

Appraisal Valuation
Of
MONTEREY ELEMENTARY SCHOOL

Located At
5973 E 700 N
Monterey, Pulaski County, Indiana

For
Culver Community Schools
Attention Chuck Kitchell, Interim Superintendent
700 School Street
Culver, Indiana 46511

As Of
April 5, 2016
(Date of Inspection)

By
Lowell K. Griffin, MAI
Indiana Certified General Appraiser
License No. CG40200215

GRIFFIN REAL ESTATE SERVICES, INC.
202 West Berry Street, Suite 820
Fort Wayne, Indiana 46802



May 20, 2015

Mr. Chuck Kitchell, Interim Superintendent
Culver Community Schools
700 School Street
Culver, IN 46511

Dear Mr. Kitchell:

Regarding: Appraisal Valuation of Monterey Elementary School Located at 5973 E 700 N,
Monterey, Indiana

Per the engagement letter included in the Addenda as Exhibit "A," I have personally inspected the above-referenced property for appraisal purposes. The property is being appraised to arrive at an opinion of its fee simple estate market value as of the date of inspection on April 5, 2016.

This appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the 2016-2017 Uniform Standards of Professional Appraisal Practice (USPAP). The report is being completed based on the scope of work outlined on page 26 herein. I am not responsible for unauthorized use of this report.

After researching and analyzing the available information considered pertinent to value and giving consideration to its effect on value, I am of the opinion that the subject property had a fee simple estate market value as of April 5, 2016, of:

SIXTY-SEVEN THOUSAND DOLLARS (\$67,000)

Extraordinary Assumption(s)

This term is defined on page U-3 in the Uniform Standards of Professional Appraisal Practice (USPAP) 2016-2017 Edition, published by The Appraisal Foundation, as, "*An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.*"

1. The information provided by the client (as included herein) is correct.
2. The value reported herein is based upon the exposure time outlined in the report.
3. No complete legal description was provided, and the land areas utilized herein have been taken from the Pulaski County GIS.
4. The site plan included in the plans provided by the client shows a 30-foot road right-of-way on the west side of the north part of the subject property and a 50-foot road right-of-way between the main building and the land tract to the south. It is assumed that these areas have either have been vacated or could be vacated.

Hypothetical Condition(s)

This term is defined on page U-3 in the Uniform Standards of Professional Appraisal Practice (USPAP) 2016-2017 Edition, published by The Appraisal Foundation, as, ***“That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property or about conditions external to the property such as market conditions or trends or about the integrity of the data used in an analysis.”*** There are no hypothetical conditions made in this valuation.

The preceding valuation is based on a marketing time of some 3 years. The client is referred to the Reconciliation and Value Conclusions section of this report (page 58), which discusses liquidation value. This appraiser is willing to discuss this portion of the appraisal report with the client.

The accompanying report contains a description of the property and includes the methods employed in arriving at an opinion of the fee simple estate market value of the subject. The property rights appraised are all those rights included in the fee simple title to the real estate. This letter in itself is not an appraisal valuation; however, it is considered to be a part of the valuation which follows.

I do hereby certify that to the best of my knowledge and beliefs, the statements and opinions contained in this report are correct, subject to the assumptions and limiting conditions herein set forth. I also certify that we have no present or contemplated interest in the property or parties involved or in any other property that could affect the conclusions reached.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Lowell K. Griffin', with a stylized flourish at the end.

Lowell K. Griffin, MAI
Indiana Certified General Appraiser
License No. CG69100003

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PHOTOGRAPHS OF SUBJECT PROPERTY

Date of Photographs: April 5, 2016



Looking Southwesterly at East and North Elevations of School



Looking Southeasterly at North and Part of West Elevation of School



View of West Elevation Showing Canopy for Bus Loading/Unloading



Looking Northeasterly at Part of West and South Elevations of School



View of Air Handling Equipment on South Side of School



View of South Entrance of School



Looking Northwesterly at South and East Elevations of School



Looking Southerly at Playground and Excess Land to South



Looking Westerly along CR 700 N from Front of School



Looking Easterly along CR 700 N (Main Street) from Front of School



Looking Southerly along CR 600 E from CR 700 N



Room 101



Room 102



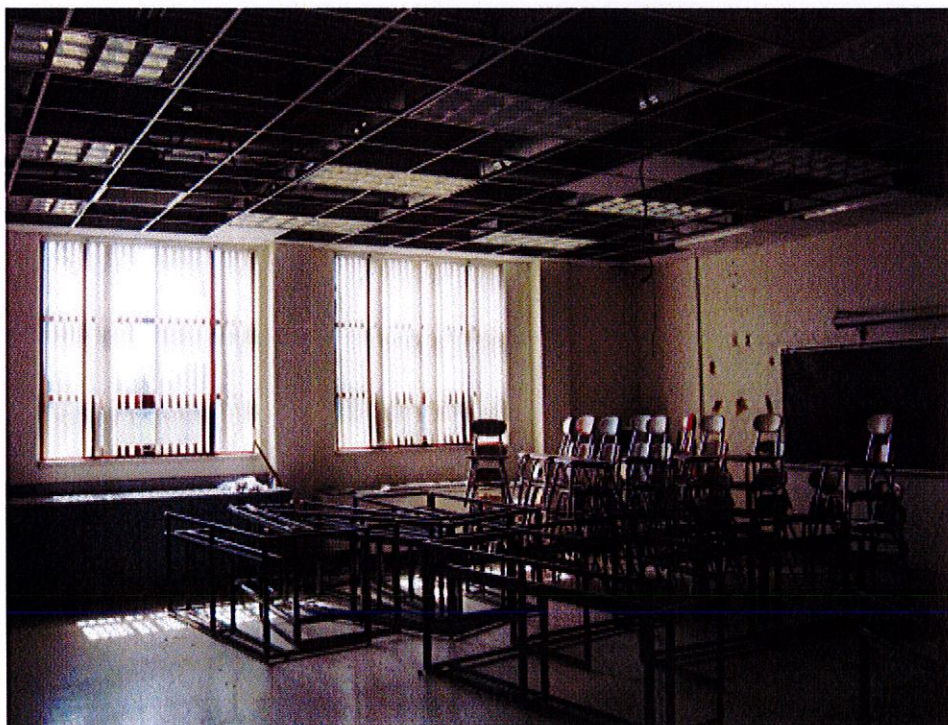
Girl's Bathroom on 1st Floor



View of Office Area Located at Main Entrance on North Side of Building



Boy's Bathroom on 1st Floor



Room 113 (Art Room)



View of Cafeteria/Kitchen



Room 210



View of Hallway on 2nd Floor Showing Stairway Leading to 1st Floor

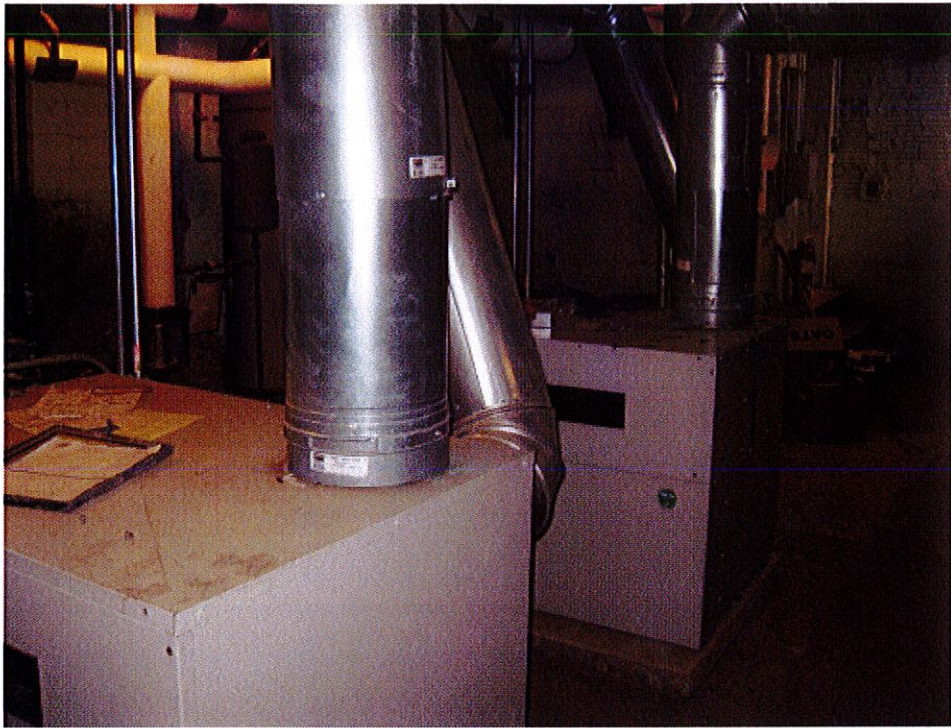


View of Library on 2nd Floor

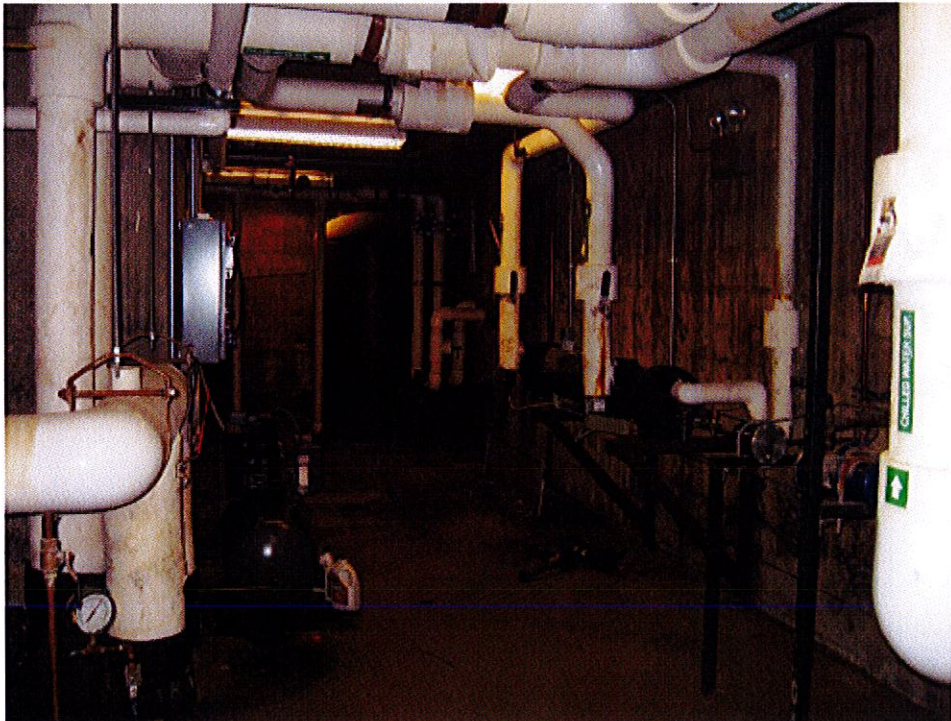
View of Passenger Elevator



View of Gymnasium



View of Boilers in Basement



View of Chillers in Basement



View of Basement Level Showing Limited Ceiling Height



View of Pole Building Utilized for Storage



Interior View of North End of Storage Building (Unheated)



View of South End of Storage Building (Heated by Unit Heater)

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. The appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the 2016-2017 Uniform Standards of Professional Appraisal Practice for an appraisal report. The information contained in this report is specific to the needs of the client and for the intended use stated herein and is completed herein based upon the scope of work outlined on page 26 herein. The appraiser is not responsible for unauthorized use of this report.
2. No legal description was provided, and the land areas utilized herein have been taken from the Pulaski County GIS. The site plan included in the plans provided by the client shows a 30-foot road right-of-way on the west side of the north part of the subject property and a 50-foot road right-of-way between the main building and the land tract to the south. It is assumed that these areas have either have been vacated or could be vacated.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. Responsible ownership and competent property management are assumed.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. The site plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. There are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. There is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
9. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
10. All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from all local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
11. Utilization of the land and improvements (if any) is within the boundaries or property lines of the property described, and there is no encroachment or trespass unless noted in the report.

