

**HARLEY CLARKE MANSION
2603 SHERIDAN ROAD
EVANSTON, ILLINOIS 60201
PIN 05-35-408-018 (PORTION)**



MaROUS & COMPANY

August 5, 2014

City of Evanston
2100 Ridge Avenue
Evanston, Illinois 60201

Attention: Mr. W. Grant Farrar, Corporation Counsel

Subject: Harley Clarke Mansion
2603 Sheridan Road
Evanston, Illinois 60201
PIN 05-35-408-018 (portion)

Dear Mr. Farrar:

In conformance with your request, the former Harley Clarke Mansion, currently being used as the Evanston Arts Center, located at 2603 Sheridan Road, Evanston, Illinois, has been partially inspected and appraised. This appraisal report has been prepared specifically for the City of Evanston. The purpose of this appraisal is to estimate the market value of the subject property as of July 30, 2014, in order to assist the client in determining at what price the property would sell if exposed for sale in the open market. The entire fee simple interest in the property is being appraised. I have appraised this property previously in an appraisal report dated July 11, 2012, with an April 27, 2012, date of value.

The property is being appraised under two scenarios: first, that the mansion will be sold without the land, and second, that the mansion and the coach house will be sold without the land. Both scenarios assume the following easements will be granted access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings.

The property being appraised is an approximately three-story, 16-room, stone mansion, and a one- and one-half-story stone coach house, both constructed in approximately 1925. The mansion has a conservatory along the southern building line, and is constructed over a full basement. The total above-grade square footage for the mansion is 12,560 square feet. The gross building area is 18,502 square feet including the basement. The conservatory contains 1,434 square feet, which is not included in the above-grade total.

The existing lease on the building expires in January 2015; because of the short-term nature of the remainder of the lease, the fee simple interest in the building is being valued.

The attendant coach house contains 3,228 square feet, divided between two apartments, and an approximately 800-square-foot, three-car garage. The greenhouse and the storage areas total an additional approximately 780 square feet. The above-grade building area is 2,756 square feet.

The buildings do not appear to be on the National Register of Historic Places; however, they are on the list of "Designated Evanston Landmarks." The buildings vary in condition from poor to fair; both the

Mr. W. Grant Farrar
2603 Sheridan Road
August 5, 2014

main house and the carriage house require extensive renovation in order to be useable. Such renovations would likely range from \$75.00 to \$125.00 per square foot or from \$1,400,000 to \$2,300,000 for the main house and from \$240,000 to \$400,000 for the carriage house.

These improvements currently are situated on a large trapezoidal shaped parcel that currently is zoned OS, Open Space District, by the City of Evanston. Uses in this zoning district are restricted to recreational and community uses, including community centers, cultural facilities, and educational institutions. Office space as part of these uses is assumed to be permitted. Previous efforts to rezone the property for a bed and breakfast were unsuccessful.

I also have been asked to develop an estimate of the value of an appropriate ground lease for the land under the mansion and the carriage house. The beneficial easements described above are similar to the situation of a department store in a shopping center and have the effect of doubling the site size. The building footprints total 8,592 square feet; the effective site size is estimated to be 17,000 square feet.

Based on the analysis of the value of the effective size of the land underlying the subject improvements, and assuming a typical arm's length ground lease at 6.0 percent of land value, the appropriate arm's length ground lease for the land under the building footprints as of July 30, 2014, would be **\$81,000 per year**.

In view of the following facts and data connected with this appraisal, the market value of the fee simple interest in the subject property, under the first scenario wherein the mansion is sold separately without the underlying land, and assuming easements for access, parking, use of the grounds, and use and maintenance of the buildings, as of July 30, 2014, is:

ONE MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS

(\$1,550,000)

The market value of the fee simple interest in the subject property, under the second scenario wherein the mansion and the carriage house both are sold without the underlying land, and assuming easements for access, parking, use of the grounds, and use and maintenance of the buildings, as of July 30, 2014, is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS

(\$1,800,000)

These value estimates are contingent upon the estimated exposure time of 6 to 9 months. They are gross values and no allowance was made for brokerage commissions or costs of utilities, real estate taxes, or other carrying costs during the marketing period.

This appraisal report assumes that easements for access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings will be granted to the property being appraised under both scenarios analyzed.

Mr. W. Grant Farrar
2603 Sheridan Road
August 5, 2014

MaRous and Company has received and has relied upon verbal and written communications and documents regarding the subject property in the preparation of this appraisal report. If additional information about the subject property is received or becomes known, MaRous and Company reserves the right to determine whether this information has a substantive impact on the valuation of the subject property and to adjust values accordingly.

This document conforms to my understanding of the requirements for an appraisal report under Standard Rule 2-2 (a) of the *Uniform Standards of Professional Appraisal Practice and Advisory Opinions* (USPAP). This appraisal report is a brief recapitulation of the appraisal data, analyses, and conclusions. Supporting documentation is retained in MaRous and Company office files.

This letter of transmittal is personally signed and is attached to and accompanies an appraisal report. Any use of this letter of transmittal without the accompanying appraisal report and the original signatures invalidates the certification and may result in misleading value conclusions.

Respectfully submitted,

MaRous & Company



Michael S. MaRous, MAI, CRE
Illinois Certified General - #553.000141 (9/15 expiration)

APPRAISAL REPORT
2603 Sheridan Road
Evanston, Illinois 60201
PIN 05-35-408-018 (portion)

**Purpose of Assignment,
Date, and Intended Use
and User of the Appraisal**

The purpose of this appraisal is to estimate the market value of the subject property as of July 30, 2014, in order to assist the City of Evanston in determining at what price the property would sell if properly exposed for sale in the open market. The entire fee simple interest is being appraised.

Fee Simple Estate

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

Market Value

The most probable price 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.²

¹ *The Appraisal of Real Estate*. 14th ed., (Chicago: Appraisal Institute, 2013) 5.

² 12 C.F.R. Part 34.42(g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994

**Sources of Property
Identification and
Scope of Work**

In order to develop the market value of the fee simple interest in the subject property:

- An interior and exterior inspection was made by Michael S. MaRous, MAI, CRE, and Anita Rifkind on March 14, 2012, and exterior inspections were made on April 27, 2012, and July 30, 2014, by Michael S. MaRous;
- The physical and economic factors that could affect the property being appraised were researched;
- A plat of survey by B.H. Suhr & Company, dated April 11, 2012; undated sketches of the mansion drawn by Klauzens & Associates; and a “Code Analysis and Conditions Assessment Report” prepared by McGuire Iglesiaski & Associates and WMA Consulting Engineers, Ltd., and dated June 25, 2012, were provided by the City of Evanston;
- Building sizes were taken from the McGuire Iglesiaski & Associates report;
- General and specific information pertaining to the subject property and its surrounding neighborhood was analyzed to determine the highest and best use of the land as though vacant and as improved if applicable;
- Market research was conducted to compile information concerning the general conditions affecting the type of property being appraised and to develop sales of comparable vacant sites and/or of improved properties;
- General and specific information regarding the subject property, comparable improved and/or land sales, rental comparables, and/or relevant market data was taken from a variety of public and/or subscription sources, including mapping programs, governmental and private sector websites, and other miscellaneous resources and reference materials;
- Interviews with brokers, appraisers, developers, and lending institution representatives, as well as information from within MaRous and Company office files, were used to provide information for this report.

Significant real property appraisal assistance, including inspecting the subject property, performing research and analyses, and assisting in the preparation of this summary appraisal report, was provided by Anita Rifkind.

Approaches to Value

The valuation of real estate mainly uses a combination of three basic approaches to value: the cost approach, the income capitalization approach, and the sales comparison approach. From the values indicated by these analyses and the weight accorded to each, an opinion of value is reached based upon expert judgment within the framework of the appraisal process.

The buildings currently are not configured as an income-producing property. Therefore, the income capitalization approach to value is not included in this appraisal report. Nor are the buildings likely to be reproduced in their current form. Therefore, the cost approach is not included in this appraisal report. However, the land value is developed using the sales comparison approach as part of the discussion of the highest and best use of the property as improved.

The property is being appraised under two scenarios: first, that the mansion will be sold without the land, and second, that the mansion and the coach house will be sold without the land. Both scenarios assume easements for ingress and egress from Sheridan Road, and access for use, and maintenance of the buildings.

I also have been asked to develop an estimate of the value of an appropriate ground lease for the land under the mansion and the carriage house. In order to develop an opinion of an appropriate lease for the underlying land, the value of the land is developed using the sales comparison approach to value.

