b>											
Property Rights	Fee Simple	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None
Financing	Conventional	Conventional	None	Conventional	None	Conventional	None	Conventional	None	Conventional	None
Conditions of Sale	Cash	Arm's Length	Nne	Arm's Length	None	Auction	Upward	Arms-Length	None	Arms-Length	None
Market Trends Through	5/16/2016	Upward		Upward		Upward		Upward		Upward	
Location	Hinsdale	Wheaton		Arlington Heights		Skokie		Oak Lawn		Palos Heights	
Adjustment		None		None		None		Upward		Upward	
Land To Building Ratio	3.85	1.75		6.01		7.11		5.77		4.84	
Adjustment		Upward		Downward		Downward		Downward		Downward	
GBA	107,500	42,000		29,315		39,000		20,000		23,800	
Adjustment		Downward		Downward		Downward		Downward		Downward	
Current Use	Middle School	Church		School		School		Religious Facility		Religious Facility	
Adjustment		None		None		None		None		None	
<b>Gross Adjustments</b>		Upward		None		Upward		Upward		None	

### Value Ranges & Reconciled Value

<b>Number of Comps:</b>	<b>5</b>	<b>Unadjusted</b>
<b>Low:</b>		\$56.83
<b>High:</b>		\$78.46
<b>Average:</b>		\$64.38
<b>Median:</b>		\$63.03
<b>Reconciled Value/Unit Value:</b>		\$65.00
<b>Subject Size:</b>		107,500
<b>Indicated Value:</b>		\$6,987,500
<b>Reconciled Final Value:</b>		<b>\$7,000,000</b>
		<b>Seven Million Dollars</b>

## CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, I (Dale J. Kleszynski, MAI, SRA) have completed the continuing education program for Designated Members of the Appraisal Institute.
- I have **not** completed an appraisal or analysis of the subject property during the past three years.

Respectfully submitted,



Dale J. Kleszynski, MAI, SRA  
President  
Illinois State License Number 553.000213

## **UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS**

1. By this notice, all persons and firms reviewing, using or relying on this report in any manner bind themselves to accept these assumptions and limiting conditions. **Do not use this report if you do not accept these assumptions and limiting conditions.** These conditions are a preface to any certification, definition, fact or analysis, and are intended to establish as a matter of record that the consultant's function is to provide an opinion based on the appraiser's/consultant's observations of the subject property and real estate market as of a certain date. As the property and conclusions may be impacted by the passage of time due to various factors including, by way of description and not limitation: physical changes, economic changes and/or market activity, the opinions are considered to be reliable as of the date of the assignment. Subsequent to that date, the appraiser(s)/consultant(s) reserve the right to amend the analysis and/or conclusion in light of such changed conditions. This appraisal/consulting assignment and report are not an engineering, construction, legal or architectural study or survey and expertise in these areas is not implied.
2. The liability of Associated Property Counselors, Ltd., its officers, employees, contractors, and associate appraisers/consultants (hereinafter referred to collectively as "APC") is limited to the identified client. There is no accountability, obligation, or liability to any third party except if otherwise specifically stated within the report. APC's maximum liability relating to services rendered under this assignment (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to APC for the portion of its services or work products giving rise to liability. In no event shall APC be liable for any consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers/consultants are in no way responsible for any costs incurred to discover or correct any deficiency in the property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will defend and hold Associated Property Counselors, Ltd., its officers, employees and associate appraisers/consultants completely harmless. Acceptance of and/or use of this report by the client or any third party is prima facie evidence that the user understands and agrees to these conditions.
3. The user/client agrees that any dispute arising from the completion of this assignment shall be settled through mediation and/or arbitration.
4. The report is intended to comply with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice and it may or may not include discussions of the data, reasoning, and analysis used in the process of developing the appraiser's/consultant's opinion. The extent of the discussion and analysis applicable is based on the scope of work and report option outlined in the letter of transmittal and report. In some instances supporting documentation data, reasoning, and analyses is retained in the appraiser's file and/or office. The information contained in the report is specific to the needs of the client and for the intended use stated in the report. The appraiser/consultant is not responsible for unauthorized use of the report.