This appraisal report has been made with the following general limiting conditions:

1. The distribution (if any) of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser and, in any event, only with proper written qualification and only in its entirety.
3. The appraiser herein, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. The attached appraisal is offered as of a specific date as mentioned within the letter of transmittal and certificate of appraisal. Any time lapse since the date of appraisal may enhance or adversely affect the estimate of market value from causes either within or outside of the property itself. Such causes may include changes in the national, regional, or local economic climate as reflected within rentals, occupancy levels, expenses, or debt financing of both the subject and the comparable properties. Also, certain development outside and surrounding the subject may change the final estimate of market value conclusion. Other factors may be contained nationally, regionally, or locally which may affect the final estimate of market value differently as of the date of appraisal.
6. This report is provided to the recipient by the undersigned, with receipt conditioned with the understanding that no liability or cause may be assumed by the writer. In that regard, the report is provided independently and should not be assumed or accepted by the recipient as an inducement, recommendation, or denial of acquisition, disposal, etc., of the property mentioned. All acts regarding the purpose of the report, ownership, lease, or other position within the property is beyond the scope of assignment, with any liability, ties, or risks associated with those acts remaining with the appropriate parties and beyond the responsibilities of this report or the writer.
7. Unless otherwise stated herein, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

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

FACTUAL DATA

IDENTIFICATION OF PROPERTY

The subject property is identified as the Monterey Elementary School and is located at 5973 E 700 N in Monterey, Indiana. According to the Pulaski County GIS, the subject property consists of two separate tax parcel numbers. The north tract is identified as 66-01-11-100-009.000-005 containing 3.85 acres; and the south tract is identified as 66-01-11-100-010.000-015 containing 4 acres. The subject land tract is improved with a one-story and part two-story school building containing 18,936 square feet on the first floor and 9,721 square feet on the second floor, for a total building area of 28,657 square feet. In addition to the building improvement, there are complementary land improvements for this usage. The original building was constructed in 1936 and was extensively remodeled in 2002.

DEFINITION OF VALUE

The value developed in this appraisal report is the market value of the fee simple estate. The term "market value," according to Title 12 of the Code of Federal Regulations, Volume 1, Chapter 1, Part 34, Subpart C, Section 34.42(g), may be defined as:

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

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

Fee simple estate is defined as follows:

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.¹

EXPOSURE TIME

Standards Rules 1-2(c) of the 2016-2017 Uniform Standards of Professional Appraisal Practice (USPAP), page 18, stated, “*When reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must develop an opinion of reasonable exposure time linked to that value opinion.*” According to the USPAP, page 2 therein, exposure time is defined as: “*The estimated length of time the property interest being appraised would have been offered on the market prior to the consummation of a sale at market value and the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.*”

In providing an opinion as to the market value of the school facility, exposure time and marketing time are relevant. Schools, by their very nature, are designed and built for a specific use/user. Once vacated and placed on the open market, the utility is greatly diminished for most users. Ideally, if there is market demand by another school user, it would greatly enhance the potential sale of the property and reduce exposure time. However, my market research indicated that most school facilities are sold to alternate users such as churches, municipalities, corporate users, etc.

In providing an opinion of value for the subject school facility, the terms “exposure time” and “marketing time” need to be discussed. The definition for exposure time is included above. According to *The Dictionary of Real Estate Appraisal*, 6th Edition, page 140, marketing time is defined as, “*An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market level during the period immediately after the effective date of an appraisal.*” It goes on to state, “*Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.*” In other words, exposure time occurs before the effective date of my appraisal, whereas marketing time occurs after the effective date.

The exposure time of the comparables analyzed range from 2 months to 54 months, with the average being 25.5 months and the median being 22 months. (See chart on following page.) Given the location of the subject school in the small community of Monterey, without a large population base, the exposure time could be significantly longer than this average. Based upon the exposure time of the ten schools studied, the marketing time utilized in this report is considered to be 36 months.

Exposure Time Estimate			
#	Property	Location	Months of Exposure
1	Former Lafayette Ctr. School (sold to a church)	11015 Lafayette Ctr. Rd., Roanoke, IN	18
2	Former YWCA (sold to a charter school)	2000 N. Wells Street, Fort Wayne, IN	54
3	Former Elementary School (sold twice for church use)	1225 W. Washington St., Bluffton, IN	8
4	Former Lutheran Church (sold to a charter school)	2320 Broadway St., Fort Wayne, IN	18
5	Former Leesburg Elementary (sold for use as an office)	101 School St., Leesburg, IN	22
6	Madison Elementary (sold for use as Apartments)	1612 S. Madison St., Muncie, IN	30
7	Monroeville Elementary Schools (sold for use as Church)	401 Monroe St., Monroe, IN	29
8	Village Elementary (sold for private school)	4625 Werling Dr., Fort Wayne	39
9	Harlan Elementary (sold for Church)	1612 S. Madison St., Muncie, IN	35
10	W C Mills Middle School (sold for use as Church)	1721 Vernon St., Wabash, IN	2
		Average	25.5

If a “quick sale” was desired, liquidation value would be appropriate. The understanding with the client is that I was to provide a market value as opposed to a liquidation value. The Dictionary of Real Estate Appraisal, 6th Edition, (pages 132 and 133) defines liquidation value as follows:

The most probable price that a specified interest in property should bring under the following conditions:

1. *Consummation of a sale within a short time period.*
2. *The property is subjected to market conditions prevailing as of the date of valuation.*
3. *Both the buyer and seller are acting prudently and knowledgeably.*
4. *The seller is under extreme compulsion to sell.*
5. *The buyer is typically motivated.*
6. *Both parties are acting in what they consider to be their best interests.*
7. *A normal marketing effort is not possible due to the brief exposure time.*
8. *Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto.*
9. *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.*

INTEREST APPRAISED

Fee Simple Estate

DATE OF INSPECTION

April 5, 2016

EFFECTIVE DATE OF VALUE

April 5, 2016

DATE OF REPORT

May 20, 2016

COMPETENCY

This appraiser has been involved in the appraisal of real estate for over 45 years. I have appraised numerous schools, as well as other special-purpose properties such as churches. I consider myself competent to perform this appraisal.

SCOPE OF WORK

In preparing this appraisal, the appraiser has:

- Inspected the subject building and site
- Inspected the subject neighborhood
- Analyzed demographics for subject market area
- Gathered information on comparable land and improved sales
- Confirmed and analyzed data to complete the Sales Comparison Approach
- Prepared an appraisal report

As previously stated, all three classical approaches (Cost, Sales Comparison, and Income Capitalization) have been considered. Neither the Cost Approach nor Income Capitalization Approach has been completed, in that they are not considered applicable in arriving at a reliable value indication. The Cost Approach is not reliable, in that the step of estimating accrued depreciation within this approach becomes more and more speculative as improvements age, and also due to the fact that the subject has significant functional and external obsolescence. The Income Capitalization Approach was considered; however, due to the lack of market data of similar leased facilities to that of the subject, this approach was not completed, in that properties of the subject's nature and character are not typically held for their income-producing capabilities but rather are owner-occupied.

3-YEAR SALES HISTORY

According to public records found on the Pulaski County GIS, the subject property has been held in the same name of Culver Community Schools well beyond 3 years.

FUNCTION OF REPORT

The function of this appraisal report is to give an opinion of the fee simple estate market value of the subject property as of the date of inspection on April 5, 2016.

INTENDED USER

The intended user of this report is Culver Community Schools c/o Chuck Kitchell, Interim Superintendent, who will use the reported value in order to establish a market value for disposal of the subject property.

REGIONAL AND CITY DATA

The subject property is located in the small community of Monterey, Indiana, which is in the northwestern part of the state (see following Indiana state map).



As can be seen from the preceding map, Monterey is not located on any major highway, with the closest highway being US 35 to the west. Access to Monterey is by means of county roads. Monterey is located in Pulaski County, with its county seat being Winamac. According to citydata.com, Winamac had a 2010 population of 2,490. The historical population for Pulaski County is shown in the following chart:

Historical population		
Census	Pop.	%±
1840	561	—
1850	2,595	362.6%
1860	5,711	120.1%
1870	7,801	36.6%
1880	9,851	26.3%
1890	11,233	14.0%
1900	14,033	24.9%
1910	13,312	-5.1%
1920	12,385	-7.0%
1930	11,195	-9.6%
1940	12,056	7.7%
1950	12,493	3.6%
1960	12,837	2.8%
1970	12,534	-2.4%
1980	13,258	5.8%
1990	12,643	-4.6%
2000	13,755	8.8%
2010	13,402	-2.6%
Est. 2014	12,967 ^[1]	-3.2%
U.S. Decennial Census ^[2]		
1790-1960 ^[3] 1900-1990 ^[4]		
1990-2000 ^[5] 2010-2013 ^[6]		

As can be seen from the above chart, the Pulaski County population has been decreasing, with the only increase being from 1990 to 2000. Monterey, which has a population of 218, is located in Tippecanoe Township, which has a population of 1,104 as of the 2010 census. Populations of adjoining counties are as follows:

Starke (north)	23,363
Marshall (northeast)	47,051
Fulton (east)	20,836
Cass (southeast)	38,966
White (south)	24,643
Jasper (west)	33,478

As can be seen from the above data, the subject property is not located in a highly populated area.

The town of Monterey is very small and is located along CR 700 N, lying roughly between 725 N (to the north), 640 E (to the east), 600 N (to the south), and 600 E (to the west). The Tippecanoe River traverses the north side of the community. The subject community is located a short distance to the southwest of Culver, Indiana, which boasts one of the better recreational lakes (Lake Maxincuckee) in Indiana.