This document conforms to my understanding of the requirements for an appraisal report under Standard Rule 2-2 (a) of the *Uniform Standards of Professional Appraisal Practice and Advisory Opinions* (USPAP). This appraisal report is a brief recapitulation of the appraisal data, analyses, and conclusions. Additional supporting documentation is retained in the MaRous and Company office file.

History and Use

The *Uniform Standards of Professional Appraisal Practice* (USPAP) requires reporting and analysis of any sale transactions and any current listing, pending sale, or option involving the subject property during the past 3 years. According to public record, and to interviews with ownership, the property has been owned by the City of Evanston since approximately 1965. The building has been used as the Evanston Arts Center for the majority of that time.

Negotiations are ongoing for the sale of one or both of the buildings to the Illinois Department of Natural Resources.

Location Description

The city of Evanston is the sixth largest city in Illinois, having a gross land area of approximately 8 square miles. Located approximately 13 miles north of the Chicago Loop, Evanston has a current population of approximately 74,486 according to the 2010 U.S. Census figures. The city of Evanston is bordered on the east by Lake Michigan, on the south by Chicago, on the west by Skokie, and on the north by Wilmette. Evanston is considered a high-quality residential and commercial area.

Transportation facilities serving the city and its immediate environs include public bus service along all major east-west and north-south thoroughfares, the METRA/Chicago and Northwestern commuter railroad's north line, and CTA Rapid Transit Purple Line, all providing good commuter transportation within the community. Expressway access, via the Edens Expressway, is considered somewhat removed, with the nearest point of entry located approximately 4 miles west of the downtown Evanston business district at the intersection of Dempster Street and the Edens Expressway or at Touhy Avenue, further south.

Major arterials that serve the city of Evanston include north-south arterials McCormick Boulevard, west of the subject, and Dodge, Ridge, and Chicago avenues and Sheridan Road, which are east of the subject. Major east-west arterials that serve the area include Main, Oakton, and Dempster streets and Golf Road.

Evanston is entirely developed; there is little vacant land. Residential uses account for approximately 45 percent of the total land use and consist of single-family residences, mixed two- and three-unit buildings, medium-density three- to five-story apartment buildings, and high-density high-rise apartment buildings situated around Evanston's central business district. Business uses, including commercial, retail, office, and manufacturing, account for approximately 8 percent of the land use. An additional 8 percent of the total land use is devoted to institutional users including Northwestern University (5 percent), various parochial and private schools, hospitals, and churches. The remaining land area of the city is developed to include public areas, schools, parks, and streets.

Major employers include Northwestern University and North Shore University Hospital. McDougal Littel, a publishing company, and the headquarters of Rotary International also are major employers in the city. The city also benefits from the employment and cultural impacts of Northwestern University.

The Evanston school district is considered to be of good quality, and Evanston is served by a range of houses of worship representing almost every denomination. There are three major hospitals in Evanston, which has a more than adequate supply of medical doctors and dentists. Shopping is considered excellent with north Evanston, south Evanston, and the Evanston central business district shopping areas. Recreation facilities are abundant, including typical local park district facilities, as well as extensive open space and public beaches with Lake Michigan frontage.

Immediate Environs

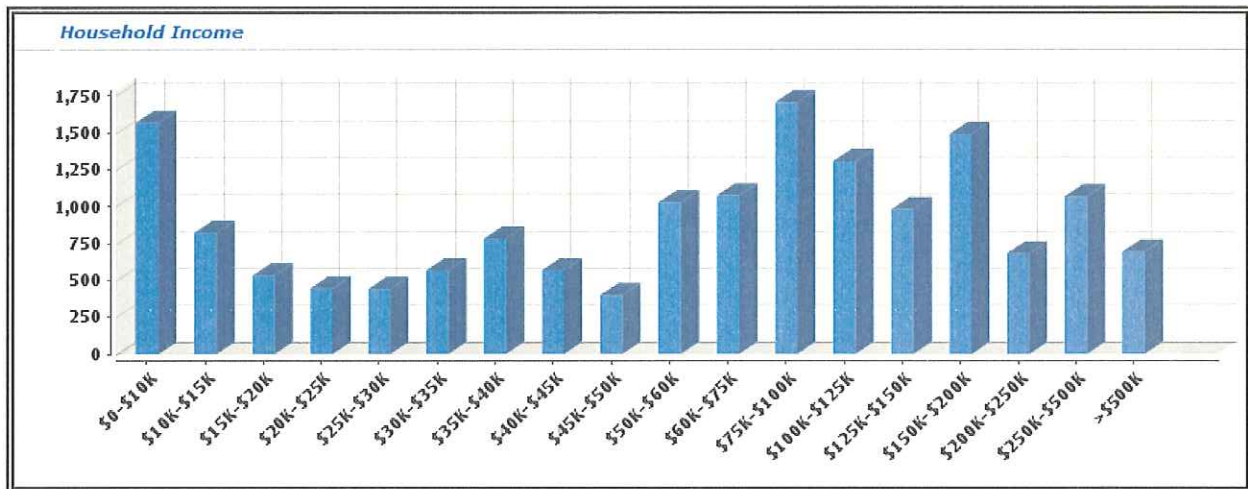
The subject property is located at Sheridan Road and Central Street, south of, and adjacent to the Gross Point Lighthouse. To the north is a parking lot and Lawson Park, and to the east is a public beach and Lake Michigan. South beyond the lighthouse, north beyond the park, and to the west across Sheridan Road are single-family houses. Northwestern University is approximately ½ mile south of the subject property.

The aerial photograph below illustrates the relationship between the subject property and the immediately surrounding uses.

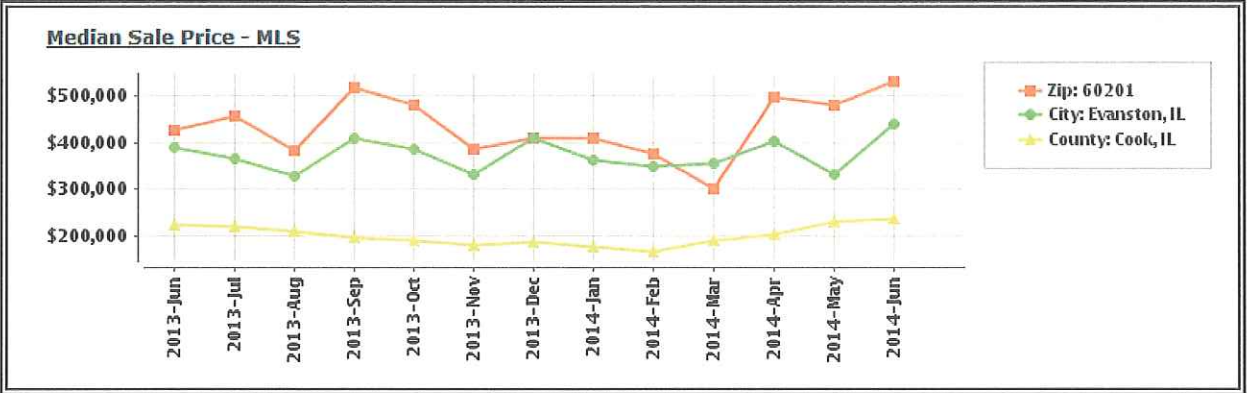


Market Overview

The property being appraised is located in an area with strong demographics. The median single-family house value in Evanston is \$341,000, and 52 percent of all houses are owner occupied. The average annual household income is just above \$119,565. The following chart illustrates the spread in household incomes in Evanston.



The housing market in Evanston was slow to feel the effects of the economic downturn in late 2007/2008, and it rebounded and stabilized relatively quickly. The single-family real estate market in Evanston outperforms the general market as reflected by the statistics for Cook County. The following table summarizes the median sale price for single-family houses in Evanston relative to Cook County; it was taken from Midwest Real Estate Data (MRED) and is based on MRED data.



Overall, the residential market in the area is considered to be stable, if not strengthening.