## **UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS**

5. Unless otherwise specifically stated in the report, the assignment is based on the following assumptions: (a) that there is full compliance with all applicable federal, state and local environmental regulations and laws; (b) that all zoning, building, use regulations and restrictions of all types have been complied with; and (c) that all licenses, consents, permits, or other documentation required by any relevant legislative or administrative authority, local, state, federal and/or private entity or organization for any use considered in the value estimate have been or can be obtained or renewed.
6. As far as possible, the appraisers/consultants have inspected the property by personal observation. It is not, however, possible to observe conditions beneath the soil or hidden structural components. In this assignment it is assumed that the existing soil has the proper load bearing qualities to support the existing or proposed improvements where they exist or where they are proposed to exist. In this assignment no investigation of the potential for seismic hazard in the subject area was made. In this assignment mechanical components within the improvements were not critically inspected and no representations are made as to these matters unless specifically stated and considered in this report. In this assignment it is assumed that there are no conditions of the property site, subsoil, or structures, whether latent, patent or concealed, which would render it less valuable.
7. Unless otherwise stated within the report, no title evidence pertaining to easements, leases, reservations or other parties-in-interest was furnished.
8. In valuation assignments the property is appraised in fee simple estate unless otherwise noted.
9. In valuation assignments, the appraisal/consulting agreement assumes responsible ownership and competent management.
10. In this assignment it is assumed that the title of the property is good and merchantable. No responsibility is assumed for matters that are legal in nature, nor is any opinion of the state of the title to the property rendered herewith. A survey was not provided to the appraiser/consultant unless specifically stated in this report.
11. All data provided by the client or researched from public records is deemed reliable. If any errors are found that could have a material impact on the conclusion, APC reserves the right to recall this report and amend the analysis and/or conclusions. No guarantee is made for the accuracy of estimates or opinions furnished by others and contained in this report.
12. No liability is assumed for matters of legal character affecting the property, including by way of description and not limitation: title defects, encroachments, liens, overlapping lines.

## **UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS**

13. Any liens or encumbrances that may now exist have been disregarded. In valuation assignments property is appraised as though free of indebtedness and as though no delinquency in payment of general taxes and special assessments exist.
14. In valuation or consulting assignments, any value assigned to improvements is in proportion to the contribution said improvements make to the value of the property as a whole.
15. Compensation for appraisal/consulting services is dependent only upon the delivery of the report.
16. In valuation or consulting assignments, the value found by the appraiser/consultant is in no way contingent upon the compensation to be paid or the appraisal services.
17. The assignment is completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Ethics of the Appraisal Institute.
18. In the event that the subject property enters into condemnation proceedings, it is assumed the appraiser/consultant will be given additional time for court preparation.
19. No portion of this report may be published or reproduced without the prior written consent of the appraiser/consultant and APC.
20. Unless specifically stated otherwise within the report, no earthquake compliance report, engineering report, flood zone analysis, hazardous waste or asbestos analysis was made, provided or ordered in conjunction with this assignment. The client is strongly urged to retain experts in these fields, if so desired.
21. In valuation assignments involving apartments, attempts were made to inspect a representative sample of the total number of units. In these assignments it is assumed that the condition and finish of all units is similar to the condition and finish of the inspected units. If it is determined that units not inspected differ from those inspected units in either condition or finish, the appraiser/consultant reserves the right to recall the appraisal to amend the analysis and/or conclusion.
22. Appraisal or consulting assignments involving less than the whole fee simple estate are subject to the following additional limitation: "The value reported for such estates relates to a fractional interest only in the real estate involved and the value of the fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole."
23. Appraisal or consulting assignments that relate to geographical portions of a large parcel or tract of real estate are subject to the following additional limitation: "The value reported for such geographical portion relates to such portion only and should not be construed as applying with equal validity to other portions of the larger parcel or tract. The value reported for such geographical portion plus the value of all other geographical portions may or may not equal the value of the entire parcel or tract considered as an entity."