The subject property is located on the western edge of Monterey at the southwest corner of CR 700 N and CR 600 E. To the east of 600 E, this road becomes Main Street. There is an older downtown area about 3 blocks to the east of the subject property, which has marginal occupancies. The balance of the town consists of small residential properties. Immediately to the west of the subject property, the land uses become rural in nature. Like the balance of the county, Monterey is considered to be a “static” community, with no population and even negative growth within the past few years.

ZONING

Upon checking with the Pulaski County Plan Commission, it was reported that the subject property is located in an A1, General Agricultural, district. Permitted uses in this zoning classification include group homes, manufactured homes, detached single-family residences, agricultural, animal hospital/veterinary clinic, government buildings, parks, religious assembly, etc.

TAXES AND ASSESSMENT DATA

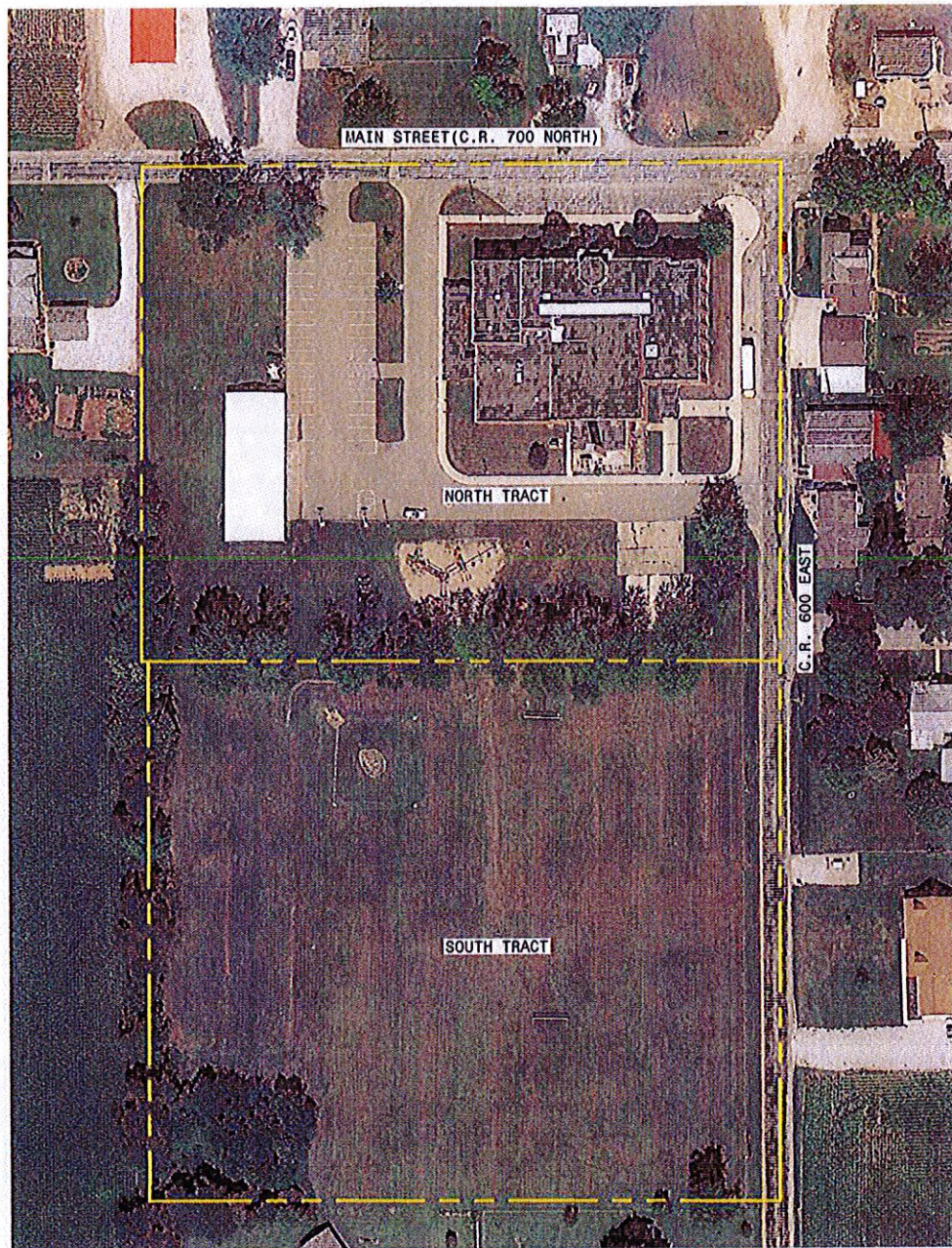
The subject property is tax-exempt, and no assessed values are available.

SITE DATA

Included on the following page is an aerial site plan of the subject property. As can be seen, the subject property is basically rectangular in shape and has good frontage on CR 700 N and CR 600 E. The north tract, which is improved with the school facility, contains 3.85 acres; and the south tract, which is basically unimproved, contains 4.0 acres, for a total land area of 7.85 acres. Reportedly, the subject property is served by public sewer and a private well.

SITE PLAN

LAND AREA:
NORTH TRACT = 3.85 ac
SOUTH TRACT = 4.00 ac
TOTAL = 7.85 ac

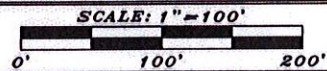


CAD FILENAME: MONTEREY_ELEMENTARY_SCHOOL_S_16

REV. DATE: 05-02-16

PROPERTY:

MONTEREY ELEMENTARY SCHOOL
5973 E. 700 NORTH - MONTEREY, IN



Legal Description – No complete legal description was provided, and the land areas have been taken from the Pulaski County GIS. In reviewing construction drawings prepared by Matthews Puruscker & Anella, Inc., dated December 15, 2000, it is noted that Sheet A2.2 (site plan) shows a 30-foot dedicated street along the western part of the subject property and a 50-foot dedicated street at the south end of the north parcel. Both of these are labeled “unimproved.” It is not known whether these streets have been vacated; and it is an assumption of this appraisal that they have been, or could be.

Floodplain - According to the Flood Insurance Rate Map (FIRM), Map No. 18131C0115C effective May 5, 2014, the subject property is situated in an unshaded Zone X, which is an area of low flood risk and outside the 500-year floodplain. A copy of the flood map is included in the Addenda of this report as Exhibit “B.”

Easements and Other Restrictions – Other than the unimproved roadways mentioned in the “Legal Description” section above, there are no known easements or other restrictions that would affect the subject property. It is further noted that the appraiser assumes no responsibility for any easements or other restrictions that may adversely affect the subject property, in that I am not a registered surveyor.

Site Improvements - The site plan on the previous page shows significant land improvements serving the subject school. As can be seen, there is a concrete walkway around the entire school, separated by landscaped areas, with connecting walks from this perimeter walk to key entrances to the building. The building has asphalt paving on all four sides, with the paving on the north serving as a drop-off area at the main entrance to the building, the asphalt on the east side also providing a pull-off area for vehicles. The asphalt area on the south side of the building is primarily an access roadway connecting the north/south roadway. The asphalt area to the west of the building is separated by a grass and landscaped island area, separating the drive to the drop-off area on the west side of the building from a 36-space parking lot.

In addition to the fairly good quality landscaping, light poles are strategically located to light up the property. Reportedly, the subject property is served by public sewer but is on a private well. There is a 40-foot by 100-foot pole building at the southwest corner of the west parking lot, with the northerly portion being used for coal storage and a smaller area of the south portion being heated by a unit heater.

DESCRIPTION OF BUILDING IMPROVEMENT

The following description is brief and presented only to provide a general overview of the subject building and not a detailed description of construction features. (See pages 34 and 35 for detailed floor plans.) It is noted that the original building portion was constructed in 1936; but in 2002, there was an addition made to the southeast corner and a canopy added on the west side of the building. At this time, the subject building was extensively remodeled as well.

Building Areas:	1 st Floor 18,936 SF 2 nd Floor <u>9,721 SF</u> Total = <u>28,657 SF</u>
Foundation:	Basically poured concrete w/ portions of building having a crawl space and portions being unexcavated. At the approximate center of the building, there is a basement with a very limited ceiling height of about 8 feet, in which mechanicals are in evidence. There is a mechanical room at the south end of the building that houses boilers.
Floors:	Poured concrete w/ some being poured concrete on ground and some being elevated concrete.
Exterior Walls:	Masonry including face brick
Roof Structure:	Part concrete beams w/ built-up composition cover; gymnasium has wood beam and truss w/ built-up composition cover.
Interior Walls:	Drywall w/ some decorative paneling.
Floor Coverings:	Variety including vinyl, ceramic, etc.
Ceilings:	Primarily dropped acoustical; open wood trusses in gymnasium
Lighting:	Recessed fluorescent w/ Para hex lens; gymnasium has metal halide fixtures
Windows:	New double-pane aluminum encased.
HVAC:	Hot and chilled water system throughout
Electrical:	Typical – upgraded in 2002
Sprinklers:	None

Restrooms/Plumbing: On 1st floor there is a girl's restroom w/ 4 water closets and 2 lavatories plus a boy's restroom w/ 3 water closets, 4 urinals, and 2 lavatories. There is a toilet room serving the kindergarten area and nurse's area. On the 2nd floor there is a girl's restroom with 2 water closets and a lavatory plus a boy's restroom w/ 1 water closet, 2 urinals, and a lavatory.