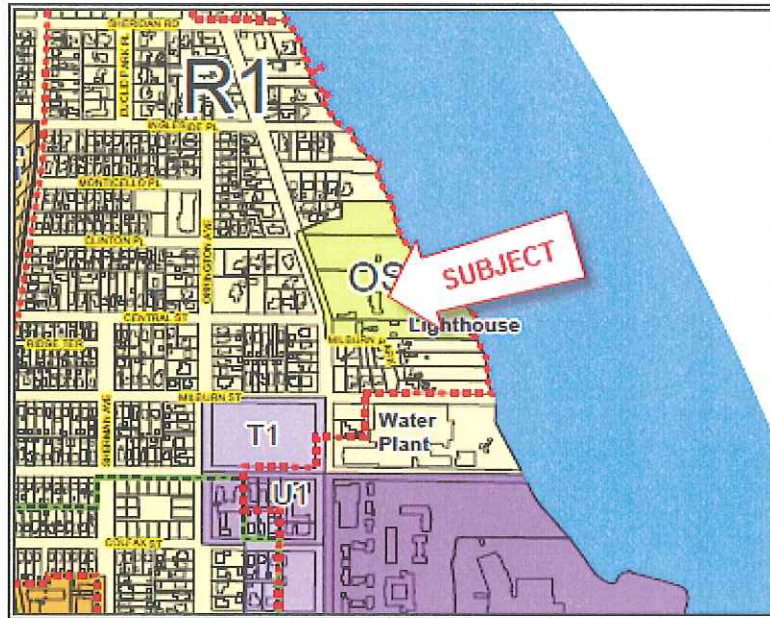
Site Description

The mansion and the carriage house are situated on a portion of a basically trapezoidal shaped parcel that has 303.85 feet of frontage on Sheridan Road, a depth of 790.52 feet along the southern property line, and 679 feet along the northern property line. The eastern property line follows the undulating shore of Lake Michigan. However, the property is being appraised under the hypothetical condition that the building improvements are being sold without the underlying land.

However, the values assume the following easements: access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings. These are considered beneficial easements, are similar to the situation of a department store in a shopping center, and have the effect of doubling the effective site size. The building footprints total 8,592 square feet; the effective site size is estimated at 17,000 square feet.

Zoning

The site is zoned OS, Open Space District, by the City of Evanston. Permitted uses in this zoning district are restricted to recreational and community uses, including community centers, cultural facility, and educational institutions.



Office space as part of these uses are assumed to be permitted. Previous efforts to rezone the property for a bed and breakfast were unsuccessful.

Additional restrictions related to the renovation of the subject improvements are related to the landmark status.

Access

The property is accessed via a curved drive from Sheridan Road that also serves the public parking area for the beach and the park. This appraisal report assumes that an access easement to share that drive will be granted.

Utilities

All utilities, including electricity, natural gas, telephone, and municipal water and sewer, are available and are installed to the site.

Flood Hazard

According to the Flood Insurance Rate Map, Community Panel Number 17031C0260J dated August 19, 2008, the subject property is not located in a designated flood hazard area. The site has no known area of wetlands.

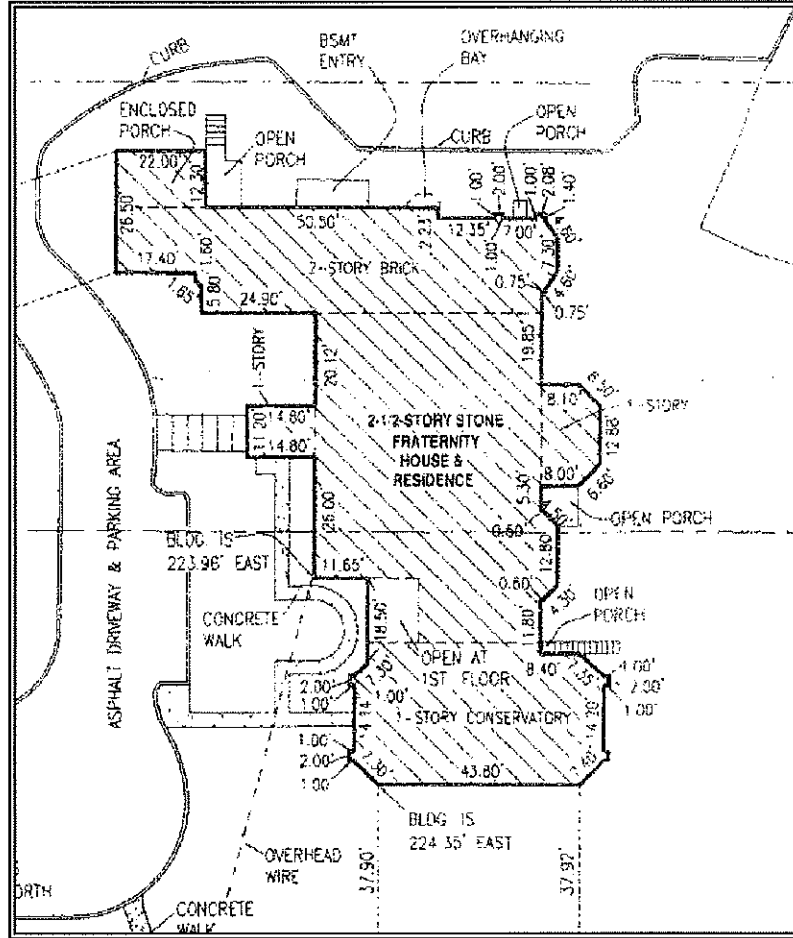
Building Descriptions

The property being appraised is an approximately three-story, 16-room, mansion constructed in approximately 1925. Constructed over a full basement, the main house also contains a conservatory. The following building sizes are based on the McGuire Igleski & Associates calculations:

Basement	4,508 square feet
First Floor	6,806 square feet including the conservatory
Second Floor	4,460 square feet
Third Floor	<u>2,728 square feet</u>
Gross Building	18,502 square feet

Based on these figures, the total above-grade building area in the mansion is 13,994 square feet. Of this, the conservatory contains approximately 1,434 square feet, for an above-grade building area of 12,560 square feet.

The following excerpt taken from the plat of survey illustrates the dimensions of the building footprint.

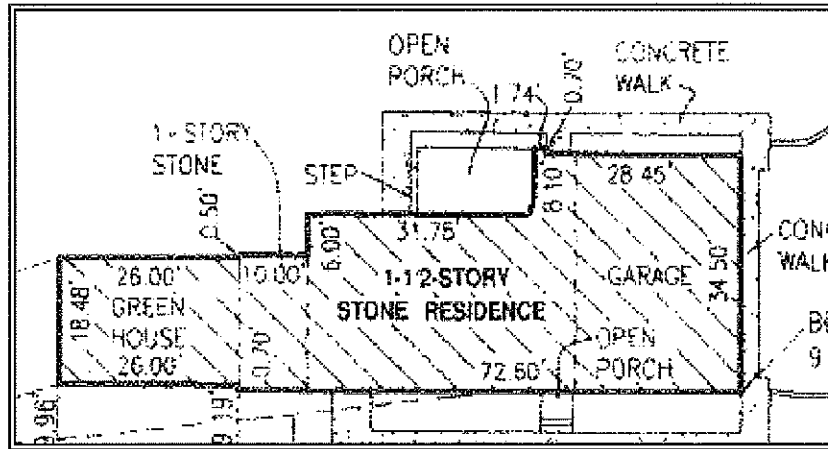


There is also a one- and one-half-story coach house that contains two apartments, a greenhouse, and a three-car garage constructed over a partial basement. The following building sizes are based on the McGuire Iglesias & Associates calculations

Basement	472 square feet
First Floor	1,786 square feet
Second Floor	<u>970 square feet</u>
Gross Building	3,228 square feet

The above-grade building area is 2,756 square feet, including the approximately 800 square feet in the three-car garage and the greenhouse storage areas. The living areas of the apartments total 1,713 square feet.

The following excerpt taken from the plat of survey illustrates the dimensions of the building footprint.



The buildings do not appear to be on the National Register of Historic Places; however, they are on the list of “Designated Evanston Landmarks.”

Exterior Construction

The mansion and the coach house are stone construction and have clay tile roofs. The roof and floors are presumed to be wood framed. The windows are primarily single-pane metal casement windows in wood frames. Gutters and downspouts are primarily copper. The conservatory has a copper roof that was replaced recently.

Interior Finish

The interior of the mansion has been altered substantially to accommodate the building’s use as the Evanston Arts Center. However, many of the walls in the large rooms that are used as galleries have been preserved by the imposition of false walls. Architectural details in the lobby and over various doorways remain; however, outside of the lobby, some of the details have been painted. The office area on the first floor retains the original wooden paneling, book shelves, and fireplace surround.

Floors are finished with either commercial-grade carpet or vinyl tile. There are areas of hardwood flooring, as in the lobby. Generally, the hardwood floors are in poor condition.

Bathrooms have ceramic tile and/or painted plaster walls with older ceramic fixtures. Floors are finished with either ceramic tile or terrazzo.

Mechanical Systems

Hot water/radiator heating is provided by an approximately 32-year old boiler in the main house which remains functional. The coach house has a hot water boiler that is newer. Neither building is air conditioned; there are one or two window air conditioners in some spaces in the main house.