## **UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS**

24. The appraiser/consultant assumes that a any purchaser of the property that is the subject of this report is aware that (1) an appraisal of the subject property does not serve as a warranty of the condition of the property, (2) it is the responsibility of the purchaser to examine the property carefully and to take all necessary precautions before signing a purchase contract, and (3) any estimate for repairs is a non-warranted opinion of the appraiser/consultant unless otherwise stated.
25. Assignments prepared based upon provided plans and specifications are based on the assumption that the project is completed in a workmanlike manner in compliance with the plans and specifications. In prospective value assignments, it is understood and agreed that the appraiser/consultant cannot be held responsible for unforeseen events that impact the value or any conclusion presented. The user of the report and client agree that unforeseeable events may alter market conditions prior to completion of the project. The user and client agree the appraiser has the right to amend the report and conclusions in light of the identified changes.
26. In assignments where a Discounted Cash Flow Analysis is used as an analytical tool the user and client understand that the analysis has been prepared on the basis of information and assumptions identified in this report. The user/client understand that the achievement of any financial projections will be affected by fluctuating economic conditions and the conclusion is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may vary from the projections made and such variation may be material. The client agrees to allow the appraiser to revise the conclusion and report in light of these changes.
27. Prior to entering into an agreement to perform any assignment, an appraiser/consultant must carefully consider the knowledge and experience that will be required to complete the assignment competently; disclose any lack of specific knowledge or experience to the client; and take all steps necessary or appropriate to complete the assignment competently. The appraisers/consultants have both the knowledge and experience required to complete this assignment competently.
28. The appraisers/consultants have inspected the subject property with the due diligence expected of a professional real estate appraiser. The appraisers/consultants are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers/consultants that might suggest the possibility of the presence of hazardous waste and/or toxic materials are subject to review by a qualified expert in the field. The user/client agree that the appraiser/consultant has the right to amend the assignment, report and conclusion after an investigation by a qualified expert in the field of environmental assessment is completed.
29. The user/client understands that the presence of substances such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the property and the conclusions presented. The appraiser's/consultant's opinion and conclusions are predicated on the assumption that there is no such condition on, in or near the property that could cause a loss in value or an extension of the marketing time. The user/client agree to allow the appraiser/consultant to review and amend the analysis, report and conclusions if the referenced substances or others exist on the property.

## **UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS**

30. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's/consultant's descriptions and resulting comments are the result of routine observations made during the appraisal process. The client is urged to retain an expert in this field, if so desired.
31. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific compliance survey and analysis of this property have been made to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the Act. The user/client understands that, this fact could have an effect on the property and conclusions presented. In this assignment the possibility of non-compliance with the requirements of ADA was not considered. The user/client agree that the appraiser/consultant has the right to amend the assignment, report and conclusion after an investigation by a qualified expert in the field is completed.

## **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

### **DALE J. KLESZYNSKI, MAI, SRA**

Dale J. Kleszynski, MAI, SRA, is president and principal shareholder of Associated Property Counselors, Ltd. He has served as an expert witness in various areas of litigation and arbitration practice including zoning issues and disputes, legal malpractice, appraisal malpractice, dispute management, mediation, appraisal methodology, damages and eminent domain matters. As part of his service, he has prepared use impact studies, highest and best use studies, feasibility studies, cost estimates, estimates of just compensation, leasehold interests and leased fee interests. In addition to the above services, he has provided documented appraisals for financial institutions, corporations, developers, municipalities, governmental agencies, law firms, school districts and private individuals. Appraisal, arbitration and consulting assignments have been completed on a regional and nationwide basis.

Mr. Kleszynski has taught numerous appraisal and USPAP courses for professional organizations and specialized groups and he served as part of the development team that authored courses for the Appraisal Institute. He serves as a qualified instructor for the Appraisal Institute and is a certified USPAP instructor for the Appraisal Foundation. During the past 25 years, he has served on numerous national and local committees for the State of Illinois and the Appraisal Institute. Mr. Kleszynski is licensed and certified to complete appraisal and consulting assignments in the states of Illinois, Indiana, and Michigan.

### **Educational Background**

Loyola University of Chicago, Bachelor of Arts, 1971

Completed all educational, admissions, demonstration report and comprehensive examination requirements to be awarded the MAI and SRA designations by the Appraisal Institute

Currently certified under the Appraisal Institute Continuing Education Program

Currently certified under the Continuing Education Requirements of the State of Illinois

Currently certified under the Continuing Education Requirements of the State of Indiana

Currently certified under the Continuing Education Requirements of the State of Michigan

## **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

**DALE J. KLESZYNSKI, MAI, SRA**

### **Professional Designations and Certification**

Member of the Appraisal Institute - MAI No. 6747  
Senior Residential Appraiser - SRA

Illinois State Certified Real Estate Appraiser- License No. 553.000213  
Indiana Certified General Appraiser - License No. CG49300022  
Michigan State Certified Appraiser - License No. 12-01-004591

### **Appraisal and Consultation Experience**

Since 1979, various types of real estate, including:

- Office and commercial buildings

- Assisted living facilities

- Apartment structures and complexes

  - Including Low Income Housing Tax Credit complexes

- Industrial and warehouse properties

- Single-family and condominium residential properties

- Vacant land

  - Residential, multi-family, commercial, and industrial

- Special purpose properties

  - Including bulk petroleum storage facilities, steel fabricating plants, hotels, soccer arenas, golf courses, motels, chemical processing facilities, restaurants, bank facilities and ice arenas

- Eminent domain projects

  - McCormick Place expansion

  - Extension of Interstate 355 in Cook and Will Counties

  - City of Hammond v. Great Lakes Marina

  - Palwaukee Airport expansion

  - Lansing Municipal Airport expansion

  - Little Calumet River and Levee and Flood Abatement Project

  - Melvina Ditch Reservoir Project - MWRD

  - O'Hare International Airport expansion

  - Various road and municipal projects

- Various zoning and municipal projects

  - Adult use impact study - County of Cook

  - Impact study for group home zoning

  - Impact studies for cell tower development

  - School site selection

  - Commercial development impact studies

  - Real estate tax impact studies

- Arbitration

  - Sole arbitrator to determine just compensation for a fiber optic easement

## **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

**DALE J. KLESZYNSKI, MAI, SRA**

### **Service Offices**

President - Chicago Chapter of the Appraisal Institute  
Regional Representative - Appraisal Institute  
Division of Faculty - Appraisal Institute  
Regional Chairman - Ethics Administration  
Assistant Regional Representative - Review and Counseling  
National Board of Directors - Appraisal Institute  
Vice Chairman - General Appraisal Board  
Chairman - General Appraisal Board  
Executive Committee - Appraisal Institute  
National Nominating Committee - Appraisal Institute  
General Appraisal Council

### **Professional Experience**

President and Chief Appraiser, Associated Property Counselors, Ltd.  
Staff Appraiser, Abacus Realty Appraisers, Inc., Chicago  
Staff Appraiser, Property Assessment Advisors, Chicago  
Staff Appraiser, Central Appraisal Company, Chicago  
Mortgage Loan Officer, First Calumet City Savings and Loan, Calumet City, Illinois

### **Course and Seminar Development**

Course 700 - Introduction to Litigation - Development Team  
Course 710 - Eminent Domain - Part A - Development Team  
Course 720 - Eminent Domain - Part B - Development Team  
Individual seminars for the Cook County State's Attorney

## **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

**DALE J. KLESZYNSKI, MAI, SRA**

### **Qualified Instructor for the Appraisal Institute**

#### **Courses:**

- Basic Income Capitalization
- General Applications
- 7-Hour National USPAP Update Course
- General Appraiser Sales Comparison Approach
- 15-Hour National USPAP Course
- Business Practices and Ethics
- Advanced Income Capitalization
- Advanced Applications
- The Appraiser as an Expert Witness: Preparation & Testimony
- Litigation Appraising: Specialized Topics and Applications
- Condemnation Appraising: Basic Principles and Applications
- Condemnation Appraising: Advanced Topics and Applications

#### **Seminars:**

- Litigation Skills for the Appraiser
- Partial Interest Valuation – Undivided
- Case Studies in Commercial Highest and Best Use
- Understanding and Testing DCF Valuation Models
- Appraisal Review – General
- Supporting Capitalization Rates
- Scope of Work: Expanding Your Range of Services
- The Road Less Traveled: Special Purpose Properties
- Real Estate Finance, Value, and Investment Performance
- Introduction to Income Capitalization

## **PARTIAL LIST OF CLIENTS**

### **Financial Institutions**

American Chartered Bank  
Associated Bank  
Bank of Choice  
Baytree Bank  
Centrue Bank  
Cole Taylor Bank  
Delaware Place Bank  
Fifth Third Bank  
First Choice Bank  
First Financial Bank  
First Midwest Bank  
First Trust  
George Washington Savings Bank

### **Government Services Administration**

City of Chicago  
City of Kankakee  
City of Palos Heights  
City of Park Ridge  
Cook County State's Attorney  
Department of Justice  
DuPage County State's Attorney  
DuPage County Assessor's Office  
Federal Aviation Administration  
Frankfort Square Park District  
Homewood-Flossmoor Park District  
Kankakee County State's Attorney  
Lake County Parks Department  
Lan Oak Park District  
Lansing Municipal Airport  
Little Calumet River Basin Development  
Manteno Township Assessor's Office  
Metropolitan Water Reclamation District of  
Greater Chicago  
McHenry County Conservation District  
Office of Banks and Real Estate  
Town of Hobart