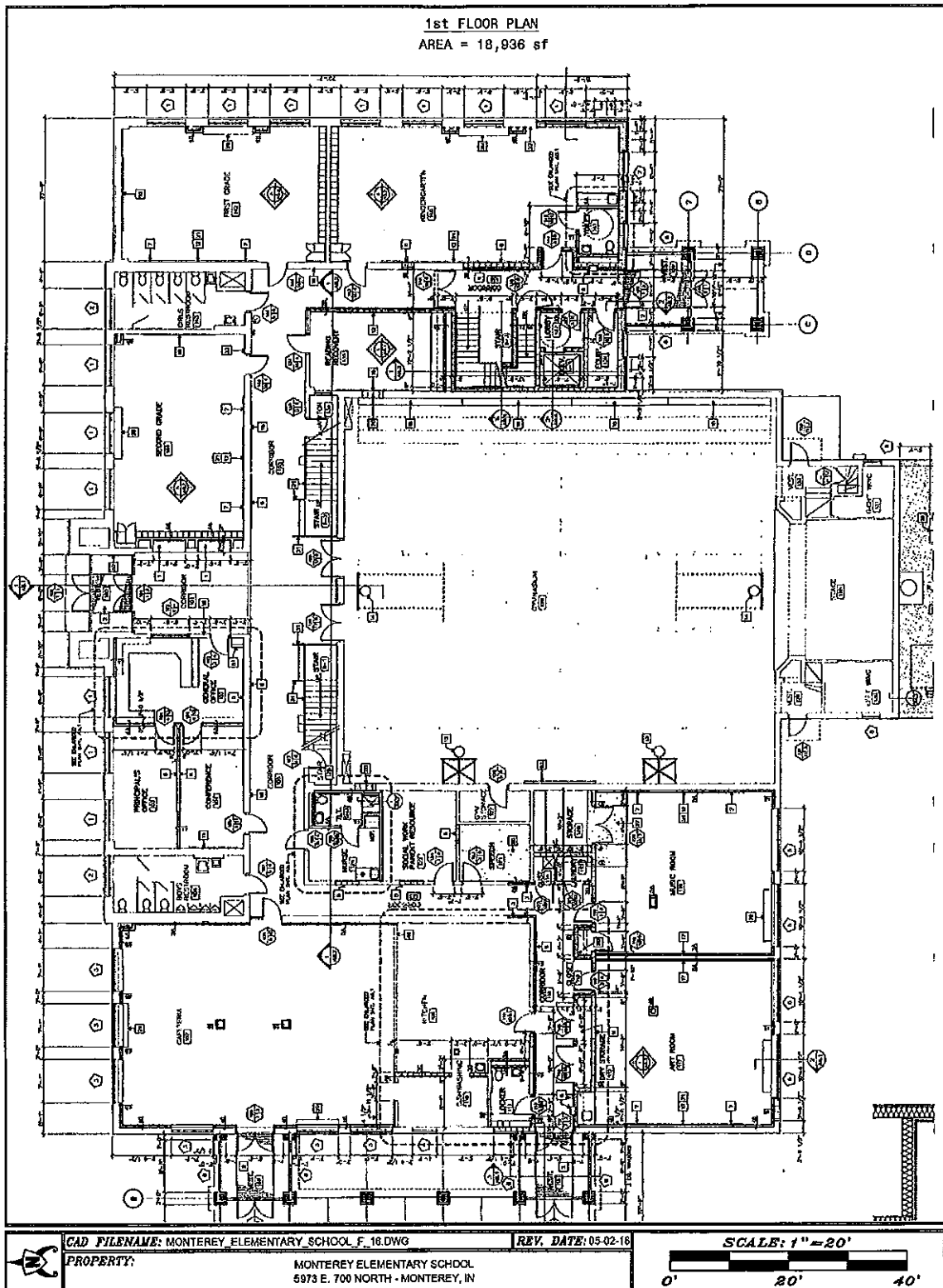
Special Features: There is an elevator in the southeast section of the building, which serves the 1st and 2nd floors. Also, as one comes in the main entrance from the north, there are 2 stairways to the right and left, providing access to the 2nd floor.

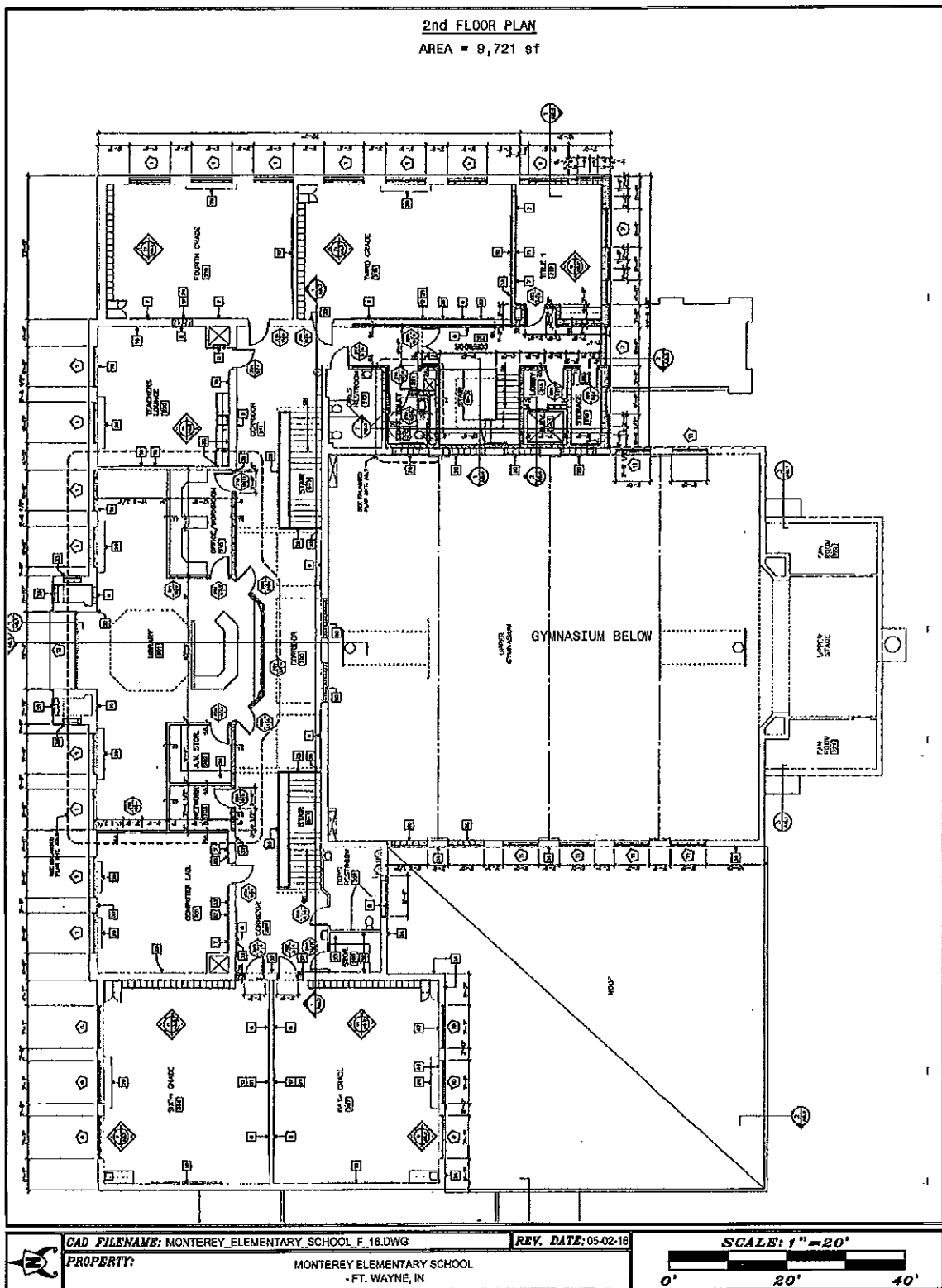
Comments:

The subject school building is part one-story and part two-story. It was extensively remodeled in 2002 and included:

- A new addition at the southeast corner of the building
- The canopy on the west elevation
- Complete replacement of HVAC system, electrical, and plumbing
- Replacement of all older-style metal windows with new windows
- Extensive refinishing and readjusting of interior partitions

At that time, the subject school would be considered in excellent condition. Due to drop in enrollment and consolidation of students, the school was closed approximately 3 years ago and has been vacant ever since. The building has been heated and cooled and does not show any significant deterioration, except for removal of some ceiling tiles and damage to walls due to removal of interior equipment. The original building was constructed in 1936 and given the excellent remodeling, the structure would have a physical effective age of about 30 years.





**ANALYSES AND
CONCLUSIONS**

HIGHEST AND BEST USE

In any appraisal analysis, the property is valued according to its highest and best use. According to The Appraisal of Real Estate, 13th Edition, page 278, published by Appraisal Institute in 2008, the term “highest and best use” is defined as:

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

The highest and best use analysis is fundamental in establishing the valuation techniques needed to estimate the market value of a specific real property interest. It is necessary to establish a property’s highest and best use in order to properly select appropriate valuation procedures and the market data necessary to formulate a value opinion for the property being appraised. The highest and best use analysis is applied first to the subject property assuming it is vacant, followed by an analysis as though improved.

Highest and Best Use as Though Vacant

Legal Considerations – The subject property is zoned A1, Agricultural, and has remained so for a number of years, in that a public school such as the subject is permitted within this zoning classification. It is highly probable that this zoning classification could be changed if the land were vacant.

Physical Possibility – The subject site consists of an improved tract (northern portion) containing 3.85 acres and a vacant tract (southern portion) containing 4.0 acres. If there were no improvements on the property, the tract could be sold as a single 7.85-acre tract or possibly broken down into other smaller tracts.

Financial Feasibility – As discussed in the “Area and Neighborhood Data” section of this report, the town of Monterey has had very limited growth; and there has been virtually new commercial or residential development in the area. If the land were vacant, the most probable use would be as a park or possible selloffs to residential users.

Maximum Profitability – Given the subject’s zoning and potential for a zoning change and its size, as well as limited financial feasibility of residential and other supporting uses in the subject’s area and neighborhood, use of the subject property for selloff as larger residential land tracts would be a maximally profitable use of the subject site.

Highest and Best Use as Though Improved

As previously stated, the subject property is improved with a part one-story/part two-story masonry, steel, and frame elementary school that was originally constructed in 1936 and extensively remodeled/added onto in 2002. The school use would be considered a legally permissible use within its zoning classification and, by its very existence, is physically possible. From a financial feasibility standpoint, the subject is no longer financially feasible for the Culver Community Schools; however, this does not mean that use of the subject facility for an alternate user in a school, church, or church school capacity could be a financially feasible use. Other uses such as a community center, corporate users, municipalities, etc., could also be a financially feasible use of the subject property.

Given the fact that the subject building was originally constructed for use as an elementary school, continued use in some type of school usage capacity would be the maximally profitable use; however, any of the previously mentioned possible uses would also provide maximum profitability to the subject property over and above land value.

Given the demographics of Monterey and Pulaski County, there would be very limited, if any, demand for a continued school use. A possible user of the property would be a church that could benefit from the gymnasium to use as a sanctuary and utilize the classrooms. However, demand for this type of use is limited due to the very limited population base to draw from. Finding a potential alternate user is considered doubtful, but such a user might be discovered after a reasonable marketing period.

After analyzing these various factors, the effective physical age of the subject is considered 30 years. However, due to extreme functional and external obsolescence, the remaining economic life very limited and may well not have any remaining economic life.

ANALYSIS AND VALUATION

All three classical approaches to value (Cost, Sales Comparison, and Income Capitalization) have been considered in this appraisal analysis; however, only the Sales Comparison Approach is considered applicable in arriving at a reliable value indication for the subject property.