The electric service in the main house appears to have been replaced in the 1980s; however, according to the McGuire Iglesiaski & Associates report, the branch panels were not replaced and are in fair to poor condition. The report also states that the electric distribution in the main house is poor, and that there are open junction boxes with dangling wires in both buildings.

There is no sprinkler protection system.

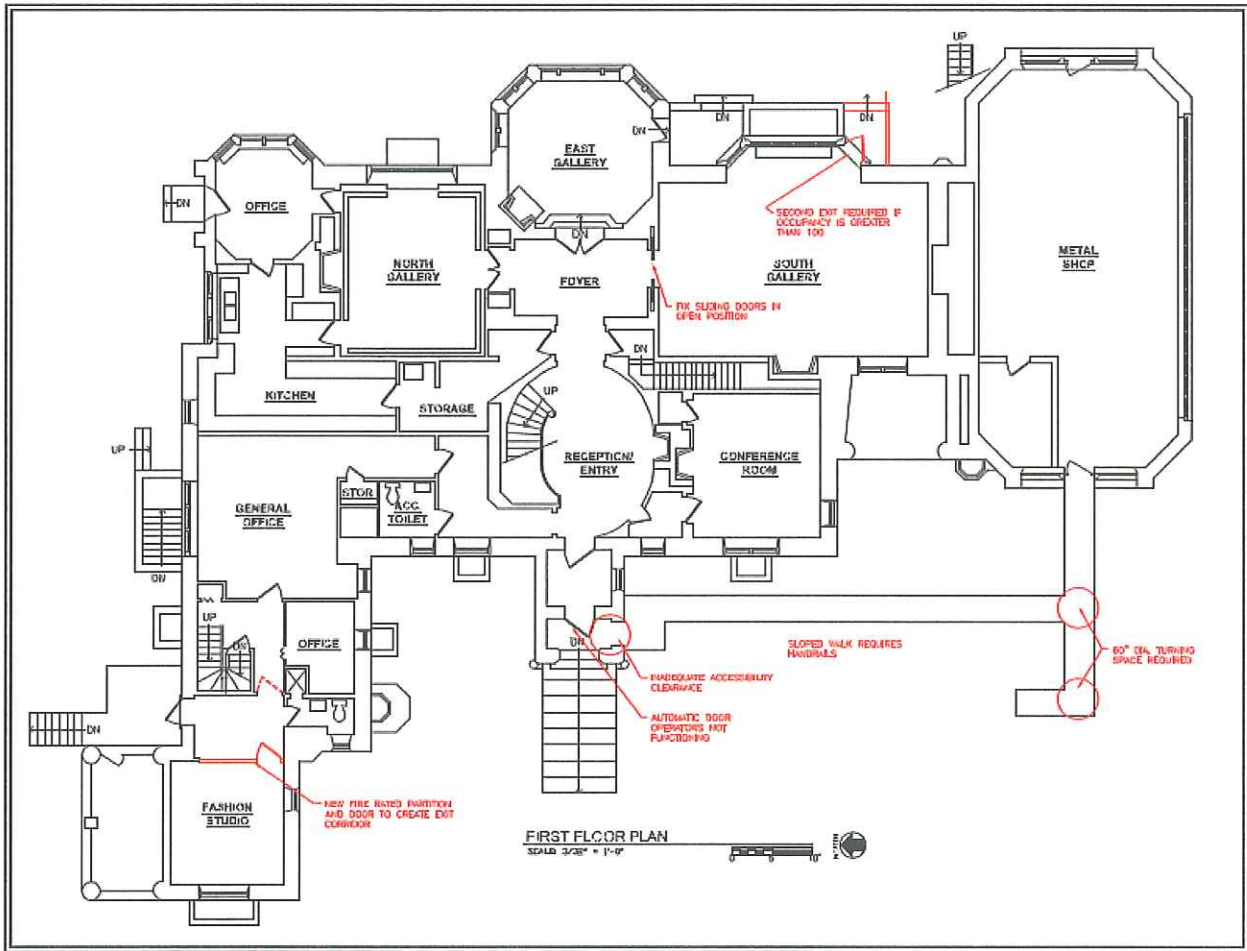
Plumbing

There are numerous men's and woman's restrooms throughout the building. All have older ceramic fixtures in varying condition. The hot water heater in the main house is more than 20 years old.

Layout and Function

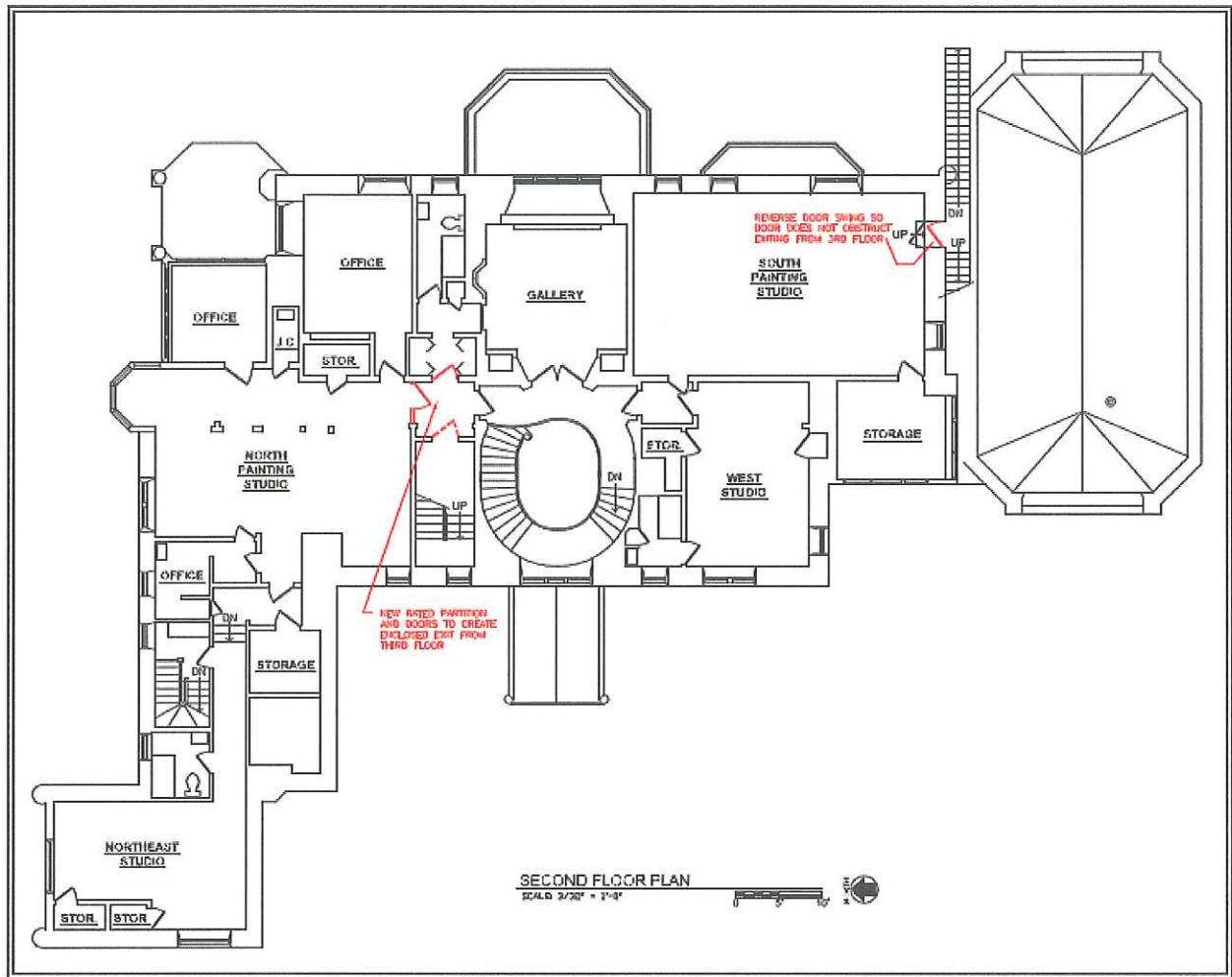
The following floor plans were taken from the McGuire Iglesiaski & Associates report and include some of the structural problems they identified should the buildings continue in their present uses.

The first floor of the mansion consists of the entrance foyer, a lobby with a circular stairway and balcony, and a second lobby leading to three large rooms that probably were the living room, a sun room, and a formal dining room. To the north of these rooms is a kitchen with some older equipment, and an area that likely was used as a small breakfast room and that is now an office. There is another large room, as well as a staircase, to the west of the kitchen. The conservatory is identified as the Metal Shop.