### **Corporations**

The Archdiocese of Chicago  
AT&T  
Attorney's Title Insurance Fund, Inc.  
BP International  
BP Products – North America  
Broadacre Management  
Casey's General Store  
Commonwealth Edison  
FP International  
Gallagher Asphalt  
Gallagher & Henry  
Garvey Marine  
Lucent Technologies  
McDonald's Corporation

Harris Bank  
Heritage Community Bank  
LaSalle Bank  
MB Financial  
Mercantile Bank  
Midwest Bank  
National City Bank  
Peoples Bank  
S & T Bank  
Standard Bank  
State Bank of Countryside  
The Private Bank

Town of Munster  
University of Illinois  
Various School Districts in Cook, DuPage,  
Lake, and Will Counties  
Village of Bradley  
Village of Burr Ridge  
Village of Crestwood  
Village of Glen Ellyn  
Village of Lansing  
Village of Lombard  
Village of Maywood  
Village of Oak Lawn  
Village of Orland Park  
Village of Riverdale  
Village of Rosemont  
Village of Western Springs  
Village of Wheeling  
Waubonsee Community College  
Will County State's Attorney  
Wisconsin Department of Revenue

Moser Enterprises  
Pasquinelli Development  
Peoples Energy  
Prairie Material Sales, Inc.  
The Pritzker Foundation  
Robinson Engineering  
RR Donnelley Company  
Sherwin-Williams Company  
Staff Augmenters  
T-Mobile USA, Inc.  
Taco Bell  
Travelers Insurance  
U. S. Steel Corporation  
V3 Companies

## **PARTIAL LIST OF CLIENTS**

### **Professional Law Firms**

Antonopoulos & Virtel, P.C.  
Arnstein & Lehr, LLP  
Azulay Seiden Law Group  
Baker & McKenzie  
Bell, Boyd & Lloyd, LLP  
Blachly, Tabor, Bozik & Hartman  
Burke, Burns and Pinelli, Ltd.  
Burke, Warren, McKay & Serritella, P.C.  
Campion, Curran, Lamb & Cunabaugh, P.C.  
Canna and Canna, Ltd.  
Casale, Woodward & Buls, LLP  
Clifford Law Offices  
Defrees & Fisk, LLC  
DLA Piper  
Dunn Martin Miller & Heathcock, Ltd.  
Eiden & O'Donnell, Ltd.  
Figliulo & Silverman, P.C.  
Fioretti, Lower & Carbona, LLP  
Foley & Lardner, LLP  
Foran, O'Toole & Burke, LLC  
Franczek Radelet P. C.  
Goldstine, Skrodzki, Russian, Nemecek & Hoff, Ltd.  
Goodman, Katz and Scheele  
Gordon & Pikarski  
Green, Schoenfeld & Kyle, LLP  
Harrison & Held  
Helm and Wagner  
Hinshaw & Culbertson, LLP  
Holland and Knight, LLC  
Huck Bouma  
Jenner & Block, LLP  
Joyce, Edward T. & Associates, P.C.  
Klein, Thorpe & Jenkins, Ltd.  
Koransky, Bouwer & Poracky, PC  
Law Office of Eugene M. Feingold  
Law Office of Matthew J. Carmody  
Law Office of John K. Kallman  
Law Office of Bryan P. Lynch  
Law Office of Ronald N. Primack, LLC  
Law Office of Randall A. Wolff  
Liston & Tsantilis, P.C.  
Masters, Charles J., Ltd.  
McGuire Woods, LLP  
Neal & Leroy, LLC  
Newby, Lewis, Kaminski & Jones, LLP  
Noonan & Lieberman, Ltd.  
Peacock & McFarland, P.C.  
Petersen and Houpt  
Polsinelli Shughart PC  
Pretzel & Stouffer, Chartered  
Rathbun, Cservenyak & Kozol, LLC  
Righeimer Martin and Cinquino  
Robbins Schwartz  
Ryan and Ryan  
Sandrick Law Firm  
Savaiano & Spear  
Scariano, Himes and Petrarca  
Schain, Burney, Ross & Citron, Ltd.  
Schopf & Weiss, LLP  
Seyfarth Shaw  
Shaw Fishman Glantz & Towbin  
Sonnenschein Nath & Rosenthal, LLC  
Sosin & Arnold, Ltd.  
Sullivan, Hincks & Conway  
Sullivan, John P., DDS, JD  
Tressler, LLP  
Whitt Law

Personal and case references available upon request