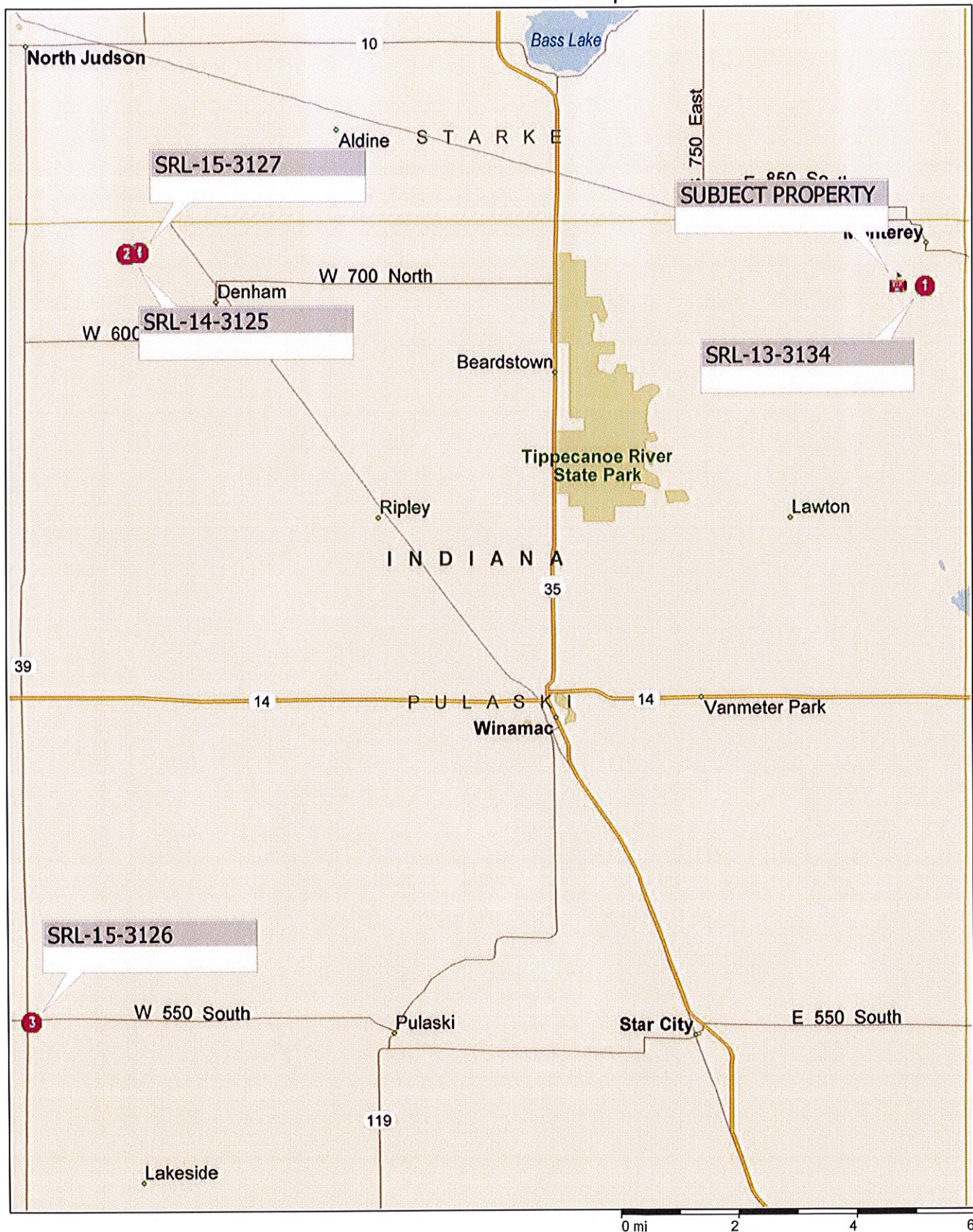
The Cost Approach is not considered to be reliable, in that the step of estimating accrued depreciation within this approach would be highly speculative and difficult, given the older age and functional obsolescence of the subject improvements. The Income Capitalization Approach is not considered applicable, due to the fact that properties of the subject's nature and character are typically owner-occupied and not held for their income-producing capabilities. Only the Sales Comparison Approach is considered applicable in arriving at a reliable value indication for the subject's fee simple estate market value.

SITE VALUATION

The Site Valuation is developed to indicate the value inherent in the land. This analysis assumes that the land tract is readily available for development under its highest and best use. To arrive at a value indication for the subject land tract, the Sales Comparison Approach is utilized. This method of valuation is based on the economic principle of substitution, which states that a typical purchaser will pay no more for a property that does not provide greater utility.

The subject land tract is compared to similar land tracts that have sold. In order to find sales of similar land tracts to that of the subject, the marketplace was researched, with this research resulting in few comparable properties; however, four were found that can be analyzed to form an opinion as to the subject's land value as though vacant. Details of the four comparables are included on the following pages, preceded by a comparable locator map. Following the details of the comparables is a sales comparison grid, whereon the sales are summarized and adjusted for major factors of dissimilarity between them and the subject. It is noted that the entire 7.85-acre land tract is being valued; however, the subject property could be marketed as two separate tracts at the same unit price.

Land Sales Locator Map



①

Comparable SRL-13-3124



Address: Washington & Bridge St. - SEQ
Monterey, IN 46960

Date Sold: 10/17/2013

Sale Price: \$37,500

Land Area: 5.21 AC

Unit Sale Price: \$7,198 / AC

Zoning: Agricultural

Utilities:

Comments:

Sale of land tract to adjoining property owner. Site is served by public sewer.

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②

Comparable SRL-14-3125



Address: W 750 N - 7301
Winamac, IN 46996

Date Sold: 07/02/2014

Sale Price: \$25,000

Land Area: 2.45 AC

Unit Sale Price: \$10,197 / AC

Zoning: Residential

Utilities: Well Septic

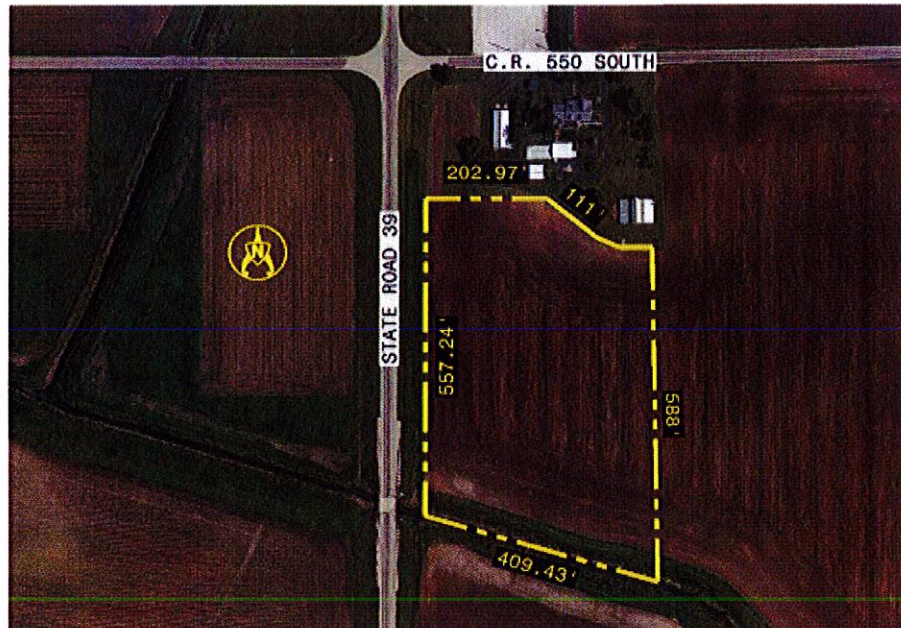
Comments:

There has been a mobile home placed on the tract since sale (original mobile home was moved on 02/16/2012). The sale included a raised septic system installed in 2007 and a 4" well. Also included drives and landscaping plus 2 sheds (480 SF and 560 SF).

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③

Comparable SRL-15-3126



Address: W 550 S - 8931 (S. of)
Francesville, IN 46946

Date Sold: 03/03/2015

Sale Price: \$31,344

Land Area: 5.20 AC

Unit Sale Price: \$6,025 / AC

Zoning: Agricultural

Utilities: None

Comments:

Sale of land tract to adjoining land owner to the north to add to their holdings.

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④

Comparable SRL-15-3127



Address: **W 700 N - 725**
Winamac, IN 46996

Date Sold: **10/30/2015**

Sale Price: **\$22,000.00**

Land Area: **3.55 AC**

Unit Sale Price: **\$6,190 / AC**

Zoning: **Residential**

Utilities: **None**

Comments:
Sale of rural land tract for single-family usage.

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Bareland Sales Comparison

SUBJECT		COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
COMP CODE	Monterey School	SRL-13-3124	SRL-14-3125	SRL-15-3126	SRL-15-3127
ADDRESS	5973 E. 700 North	Washington & Bridge St. - SEQ	W 750 N - 7301	W 550 S - 8931 (S. of)	W 700 N - 725
LOCATION	Monterey	Monterey	Winamac	Francesville	Winamac
DATE OF SALE	N/A	10/17/2013	7/2/2014	3/3/2015	10/30/2015
SALE PRICE	N/A	\$37,500	\$25,000	\$31,344	\$22,000
LAND AREA (AC)	7.85	5.21	2.45	5.20	3.55
TOPOGRAPHY	Level	Level	Level	Level	Level
UTILITIES	Public Sewer/Well	Sewer/Well	Well / Septic	None	None
ZONING	Agricultural	Agricultural	Residential	Agricultural	Residential

ECONOMIC ADJUSTMENTS:	
UNIT SALE PRICE / AC	\$7,198
FINANCING TERMS	1.00
CONDITION OF SALE	1.00
MARKET CONDITIONS	1.00
ADJUSTED SALE PRICE / AC	\$7,198

UNIT SALE PRICE / AC	\$7,198	\$10,197	\$6,025	\$6,190
FINANCING TERMS	1.00	1.00	1.00	1.00
CONDITION OF SALE	1.00	1.00	1.00	1.00
MARKET CONDITIONS	1.00	1.00	1.00	1.00
ADJUSTED SALE PRICE / AC	\$7,198	\$10,197	\$6,025	\$6,190

PHYSICAL ADJUSTMENTS:	
LOCATION	1,000
LAND AREA	0
TOPOGRAPHY	0
SHAPE	0
UTILITIES	0
ZONING	0
TOTAL PHYSICAL ADJUSTMENTS / AC	\$1,000
INDICATED UNIT VALUE OF SUBJECT / AC	\$8,198

LOCATION	1,000	1,000	1,000	1,000
LAND AREA	0	-1,000	0	-500
TOPOGRAPHY	0	0	0	0
SHAPE	0	0	0	0
UTILITIES	0	0	1,500	1,500
ZONING	0	0	0	0
TOTAL PHYSICAL ADJUSTMENTS / AC	\$1,000	\$0	\$2,500	\$2,000
INDICATED UNIT VALUE OF SUBJECT / AC	\$8,198	\$10,197	\$8,525	\$8,190

Explanation of Adjustments

The first adjustments considered are for economic factors, which include financing terms, condition of sale, and market conditions. All four comparables were considered to have typical market financing and no unusual condition of sale; therefore, no adjustments for either of these factors are necessary. The market conditions adjustment recognizes the increase, decrease, or stability in land values of properties similar in nature and character to the comparables and subject over time. All four sales have sold rather recently, and no adjustments are deemed necessary for market conditions.