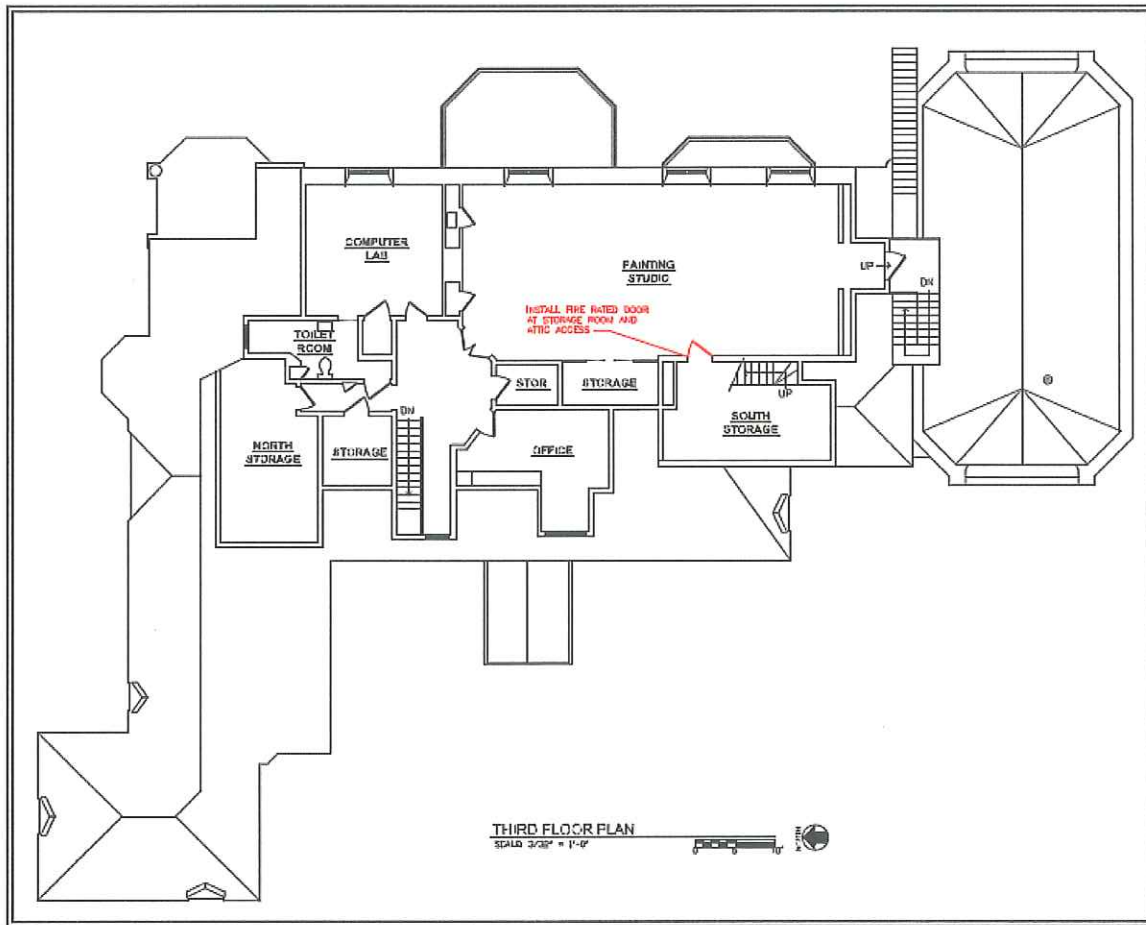
FIRST-FLOOR PLAN

The second floor features the balcony area overlooking the main floor lobby and leading to various rooms that currently are craft areas, or galleries, but that most likely were bedrooms prior to the use of the building as the Arts Center. A kitchen also is located on this level.



SECOND-FLOOR PLAN

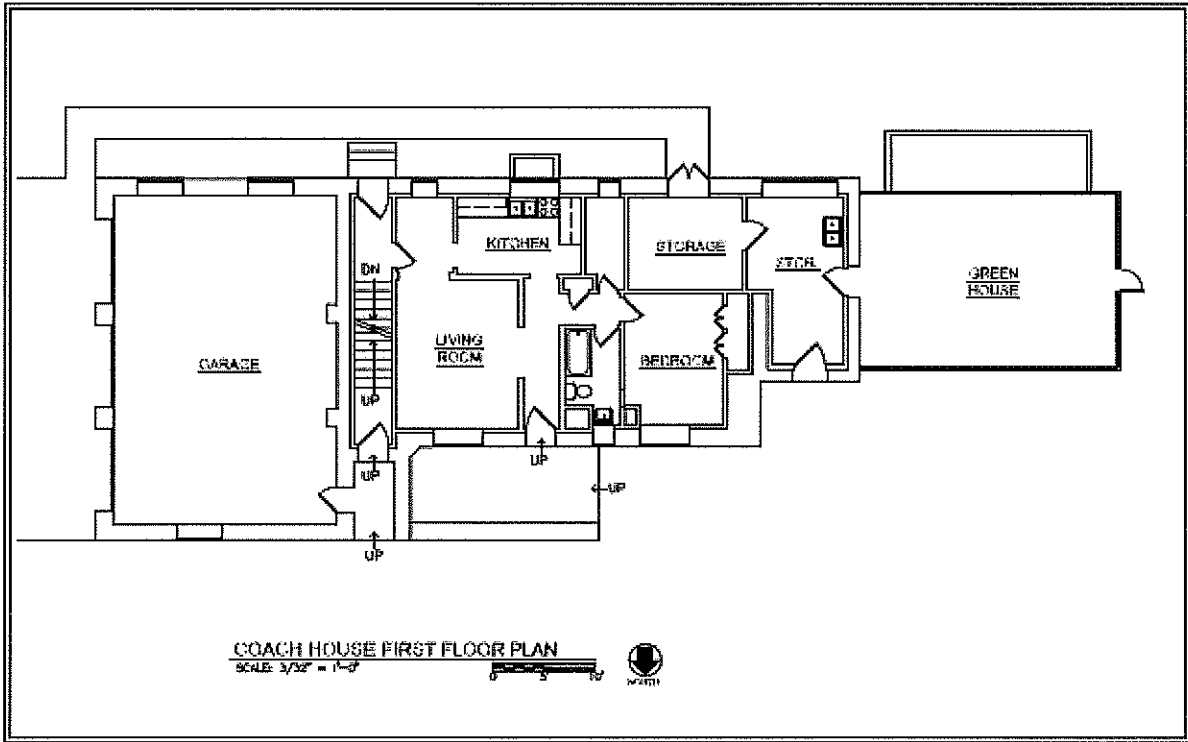
The third floor currently is configured for more studio space in the area that originally was the ballroom for the mansion. The third floor also includes areas that likely were servants' bedrooms, and unfinished attic space.



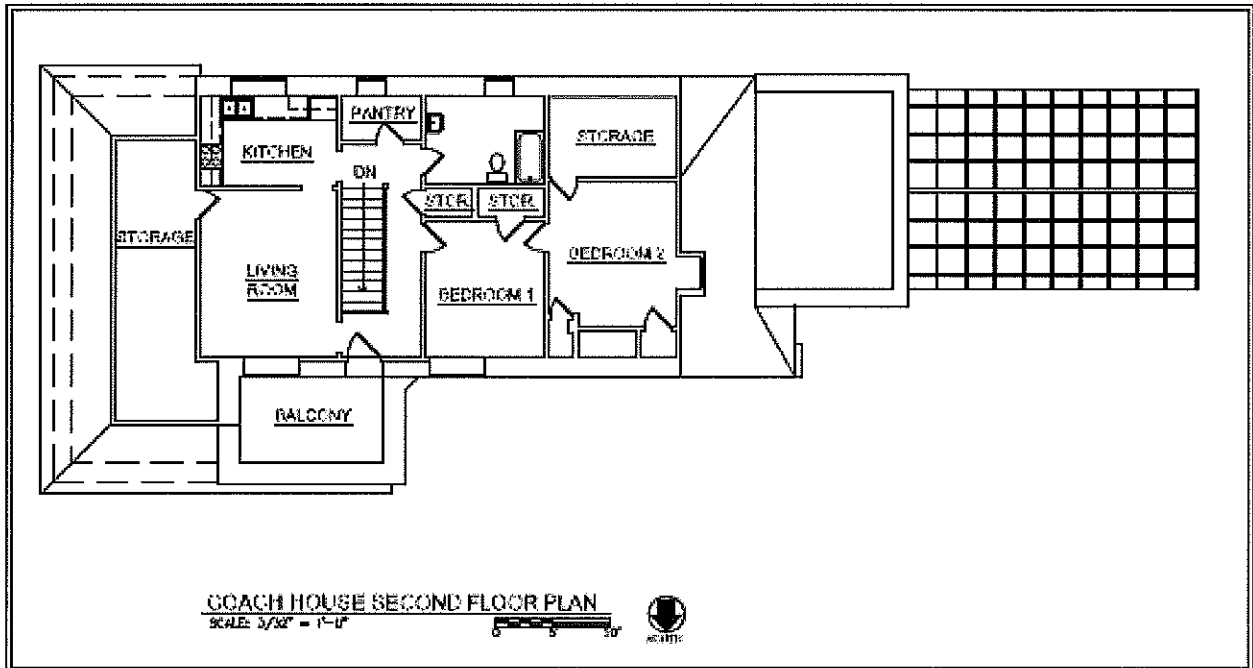
THIRD-FLOOR PLAN

There is a full basement that has an outside entrance on the north side of the building. Portions of the basement have wood paneling that is in poor condition. The basement contains a dark room for use in photography, the pottery areas, and some office/studio space. Other areas are used for mechanical and storage areas.

The carriage house has two apartments: a one-bedroom apartment on the first floor, and a two-bedroom apartment on the second. Both units have a single bathroom. There is a greenhouse that is in poor condition on the west side of the building; there is no access to the greenhouse and work rooms from the inside. A three-car garage is on the east side of the building. There is a partial basement.



CARRIAGE HOUSE — FIRST FLOOR



CARRIAGE HOUSE — SECOND FLOOR

Ancillary Improvements

The landscaping around the property includes a Jens Jensen grotto with a working fountain.

Condition

The reader is referred to the McGuire Iglesiaski & Associates report for specific details regarding the condition of various building components for both the main house and the carriage house.

Main House: Although there appear to be no major structural deficiencies, some areas of the exterior stone walls need repair and/or attention to the mortar. The windows and frames are in poor condition. The clay tile roof appears to be in good condition. The masonry chimneys were reported to be in fair condition, as were the wood trim at the dormers and other locations.

The mechanical systems in both the mansion and the carriage house are older and need to be replaced.

Interior portions of the mansion are in varying condition; however, all of the architecturally significant features such as the wood stairway, the banister, the ceiling moldings, the moldings over doors, and the doors themselves require refurbishing. Other areas have been painted and would require restoration. It is likely that much of the interior of the mansion would need to be remodeled to be functional for an alternative use.

The McGuire Iglesiaski & Associates report estimates the costs of bringing the existing improvements into compliance with the Evanston Building Code to be \$265,000 for a new use. This figure does not include deferred maintenance, which is necessary for the windows and for tuckpointing.

Carriage House: The exterior of the carriage house was renovated in 2009 when all the windows were replaced; the first-floor entry patio and the stairs leading to the second-floor apartment were reconstructed; and the exterior stone walls were tuckpointed. The copper gutters and downspouts were repaired or replaced at that time also. There appears

to be an issue with the flashing between the building wall and the greenhouse. The interior is in poor condition.

I estimate that both the main house and the carriage house require extensive renovation in order to be useable. Such renovations would likely range from \$75.00 to \$125.00 per square foot or from \$1,400,000 to \$2,300,000 for the main house and from \$240,000 to \$400,000 for the carriage house.

ADA Compliance

Neither the main house or the carriage house meet the current accessibility requirements. Please see the McGuire Iglesiaski & Associates report for additional details concerning this issue.

Exposure Time

Exposure time is the length of time a property would be offered on the market prior to a hypothetical sale as of the appraisal date. It is “a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”³ Parallel with this concept is that of marketing time, which is “[a]n opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”⁴

As of the appraisal date, exposure times for properties similar to the subject property ranged from 6 to 12 months. Based upon the market conditions analyzed for this report, the exposure period for the subject property at the appraised value and as of the date of value is estimated to be 6 to 9 months.

Highest and Best Use

Definition

Highest and best use is defined as follows:

³ *The Dictionary of Real Estate Appraisal*. 5th ed., (Chicago: Appraisal Institute, 2010) 73.

⁴ *Ibid.* 121.

The reasonably probable use of property that results in the highest value.... To be reasonably probable, a use must meet certain conditions:

- The use must be *physically possible* (or it is reasonably probable to render it so).
- The use must be *legally permissible* (or it is reasonably probable to render it so).
- The use must be *financially feasible*.

Uses that meet the three criteria of reasonably probable uses are tested for economic *productivity*, and the reasonably probable use with the highest value is the highest and best use.⁵

To arrive at an opinion of highest and best use, the most profitable competitive use for the land or a site as though vacant and as improved is analyzed.

Highest and Best Use as Though Vacant

As discussed above, the site currently is zoned OS, Open Space District, which restricts the use of the site to recreational and/or community uses. The zoning appears to allow office space as part of a permitted use. Based on the denial of a request for rezoning to allow a bed and breakfast operation in the building, it does not appear likely that the property would be rezoned.

The demand for office space at this location is likely to be limited. The majority of such space is concentrated either in the downtown area or along major commercial arterials. Although the site is north of the Northwestern University campus, it is far enough away to be only marginally attractive to that institution for office use.

It is likely that there would be demand for the site for residential redevelopment; there has always been a demand for vacant lakefront property for single-family residential development, and lakefront property has always commanded a premium. However, it is unlikely that the site would be rezoned for that use.

⁵ *The Appraisal of Real Estate*, 14th ed., (Chicago: Appraisal Institute, 2013) 332.

Conclusions as Though Vacant

The highest and best use of the site as vacant is a recreational or cultural use consistent with the existing zoning.

Highest and Best Use as Improved

As previously discussed, the site is physically capable of being developed and the existing use as the Evanston Arts Center is legally permitted. This tenant will be vacating the property in January 2015. The buildings do not appear to be on the National Register of Historic Places; however, they are on the list of "Designated Evanston Landmarks." This designation puts limits on the type and extent of renovations and/or changes to the building.

The current OS zoning restricts uses to recreational and community facilities, including community centers, cultural facilities, and educational institutions. There is limited demand for such uses. As noted, a recent request for rezoning to allow conversion of the property to a bed and breakfast was denied.

The mansion portion of the subject property is extremely large; there are few buildings of that type and size in the immediate subject market area that have remained single-family residences. Due to the proximity of Northwestern University, and as is illustrated by the past history of the property itself, demand for the building from either a fraternity or a sorority is likely to be strong. Such a use, however, would not be permitted under the existing zoning, and rezoning is unlikely

Other potential uses include using the buildings as office space. This location, however, away from the central business district, is not proximate to the rapid transit stations, and would have insufficient parking for such users. There are no other business uses/zoning districts in this area of Evanston. There is unlikely to be demand for office use at this location.

The proximity of the subject property to Lake Michigan and to the Lighthouse appears to have generated interest in the property from the Illinois Department of Natural Resources for a facility that would include both office space and space for exhibits. This use appears to be permitted under the OS zoning district which allows community

centers, cultural facilities, and educational institutions. Offices appear to be allowed as part of such uses.

Conclusions as Improved Based on this analysis, the highest and best use of the subject property is a public cultural, recreational, or educational use consistent with the existing zoning.

Real Estate Tax Information

The property being appraised currently is owned by the City of Evanston and as such does not pay any property taxes. The 2013 Cook County multiplier is 2.8056; and the tax rate in this area of Evanston is 9.820 percent.

VALUATION PROCESS

The property is being appraised under two scenarios: first, that the mansion will be sold without the land, and second, that the mansion and the coach house will be sold without the land. Both scenarios assume easements for ingress and egress from Sheridan Road, and access for use, and maintenance of the buildings. The sales comparison approach to value is considered in developing an opinion of value in this instance.

I also have been asked to develop an estimate of the value of an appropriate ground lease for the land under the mansion and the carriage house. In order to develop an opinion of an appropriate lease for the underlying land, the value of the land is first developed using the sales comparison approach to value.

SALES COMPARISON APPROACH

The sales comparison approach assumes that a prudent buyer would not buy a property for more than it would cost to purchase a comparable property. Because no two properties are ever identical, an analysis of differences in quality, location, size, and market appeal is a function of appraisal experience and judgment.

Analysis of Improved Sales

In order to estimate a value for the subject property, sales of properties similar to the subject property were analyzed. The sales considered are described in the table and in the narrative that follows; additional details are retained in my office files. Photographs of each of the improved sale properties analyzed are in the addenda to this summary appraisal report. A map depicting the location of each of the improved sales analyzed is included within the sales comparison approach to value.