The next adjustments considered are for physical factors, which will be discussed under their respective headings, as follows:

Location – This adjustment recognizes that a property located in a superior location will sell for more in the marketplace than one located in a less active/desirable area, with all other factors equal. Although Comparable 1 is located in Monterey, it does not have as good of a corner location as does the subject property. The remaining three comparables are more rural in nature. Upward adjustments have been made to all four comparables for this factor.

Land Area – The land area adjustment recognizes that a smaller land tract will typically sell for more per unit than a larger land tract and vice versa, with all other factors being equal. Based on this reasoning, Comparables 2 and 4 are adjusted downward for their smaller land areas than that of the subject.

Topography & Shape – All four comparables are considered similar to the subject as far as these categories of comparison are concerned; therefore, no adjustments for these factors are necessary.

Utilities – Comparable 1 is located in Monterey and has similar utilities to the subject. Comparable 2 was a site that had a well and septic in place, and no adjustment is warranted. The remaining two comparables had no utilities, and upward adjustments are made.

Zoning – Even though two of the comparables are zoned Residential, uses for each of the properties would be basically similar.

Conclusion of Land Value

Prior to adjustments, the comparable land sales indicate a value range from a low of \$6,025 to a high of \$10,197 per acre. After adjustments for major factors of dissimilarity, the indicated value range is from a low of \$8,190 to \$10,197 per acre. The average (mean) of the data is \$8,777 per acre. This average is skewed somewhat by Comparable 2, which may have brought a premium, in that it also had driveways and landscaping in place. Giving Comparable 1 the greatest weight, but the remaining comparables positive weight, a land value of \$8,500 per acre is concluded. Multiplying this unit value by the subject's land area of 7.85 acres, results in a land value indication of \$66,725, rounded to: **\$67,000.**

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which states that the value of a property that can be substituted with a similar property in the market generally tends to be set at the cost of acquiring the substitute property. This assumes that there are no costly delays in making the substitution.

In order to arrive at an opinion of the subject's fee simple estate market value via the Sales Comparison Approach, the marketplace was researched in order to find sales of similar properties to that of the subject. This research resulted in the finding of several sales of similar properties to the subject, with the nine considered most similar utilized in this analysis. On the following page is a map that depicts the location of the nine comparables to that of the subject. Details of the sales are then included, followed by a sales comparison grid, whereon they are summarized and adjusted for major factors of dissimilarity between them and the subject.

Improved Sales Locator Map



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Comparable SP-11-2089



Address: School St. - 101
 Leesburg, IN
Date Sold: 05/05/2011
Sale Price: \$178,000
Total Building Area: 51,513 SF
Unit Sale Price: \$3.46 / SF
Condition: Average
Age (Years): 52
Land Area: 8.87 AC
Zoning: R1, Residential
Utilities: Public

Comments:

This is the sale of the former Leesburg Elementary School in Leesburg, IN, which is located approximately 10 miles north of Warsaw along SR 15. The school is being purchased for alternate use as general office. The building has a first floor area of 47,373 SF; a semi-finished basement area of 2,296 SF; and second floor area of 4,140 SF. Additionally, the building is of masonry and frame construction; combination face brick and painted corrugated metal panels; aluminum casement-type windows; roof-top HVAC units; and 1,200-amp, 277/480 3-phase, 4-wire electrical. Original construction of the school was in 1958 with renovations completed in 1977, as well as apparent remodeling over the years. Overall, the building was considered to be in average condition for its age with no major items of deferred maintenance. Site improvements include asphalt-paved parking, concrete walks, asphalt-paved basketball courts, crushed stone landscaped playgrounds, baseball and soccer field, baseball stadium, 2 outbuildings, a courtyard, and typical lawn/landscaping.

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Comparable SP-10-2091



Address: Madison St. - 1612 S.
Muncie, IN
Date Sold: 11/10/2010
Sale Price: \$133,500
Total Building Area: 76,805 SF
Unit Sale Price: \$1.74 / SF
Condition: Average
Age (Years): 59
Land Area: 2.60 AC
Zoning: R-4, Residence Zone 4
Utilities: Public

Comments:

This is the sale of a part 1-/part 2-story, masonry and steel elementary school in Muncie, IN. The 2-story portion was constructed in 1951 and was expanded in 1977 to the present size of 76,805 SF. The building contains 68,205 SF on the 1st floor and the original 2nd floor area comprises 8,600 SF. The building has a combination brick/block exterior and a roof structure comprised of steel bar joist with steel deck and built-up composition roof cover. Additionally, the building has a boiler system with newer HVAC components replaced in the newer section in 1977. Site improvements include 35,000 SF of asphalt paving. The purchaser owned the adjoining land to the east and south.

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Comparable SP-08-1378

Address: Washington St. - 1225 W.
Bluffton, IN

Date Sold: 07/23/2008

Sale Price: \$50,000

Total Building Area: 27,800 SF

Unit Sale Price: \$1.80 / SF

Condition: Fair

Age (Years): 47

Land Area: 3.09 AC

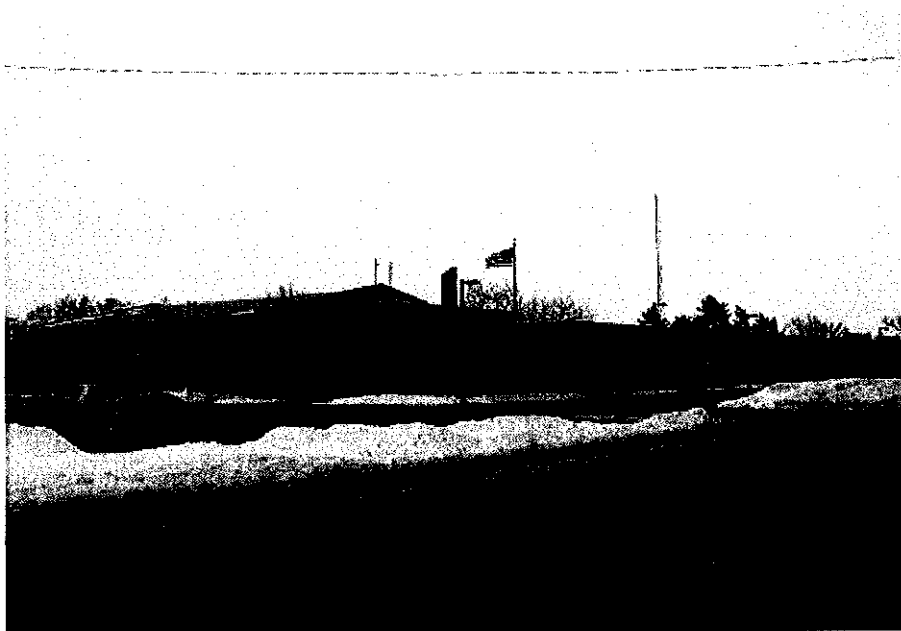
Zoning: R2, Attached Single-family and Two-family Residential

Utilities: Public

Comments:

This is the sale of the former Bluffton-Harrison elementary school building on the west side of Bluffton. The building is one-story, with the exception of the gymnasium, and was last utilized as Christian Community School. The building consists of 13 classrooms, gymnasium, cafeteria, kitchen, mechanical room, library, 4 offices, and 4 restrooms. Central air is provided in the gymnasium, with the remainder having window units and boiler heat. The building is dated, as are the mechanicals.

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Comparable SP-13-3130

Address: Monroe St. - 401
Monroeville, IN 46773

Date Sold: 09/04/2013

Sale Price: \$189,000

Total Building Area: 63,342 SF

Unit Sale Price: \$2.98 / SF

Condition: Good

Age (Years): 100

Land Area: 4.58 AC

Zoning: R1, Single Family Residential

Utilities: Public

Comments:

Sale of school in small community of Monroeville in Allen County. The building was in good physical condition but had limited alternate uses. It was purchased for use as a church and related classrooms.

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Comparable SP-15-3129

Address: Werling Dr. - 4625
Fort Wayne, IN 46806

Date Sold: 07/01/2015

Sale Price: \$225,000

Total Building Area: 74,480 SF

Unit Sale Price: \$3.02 / SF

Condition: Average

Age (Years): 62

Land Area: 17.11 AC

Zoning: RP, Planned Residential

Utilities: Public

Comments:

Sale of school on southeast side of Fort Wayne. The building was considered to be in average physical condition at time of sale, and the property was purchased for use as a private school.

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Comparable SP-14-3128

Address: Spencerville Rd. - 12616
Harlan, IN 46743

Date Sold: 02/26/2014

Sale Price: \$270,000

Total Building Area: 60,918 SF

Unit Sale Price: \$4.43 / SF

Condition: Good

Age (Years): 59

Land Area: 17.62 AC

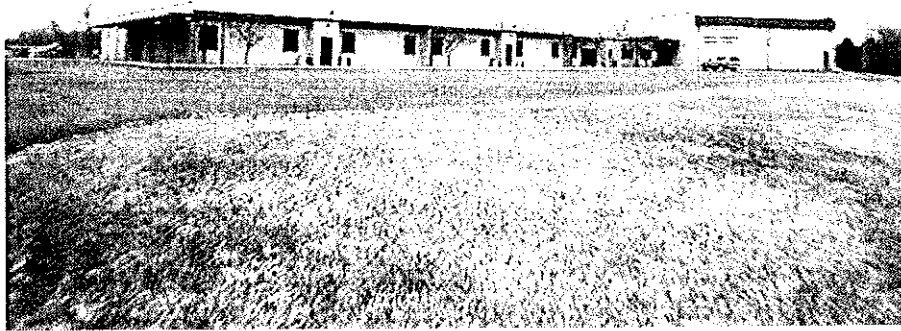
Zoning: A1, Agricultural

Utilities: See Comments

Comments:

Sale of school in Harlan, a small community northeast of Fort Wayne in Allen County. The school was in good condition at time of sale but had limited alternate uses. The property was served by public sewer and private well.

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Comparable SP-11-2099

Address: 450 CR - 3031 E.
Marion, IN

Date Sold: 01/25/2011

Sale Price: \$52,000

Total Building Area: 22,644 SF

Unit Sale Price: \$2.30 / SF

Condition: Average

Age (Years): 51

Land Area: 6.97 AC

Zoning: A1, Agricultural

Utilities: Public

Comments:

This older school is within the Washington Township School District in Grant County, IN. The school closed at the end of 2010 school year and sold via closed bid on 1/25/11; however, the community knew of the closing for approximately 1 year. Additionally, the bidding process did not allow charter school entities to bid. The property was purchased for alternate use as a reception hall.

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Comparable SP-15-3133

Address: **Vernon St. - 1721**
 Wabash, IN 46992

Date Sold: **03/20/2015**

Sale Price: **\$80,000**

Total Building Area: **36,119 SF**

Unit Sale Price: **\$2.21 / SF**

Condition: **Average**

Age (Years): **41**

Land Area: **11.30 AC**

Zoning: **WCR1**

Utilities: **Public**

Comments:

Sale of W.C. Mills Middle School on south side of Wabash. The property was placed on the market for a 60-day period and then put out for public bid. The purchaser was the only bidder.

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Comparable SP-10-2100



Address: Lenfesty St. - 759 S.

Marion, IN

Date Sold: 12/22/2010

Sale Price: \$77,850

Total Building Area: 45,080 SF

Unit Sale Price: \$1.73 / SF

Condition: Average

Age (Years): 45

Land Area: 3.50 AC

Zoning: Residential

Utilities: Public

Comments:

This represents the sale of an older school within the City of Marion School Corp. The school closed at the end of 2010 school year and sold via closed bid on 12/22/10; however, the community knew of the closing for approximately 1 year. Additionally, the bidding process did not allow charter school entities to bid. The property was purchased for alternate use as a church. The school system retained all but approximately 3.5 acres of the total site.

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Improved Sales Comparison

COMP CODE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6	COMPARABLE 7	COMPARABLE 8	COMPARABLE 9
ADDRESS	Monterey Elementary School	SP-11-2089	SP-10-2091	SP-08-1378	SP-13-3130	SP-15-3129	SP-14-3128	SP-11-2099	SP-15-3133	SP-10-2100
LOCATION	5973 E 700 N	School St. - 101	Madison St. - 1612 S.	Washington St. - 1225 W.	Monroe St. - 401	Welling Drive	Spencer Rd	E. 450 N. - 3031	Vernon St. - 1721	S. Lentasy St. - 759
DATE OF SALE	Monterey	Leesburg	Muncie	Burton	Monroeville	Fort Wayne	Horton	Marion	Wabash	Marion
SALE PRICE	Assume 04/05/16	2/21/2011	11/10/2010	7/23/2008	9/4/2013	7/1/2015	2/26/2014	1/25/2011	3/20/2015	12/22/2010
GRANTOR	n/a	\$178,000	\$133,500	\$50,000	\$189,000	\$225,000	\$270,000	\$52,000	\$80,000	\$77,850
GRANTEE	N/A	Warsaw Comm. Schools	Muncie Community Schools	Community Christian Fellowship	East Allen County Schools	East Allen County Schools	East Allen County Schools	Washington Twp. Schools	Wabash City Schools	Marion Comm. School Corp.
LAND AREA (AC)	N/A	Maple Leaf Farms	City of Muncie Housing Auth.	New Light Christian Church	Diocese of Fort Wayne-South Bend	Timothy L. Johnson Academy, Inc	Sunrise Chapel Mennonite Church	Roger Dilly	Indiana N. District Wesleyan Church	Indiana N. District Wesleyan Church
TOTAL BUILDING AREA (SF)	7.85	8.87	2.60	3.09	4.58	17.11	17.62	6.97	35.119	12.24
AGE / CONDITION	28,657	51,513	76,805	27,800	63,342	74,480	78,689	22,644	36,119	3.50
CONSTRUCTION	30 Yrs (Eff.) / Above Avg.	30 Yrs (Eff.) / Average	30 Yrs (Eff.) / Average	35 Yrs (Eff.) / Fair	30 Yrs. / Good	30 Yrs. (Eff.) / Above Average	30 Yrs (Eff.) / Good	Higher / Average	30 Yrs. (Eff.) / Average	Higher / Average
LOWER LEVEL AREA (SF)	Masonry & Steel	Masonry/Steel	Masonry/Steel	Masonry/Steel	Masonry/Steel	Masonry/Steel	Masonry	Masonry/Steel	Masonry & Steel	Masonry & Steel
FUNCTIONAL OBSOLESCE	Minimal	2,296	0	0	0	0	11,095 sq	0	0	0
SECOND FLOOR AREA (SF)	Pt. Two Story	One Level	Pt. Two Story	One Level	One Level	One Level	One Level	One Level	Two Levels	One Level
USE	9721	4,140	8600	0	0	0	0	0	11,152	0
SITE IMPROVEMENTS	Vacated School	Corporate Offices	Housing Authority-City of Muncie	Church	Church	School	Church	Reception Hall	Church	Church
ESTIMATED LAND VALUE	Asphalt Paved Parking, Playground, Lighting, Lawn & Landscaping	Superior	Similar	Similar	Superior	Superior	Similar	Similar	Similar	Similar
SALE PRICE LESS LAND VALUE	\$67,000	\$102,000	\$38,000	\$37,000	\$56,000	\$183,000	\$150,000	\$55,000	\$113,000	\$45,000
SALE PRICE / SF WITH LAND	\$76,000	\$76,000	\$94,500	\$13,000	\$133,000	\$42,000	\$120,000	\$3,000	\$33,000	\$32,850
SALE PRICE / SF W/O LAND		\$346	\$174	\$180	\$298	\$302	\$343	\$230	\$221	\$173
		\$148	\$173	\$0.47	\$2.10	\$0.56	\$1.52	\$0.13	\$0.91	\$0.73

Analysis of Comparables

On the previous page was a sales comparison grid, whereon the nine improved sales previously detailed are summarized. The market for vacated schools is particularly unique, in that schools are typically constructed for a specific use/user. Once vacated, there are a very limited number of users for these schools. Two factors affecting their value are:

1. The functional inutility of the school
2. The high cost of maintaining the facility, including HVAC, utilities, and general maintenance

As can be seen from the sales summarized, the range of gross sale prices is from a low of \$50,000 to a high of \$270,000. These sale prices are a fraction of the replacement cost new. Factors affecting the sale price include:

- Overall condition of the facility
- The market area in which they are located
- The number of potential alternate users that may be available in that market area
- The underlying land value of the school

The following chart is a summary of all ten schools, wherein the sale price is expressed in the terms of sale price per square foot with land included and sale price per square foot without land.

Comp.	Location	Date of Sale	Total Bldg. Area (SF)	Sale Price	Land Value	Indicated Improvement Value	Sale Price/SF with Land Included	Sale Price/SF without Land
1	Leesburg	05/05/11	51,513	\$178,000	\$102,000	\$76,000	\$3.46	\$1.48
2	Muncie	11/10/10	76,805	\$133,500	\$39,000	\$94,500	\$1.74	\$1.23
3	Bluffton	07/23/08	27,800	\$50,000	\$37,000	\$13,000	\$1.80	\$0.47
4	Monroeville	09/04/13	63,342	\$189,000	\$56,000	\$133,000	\$2.98	\$2.10
5	Fort Wayne	07/01/15	74,480	\$225,000	\$183,000	\$42,000	\$3.02	\$0.56
6	Harlan	02/26/14	78,699	\$270,000	\$150,000	\$120,000	\$3.43	\$1.52
7	Marion	01/25/11	22,644	\$52,000	\$55,000	-\$3,000	\$2.30	(\$0.13)
8	Wabash	03/20/15	36,119	\$80,000	\$123,000	-\$43,000	\$2.21	(\$1.19)
9	Marion	12/22/10	45,080	\$77,850	\$45,000	\$32,850	\$1.73	\$0.73
						Average	\$2.52	\$0.75

As can be seen from the above, the average sale price of a vacated school is \$2.52 of gross building area. When land is subtracted from the sale price and divided by the building area, the sale price per square foot without land is \$0.75. Comparables 4, 5, and 6 are located in Allen County in close proximity to Fort Wayne, which is a large metropolitan area. These sales have more alternate users available than would smaller

areas represented by the remaining comparables. If these Fort Wayne comparables are taken out, the remaining data is summarized as follows:

Comp.	Location	Date of Sale	Total Bldg. Area (SF)	Sale Price	Land Value	Indicated Improvement Value	Sale Price/SF with Land Included	Sale Price/SF without Land
1	Leesburg	05/05/11	51,513	\$178,000	\$102,000	\$76,000	\$3.46	\$1.48
2	Muncie	11/10/10	76,805	\$133,500	\$39,000	\$94,500	\$1.74	\$1.23
3	Bluffton	07/23/08	27,800	\$50,000	\$37,000	\$13,000	\$1.80	\$0.47
7	Marion	01/25/11	22,644	\$52,000	\$55,000	-\$3,000	\$2.30	(\$0.13)
8	Wabash	03/20/15	36,119	\$80,000	\$123,000	-\$43,000	\$2.21	(\$1.19)
9	Marion	12/22/10	45,080	\$77,850	\$45,000	\$32,850	\$1.73	\$0.73
						Average	\$1.47	\$0.29

The preceding chart shows that if the comparables influenced by a large market area are removed, the overall sale price per square foot including land is \$1.47; and the overall sale price per square foot without land is \$0.29.

The subject property is located in a very weak market area, with a limited amount of market users. As can be seen from the preceding chart, some of the building improvements had a negative value when land value is deducted. The six comparables summarized on the preceding chart are all located in county seat towns, with the exception of Leesburg. The subject market area is considered to be weaker than any of these markets and, at best, the subject improvement does not contribute anything over and above land value, which has been previously estimated at \$67,000.

Conclusion of Value - Sales Comparison Approach

Based on the foregoing, the value of the subject property as improved is considered to be equal to land value, or: **\$67,000.**

RECONCILIATION AND VALUE CONCLUSIONS

All three classical approaches have been considered for the subject in processing the current fee simple estate market value. The estimated values, as indicated by the approaches, are summarized as follows:

Site Valuation	\$ 67,000
Cost Approach	N/A
Sales Comparison Approach	\$ 67,000
Income Capitalization Approach	N/A

As was stated earlier in this report, both the Cost and Income Capitalization Approaches were considered but not completed in arriving at a value conclusion for the subject. Only the Sales Comparison Approach was considered applicable in arriving at a reliable indication for the subject property.

The Site Valuation was completed in order to form an opinion as to the subject's land value as though vacant. Establishing the land value as though vacant is useful in analyzing the highest and best use.

In the Sales Comparison Approach, nine school sales were presented and analyzed. The appraiser's conclusion is that vacated schools placed on the market sell for a fraction of their replacement cost new. The subject school is located in a market area, which would have few, if any, potential alternate users. The concluded value for the school is basically land value only, with the improvements adding nothing over and above market value. As was outlined in the report, the marketing period for disposing of the school may be 3 years or possibly longer. It is assumed that the school would be placed on the market and potential users made well aware of the property then, perhaps, a sealed bid sale or auction could take place relative to disposal of the property. The client might want to offer the subject in two separate tracts then as the two tracts combined. This scenario would be best represented at either an auction or a sealed bid sale.