Both scenarios assume that the buildings will be sold without the land, and assume easements for access, use, and maintenance of the buildings. However, there are no sales of this type of property without conveyance of the underlying land. Therefore, I have estimated the value of the underlying land for improved sales with locations proximate to Lake Michigan in order to develop a residual value for the building improvements. These land sales are summarized in a table included in this approach to value; additional details are retained in my office files.

IMPROVED SALES SUMMARY

SALE NO.	LOCATION	SALE PRICE	SALE DATE	LAND AREA (Sq. Ft.)	LAND VALUE (Sq. Ft.)	RESIDUAL BUILDING VALUE	BUILDING SIZE (Sq. Ft.)/ Yr. Built	RESIDUAL BUILDING VALUE/Sq. Ft.
1	16 Canterbury Ct. Wilmette	\$1,650,000	7/14	15,595	\$35.00	\$1,104,175	6,680 1927	\$165.30
2	747 Sheridan Rd. Wilmette	\$1,585,000	5/14	16,013	\$45.00	\$864,415	4,000 1924	\$216.10
3	1127 Sheridan Rd.. Winnetka	\$2,884,000	1/14	35,153	\$50.00	\$1,126,350	4,470 1909	\$251.98
4	485 Cherry St. Winnetka	\$1,590,000	12/13	23,247	\$35.00	\$776,355	5,100 1912	\$152.23
5	344 Ravine Dr. Highland Park	\$4,000,000	9/13	50,965	\$40.00	\$1,961,400	8,855 1925	\$221.50
6	255 Sheridan Rd. Glencoe	\$2,540,000	9/13	27,443	\$55.00	\$1,030,635	3,812 1934	\$270.37
7	443 Sheridan Rd. Glencoe	\$4,950,000	Pending	95,396	\$25.00	\$2,565,100	12,494 1936	\$205.31
Subj.	2603 Sheridan Rd. Evanston						12,560* 1925	

* Above-grade building area of the mansion only, excluding the conservatory in the main house.

Analysis of Improved Sales

Improved Sale #1 is located north of the property being appraised in a good neighborhood, but without views of or access to Lake Michigan. The building is of brick construction with some stone architectural features, which is considered inferior to the stone construction of the property being appraised. The property was marketed for sale on and off over the past 4 years. The property had not been renovated recently.

Improved Sale #2 is located north of the property being appraised, in a good neighborhood, but without views of or access to Lake Michigan. The building is of brick construction, which is inferior to the stone construction of the property being appraised. Consideration must be given to the property being bank-owned at the sale date. The property had been renovated recently.

Improved Sale #3 is located north of the property being appraised. The lot is very irregularly shaped lot, but benefits from a long narrow access “flag pole” leading to Lake Michigan. The building is of brick construction, which is inferior to the stone construction of the property being appraised. The house was built by Edwin Clark. The building’s condition is considered superior to that of the property being appraised.

Improved Sale #4 is located north of the property being appraised in a good neighborhood, but west of Sheridan Road. The building is of brick construction, which is inferior to the stone construction of the property being appraised. This property was sold under financial duress. Some portions of the building had been renovated.

Improved Sale #5 is located north of the property being appraised in a good neighborhood located approximately two blocks west of Lake Michigan. The improvements include a brick house with some stone architectural elements, which is inferior to the stone construction of the property being appraised. The building’s condition is considered superior to that of the property being appraised. The building’s square footage does not include a brick coach house. Including the coach house, the improvements sold for \$207.00 per square foot of building area, not including land.



IMPROVED SALES LOCATION MAP

Improved Sale #6 is located north of the property being appraised in a good neighborhood approximately one block west of Lake Michigan. The house is of brick and frame construction, which is considered inferior to the stone construction of the property being appraised. Known as Halcyon Hall, the building has been designated an Historic Landmark by Highland Park. The building's condition is considered superior to that of the property being appraised.

Improved Sale #7 is a pending sale of a property located north of the property being appraised in a good neighborhood, on a bluff approximately two blocks from Lake Michigan. The improvements are situated on a very large, irregularly shaped lot. The house and coach house are of stone construction, similar to the property being appraised. This property is part of the former Past Manor. Including the coach house, the improvements sold for \$145.00 per square foot of building area, not including land. The building's condition is considered superior to that of the property being appraised.

The property being appraised is an architecturally significant mansion and carriage house that were constructed originally for residential use in the 1920s. Since 1965, however, the mansion has been owned by the City of Evanston and has been used as an art gallery, with offices and studio space. The building has significant amounts of deferred maintenance including: portions of exterior stone walls need repair and/or attention to the mortar; the clay tile roof appears to be in poor condition; windows and frames are in poor condition; and the mechanical systems in both the mansion and the carriage house are older and need to be replaced.

Interior portions of the buildings require varying degrees of attention. In the mansion, all of the architecturally significant features such as the wood stairway, the banister, the ceiling moldings, the moldings over doors, and the doors themselves require refurbishing. Other areas have been painted and would require restoration. It is assumed that the carriage house would require similar attention.

The McGuire Iglesias & Associates report estimates the costs of bringing the existing improvements into compliance with the Evanston Building Code to be \$265,000 for a new use. This figure does not include deferred maintenance which is necessary for the windows and for tuckpointing. It is likely that much of the interior of the mansion, as well as of the coach house, would need to be remodeled to be functional for an alternative use. These costs have been estimated to be \$1,400,000 to \$2,300,000 for the main house, and to be \$240,000 to \$400,000 for the carriage house.

As is evident from Improved Sales #5, and #7, the presence of a coach house does not significantly increase the value of the main house. However, this is not surprising at this high end of the residential real estate market, because the flexibility of having an in-law type arrangement is considered to be an amenity to the property rather than an income-producing aspect.

In like fashion, the conservatory is considered to be an amenity in the high end market, as are gazebos, tennis courts, and/or swimming pools which also are included in some of the comparable improved sales.

Taking into consideration the condition of the subject improvements, as well as the differences in quality between the subject property and the comparable improved sales, the range in residual building value for the mansion only is concluded to be \$120.00 to \$125.00 per square foot or \$1,507,200 to \$1,570,000 for the 12,560 square feet of gross above-grade building area of the mansion, excluding the conservatory. Because of the quality and the architectural significance of the improvements, the value is concluded to lie near the middle of the value range, or \$1,550,000.

Therefore, the value of the mansion building improvements only without the land, and assuming easements for access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings, as of July 30, 2014, is **\$1,550,000.**

Under the second scenario, the mansion and the carriage house will be sold together. As previously noted, a carriage house does not add significant value to estate-type properties, and is often considered an amenity similar to gazebos, swimming pools and bath houses, and tennis courts. Based on this analysis, and taking into consideration the condition of the subject improvements, as well as the differences in quality between the subject property and the comparable improved sales, the range in residual building value for the carriage house is concluded to be \$90.00 to \$95.00 per square foot or \$248,040 to \$261,820 for the 2,756 square feet of gross above-grade building area, excluding the greenhouse and storage area. Because of the quality and the architectural significance of the improvements, the value is concluded to lie near the middle of the value range, or \$250,000.

Therefore, the value of the both the mansion and the carriage house, of the building improvements only without the land, and assuming easements for access, use, and maintenance of the buildings, as of July 30, 2014, is **\$1,800,000**.

Ground Lease Analysis

In order to determine an appropriate ground lease for the subject property, I have first considered the value of the underlying land. There were few sales of similar parcels in the immediate subject area at or near the date of value. Furthermore, the property is a unique site with access to, and generally unobstructed views, of Lake Michigan. Therefore, I have considered a variety of sales with similar characteristics of the subject site.

The site size is considered to be a land parcel conforming to the building footprints for both the mansion and the carriage house. The first-floor building foot print of the mansion is 6,806 square feet, and the footprint of the carriage house is 1,786 square feet, for a total of 8,592 square feet. However, the values assume the following easements: access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings. These are considered beneficial easements, are similar to the situation of a department store in a shopping center, and have the effect of doubling the effective site size. Therefore the effective site size is estimated to be 17,000 square feet.



LAND SALES LOCATION MAP

LAND SALES SUMMARY

SALE NO.	LOCATION	SALE/ASKING PRICE	SALE DATE	LAND AREA (SQ. FT.)	OTHER	SALE PRICE PER SQ. FT.
1	59 Lakewood Dr. Glencoe	\$3,600,000	1/14	46,609	Lakefront; Interior, Irregular	\$77.24
2	159 Abingdon Ave. Kenilworth	\$1,040,000	4/13	12,225	Lake - ½ block Interior, Rectangular	\$85.07
3	110 Greenwood St. Evanston	\$1,545,000	1/13	16,295	Lakefront; Interior; Trapezoid	\$94.81
4	917 Edgemere Ct. Evanston	\$1,500,000	9/12	16,700	Lakefront; Interior, Park, Rectangular	\$89.82
5	510 Sheridan Rd. Wilmette	\$4,749,995	Pending	32,234	Lakefront; Interior, Rectangular	\$147.36
Subj.	2603 Sheridan Rd. Evanston			17,000	Lakefront Interior, Irregular	

Land Sale #1 is the recent sale of a property improved with a large masonry mansion that was constructed in 1924. The property was marketed for sale as a vacant land parcel or for renovation of the existing house. The property has frontage on Lake Michigan. Demolition costs are not included.