Based on the analyses contained herein, as of the date of inspection on April 5, 2016, the subject property had a fee simple estate market value of:

SIXTY-SEVEN THOUSAND DOLLARS (\$67,000)

On page 25 of this report, this appraiser eluded to a liquidation value. Although a liquidation value is not being presented in this report, the client might want to consider the possibility of liquidating the property at a quick sale, due to the holding costs

associated with a vacant school building. This appraiser requested expenses for the past 3 years from the client, with these being provided as follows:

Monterey

	2013	2014	2015
100-26200-411-7029 Sewer	2,587.20	4,527.60	5,359.20
100-26200-531-7029 Telephone	3,076.44	17.19	3,703.07
100-26200-611-7029 Bldg Supplies	-	174.94	-
100-26200-622-7029 Gas	1,166.98	2,325.84	8,233.89
100-26200-625-7029 Electric	1,910.45	2,127.55	3,319.20
100-26300-430-7029 Bldg Grounds/Outdoor Maint	879.49	3,220.84	3,150.00
Alarm System/Pest Control/Elevator Main/Fire			
350-26400-430-7029 Inspection/Repairs	4,402.20	8,461.13	2,106.98
3600-11100-319-7029 Outdoor Lab	-	680.13	-
Insurance	?	?	11,413.00
	14,022.76	21,535.22	37,285.34

As can be seen from the above chart, the total cost of holding the property for the years 2013 and 2014 (without insurance) was slightly over \$14,000 and slightly over \$21,500, respectively. With insurance costs being included in 2015 and a dramatic increase in gas expense, the holding cost was \$37,285.

When considering the market value of \$67,000, the client might want to consider the holding costs. If the holding costs remain at about \$37,000, the holding costs for the 3-year marketing period would total \$111,000, in addition to those costs already spent. The client should consider these costs if they are determining the cash offer that they may accept.

CERTIFICATION OF VALUE

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 no personal interest with respect to the parties involved.

I have performed no prior services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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 *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person signing this certification.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and 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.

As of the date of this report, I have completed the requirements of the Continuing Education Program of the Appraisal Institute.

In my opinion, on April 5, 2016, the subject, which is located at 5973 E 700 N in Monterey, Pulaski County, Indiana, had a market value of:

SIXTY-SEVEN THOUSAND DOLLARS (\$67,000)



Lowell K. Griffin, MAI
Indiana Certified General Appraiser
License No. CG69100003

ENDNOTES

¹Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 3rd Edition, (Chicago: Appraisal Institute, 1993), p. 140 (Referred to as the Dictionary).

A D D E N D A

EXHIBIT "A"

March 3, 2016

Via Email: kitchellc@culver.k12.in.us

Chuck Kitchell, Interim Superintendent
Culver Community Schools
700 School Street
Culver, IN 46511

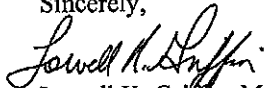
Dear Mr. Kitchell:

As you requested, I am providing you with the following proposal relative to an appraisal to establish the market value of the vacant school located at 5973 E 700 N, Monterey, Indiana.

- Scope of Work:
 - Obtain necessary information from Pulaski County GIS, Pulaski County Assessor, etc.
 - Obtain information pertaining to subject zoning, floodplain, etc. from public agencies
 - Personally inspect subject property and photograph/measure, as necessary
 - Research land values in subject market area
 - Research sales of vacated school properties
 - Prepare an appraisal report for subject property based on defined scope of work and in accordance with the 2016-2017 Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute, of which I am a member
- Report Addressed to – Chuck Kitchell, Interim Superintendent, Culver Community Schools, 700 School Street, Culver, IN 46511
- Fee - \$3,000
- Delivery – 45 days from receipt of authority to proceed (Note: I am on vacation from March 5 to March 13)
- Requested Information – Any building or site plans that might be available
- Inspection – Please provide name and telephone number for contact person to arrange inspection of subject property - *CONTACT CHUCK KITCHELL - WORK 574-842-3364 CELL 574-225-9662*

The preceding has been prepared in accordance with my understanding of the scope of the appraisal assignment. If you wish to engage me for this appraisal assignment, please sign where indicated below.

Sincerely,

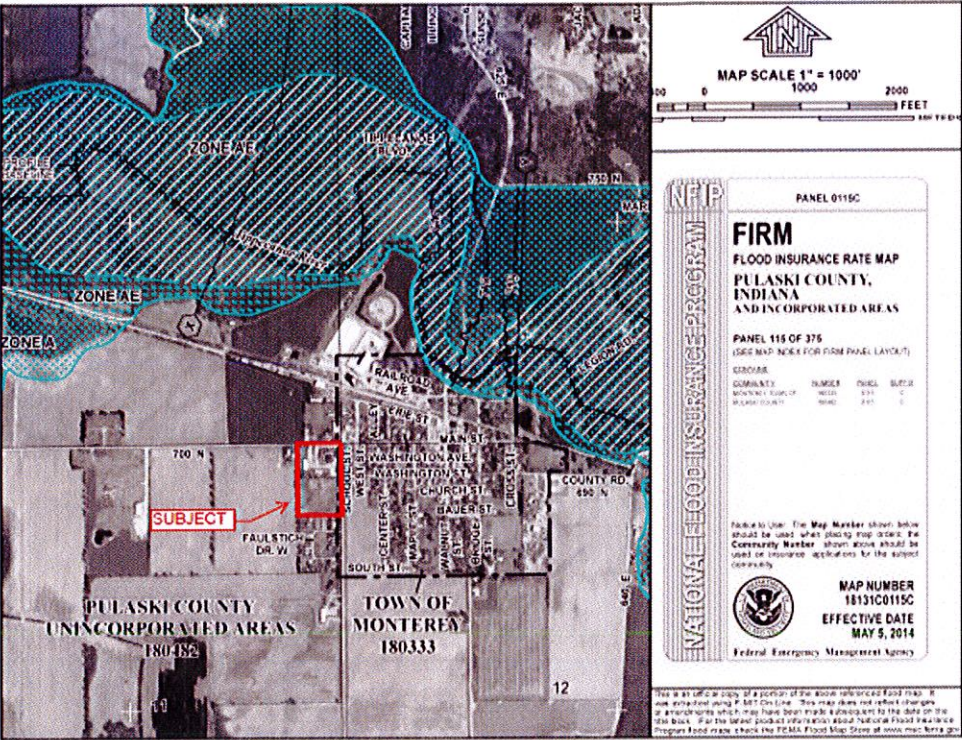


Lowell K. Griffin, MAI
Indiana Certified General Appraiser
License No. CG69100003
lgriffin@griffinres.com

Accepted by: Chuck Kitchell
Chuck Kitchell, Interim Superintendent
Culver Community Schools

Date: MARCH 8, 2016

EXHIBIT "B"



QUALIFICATIONS
OF
LOWELL K. GRIFFIN, MAI

FORMAL EDUCATION

Purdue University
B.S. Degree, Majored in Economics

DePaul University
27 Hours Toward Masters Degree in Business Management

SPECIALIZED EDUCATION

American Institute of Real Estate Appraisers (now Appraisal Institute)
Course I, "General Appraisal Principles"
Course II, "Urban Real Estate Appraising"
Course VI, "Ellwood Capitalization"
Course VII, "Industrial Appraising"
"Appraisal of Partial Interests"

Society of Real Estate Appraisers (now Appraisal Institute)
"An Introduction to Appraising Real Property"
"Principles of Income Property Appraising"

Indiana State Highway Commission
48-Hour Right-of-Way Course Covering: Real Estate Law, Engineering Design, Appraisal Practices, Court Testimony, Soils, Plan Reading, Public Relations, and Condemnation Proceedings

General Real Estate
"Mathematics of Real Estate in Construction and Analysis of an After-Tax Cash Flow Model"
"Office Building Development"
"Real Estate Feasibility Analysis for the Appraiser"
CCIM 101, "Fundamentals of Real Estate Investment and Taxation"
CCIM 102, "Fundamentals of Analyzing Real Estate Opportunities"

PROFESSIONAL EXPERIENCE

Griffin Real Estate Services, Inc.
President

Sturges, Griffin, Trent & Company, Inc.
Director of Appraisal Staff

Harding, Dahm & Company, Inc.
Vice President of Investment Analysis Division

General Services Administration
Staff Appraiser
Assistant Director, Appraisal Staff
Supervised the Appraisal of Real Estate for U.S. Government in Indiana, Illinois, and Michigan
Assistant Director, Real Property Division
Supervised Disposal of Real Estate in a Six-state Market Area

Indiana State Highway Commission
Review Appraiser Supervisor
Reviewed Appraisals on Commercial, Industrial, and Special-purpose Properties
Staff Appraiser and Supervisor
Appraised/Supervised Staff Personnel in the Appraisal of Properties for Condemnation Purposes

PROFESSIONAL ORGANIZATIONS

Appraisal Institute - 1991 President Indiana Chapter 27

PROFESSIONAL LICENSES

Indiana Real Estate Broker No. RB14001559
Indiana Certified General Appraiser License No. CG69100003

TEACHING EXPERIENCE

Conducted regular monthly education meetings for Chapter 27 of the American Institute of Real Estate Appraisers (now Appraisal Institute). Conducted all-day seminars for the local chapters of the American Institute of Real Estate Appraisers and Society of Real Estate Appraisers (now combined with the Appraisal Institute), Association of Federal Appraisers, Marion Real Estate Board, General Services Administration, and AEP.

CLIENTS SERVED

Fee assignments include individuals, corporations, attorneys, banks, Indiana State Highway Commission, National Park Service, General Services Administration, United States Postal Service, Corps of Engineers, and local urban renewal departments. Completed appraisals on commercial, industrial, rural, and special-purpose properties. Provided court testimony for the State of Indiana, Federal Government, and various local courts.

SPECIAL AWARDS

In 1973, was nominated by Region 5 of the General Services Administration for Outstanding Employee of the Year.

In 1979, was awarded the Professional Recognition Award by the American Institute of Real Estate Appraisers (now Appraisal Institute).

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic education certification. I am currently certified under this program.

On January 29, 1993, received the Edward L. White Achievement Award from the Hoosier State Chapter of the Appraisal Institute. The Edward L. White Achievement Award is presented in recognition for outstanding service to the community, distinguished leadership within the Appraisal Institute, and contributions to the advancement of the appraisal and real estate profession.

SPECIAL BOARDS

Appointed by Governor Evan Bayh to serve as a member of the Indiana Real Estate Appraiser Licensure and Certification Board from January 1991 through September 1994 and reappointment in July 1998 for 3-year term and 2002 for 4-year term. Served as Chairman of the Board from 2000 to 2002.

Appointed by Governor Mitchell E. Daniels on October 19, 2006, to serve as a member of the Indiana Real Estate Appraiser Licensure and Certification Board until June 30, 2010.

Served as Chairman of the Board from 2006 to 2008. Reappointed by Governor Daniels on June 21, 2010, to serve until June 30, 2014.

Member and Former Chairman of the Board of Directors for the United Methodist Memorial Home in Warren, Indiana.