Land Sale #2 is the year-old-sale of a single-family lot located ½ block from Lake Michigan. The site was improved with an older masonry, six-bedroom house. Demolition costs are not included.

Land Sale #3 is a sale from early 2013 of a parcel that is west adjacent to publicly owned lands bordering Lake Michigan. An older single-family house on the site was demolished prior to the sale.

Land Sale #4 is an older sale of a vacant land parcel located at the end of a private drive and including Lake Michigan frontage. The site is proximate to public park land.

Land Sale #5 is the pending sale of a parcel that has Lake Michigan frontage. It is located east of the Bahai Temple and is improved with an older single-family frame house. The property was listed as a vacant land parcel or as an improved parcel. Consideration must be given to

this being an asking price and subject to downward adjustment during negotiations.

After a comparison of the subject property with sales of similar sites in the general market area, the unit value for the subject land is estimated to range from \$75.00 to \$80.00 per square foot, or \$1,275,000 to \$1,360,000 for the 17,000-square-foot effective site size. Because of the excellent location, the value is concluded to lie near the upper end of the value range, or \$1,350,000.

Typical ground leases are based on approximately 5.0 to 7.0 percent of the underlying land value, or in this instance, 6.0 percent. Therefore, the appropriate arm's length ground lease for the subject site would be \$81,000 per year.

I note that neither the value estimates nor the estimated value of the ground lease take into consideration that the property already has been purchased by the taxpayers, and that a public entity purchasing the property and paying a ground lease also would be using tax dollars.

FINAL VALUE CONCLUSION

In this instance only the sales comparison approach to value was used to develop an opinion of value for the subject property. The value of the underlying land is also developed using the sales comparison approach as the basis for estimating an appropriate ground lease.

Based on the analysis of the value of the effective site size of the land underlying the building improvements, and assuming a typical arm's length ground lease at 6.0 percent of land value, the appropriate arm's length ground lease for the land under the building foot prints as of July 30, 2014, would be **\$81,000 per year**.

The property is being appraised under two scenarios: first, that the mansion will be sold without the land, and second, that the mansion and the coach house will be sold without the land. Both scenarios assume easements access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings.

In view of the following facts and data connected with this appraisal, the market value of the fee simple interest in the subject property, under the first scenario wherein the mansion is sold separately without the underlying land, and assuming easements for access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings, as of July 30, 2014, is:

ONE MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS

(\$1,550,000)

The market value of the fee simple interest in the subject property, under the second scenario wherein the mansion and the carriage house are both sold without the underlying land, and assuming easements for access from Sheridan Road, use of parking (but no dedicated spaces,) use of grounds, and access for the use and maintenance of the buildings, as of July 30, 2014, is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS

(\$1,800,000)

These value estimates are contingent upon the estimated exposure time of 6 to 9 months. They are gross values and no allowance was made for brokerage commissions or costs of utilities, real estate taxes, or other carrying costs during the marketing period.

This appraisal report assumes that easements for access, use, and maintenance will be granted to the property being appraised under both scenarios analyzed.

MaRous and Company has received and has relied upon verbal and written communications and documents regarding the subject property in the preparation of this appraisal report. If additional information about the subject property is received or becomes known, MaRous and Company reserves the right to determine whether this information has a substantive impact on the valuation of the subject property and to adjust values accordingly.

This document conforms to my understanding of the requirements for an appraisal report under Standard Rule 2-2 (a) of the *Uniform Standards of Professional Appraisal Practice and Advisory Opinions* (USPAP). This appraisal report is a brief recapitulation of the appraisal data, analyses, and conclusions. Supporting documentation is retained in MaRous and Company office files.

ASSUMPTIONS AND LIMITING CONDITIONS

Reporting Requirements

This appraisal report is intended to comply with the reporting requirements set forth under Standard Rule 2-2 (a) of the *Uniform Standards of Professional Appraisal Practice* for an appraisal report. As such, this report might not include full descriptions of the data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the MaRous and Company office files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. MaRous and Company is not responsible for unauthorized use of this report.

Title and Survey

It is assumed that the title to the subject property is good and marketable. A partial survey and legal description was provided to MaRous and Company, and neither was developed for the accompanying summary appraisal report. All values contained in this appraisal report are subject to a review of a current plat of survey. Furthermore, MaRous and Company reserves the right to adjust values accordingly. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments.

Hazardous Waste

Unless otherwise stated in this appraisal report, MaRous and Company has no knowledge of the existence of hazardous environmental conditions or substances, including and without limitation asbestos, polychlorinated biphenyls, petroleum leakage, and agricultural chemicals that may or may not be present on the subject property. Moreover, MaRous and Company appraisers are not qualified to test for these substances or conditions. Because the presence of substances such as asbestos, urea formaldehyde foam insulation, and other hazardous substances and environmental conditions may affect the value of a property, the value estimate is predicated on the assumption that no such condition exists on or in the subject property or in such proximity thereto 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.

Hidden Defects

All structures and mechanical components are assumed to be in sound, operable condition unless otherwise stated, and the value conclusions are based on that assumption. Additionally, the value estimate assumes no soil or subsoil conditions that would cause a loss in value. No responsibility is assumed for architectural, structural, engineering, or mechanical matters, and MaRous and Company appraisers are not qualified to make professional judgments in these areas.

Management

Competent and prudent management of the subject property is assumed. The estimate of value reported herein assumes that the assessments are entirely paid and that the property is free and clear of such assessments. Opinions and statistics furnished by others during this investigation are assumed to be correct, and no responsibility is assumed for their accuracy.

Market Conditions

The value conclusions contained herein are based on the research of market conditions as of the valuation date. Every effort has been made to consider the effect of predictable governmental actions, as well as any environmental or ecological concerns, on the subject property; however, no responsibility is assumed for subsequent changes in the local or national economy or for subsequent changes in local market conditions resulting from local or national economy changes. Because this is an appraisal of market value and is not a feasibility study, no responsibility can be assumed for the ability of the property owner to find a purchaser of the subject property at the appraised value.

ADA Compliance

The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific determination of compliance with the various detailed requirements of the ADA was made for the subject property. It is possible that a complete compliance survey of the subject property together with a detailed analysis of the ADA requirements could show 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 affect upon the value of the subject property. Because no direct evidence relating to this issue was developed, possible lack of compliance with the ADA was not taken into account in estimating value.

Other

No right of expert testimony is included. An authentic copy of this appraisal report is signed in ink on the certification; be aware of the potential for alterations on copies. Exhibits, including maps, site plans, and photographs, are provided for informational purposes and are not necessarily to scale. Nothing contained in this appraisal report, particularly the valuation conclusions, the identity of any appraiser, and any reference to the Appraisal Institute or the MAI designation, is to be conveyed to a third party or to the public through advertising, public relations, news, sales, or other medium without the written consent and approval of MaRous and Company. If such consent is secured, the report must be used in its entirety and cannot be altered in any way, and must include all limiting conditions, certifications, and qualifications.

CERTIFICATION

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

1. The statements of fact contained in this appraisal report are true and correct;
2. 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;
3. I have no present or prospective personal interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. I have previously appraised the subject property in an appraisal reported dated July 11, 2012 with an April 27, 2012 date of value;
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. The 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;
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*;
9. I have personally inspected the interior and exterior of the subject property;
10. Anita Rifkind provided real property appraisal assistance to the person signing this certification;
11. The reported analysis, 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 Foundation;
12. The use of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. As of the date of this report, Michael S. MaRous, MAI, CRE, has completed the continuing education requirements for Designated Members of the Appraisal Institute.

MaRous & Company



Michael S. MaRous, MAI, CRE

Illinois Certified - #553.000141 (9/15 expiration)

ADDENDA



IMPROVED SALE #1



IMPROVED SALE #2



IMPROVED SALE #3



IMPROVED SALE #4



IMPROVED SALE #5



IMPROVED SALE #6



IMPROVED SALE #7

PHOTOGRAPHS OF SUBJECT PROPERTY



MANSION - FRONT, WESTERN ELEVATION



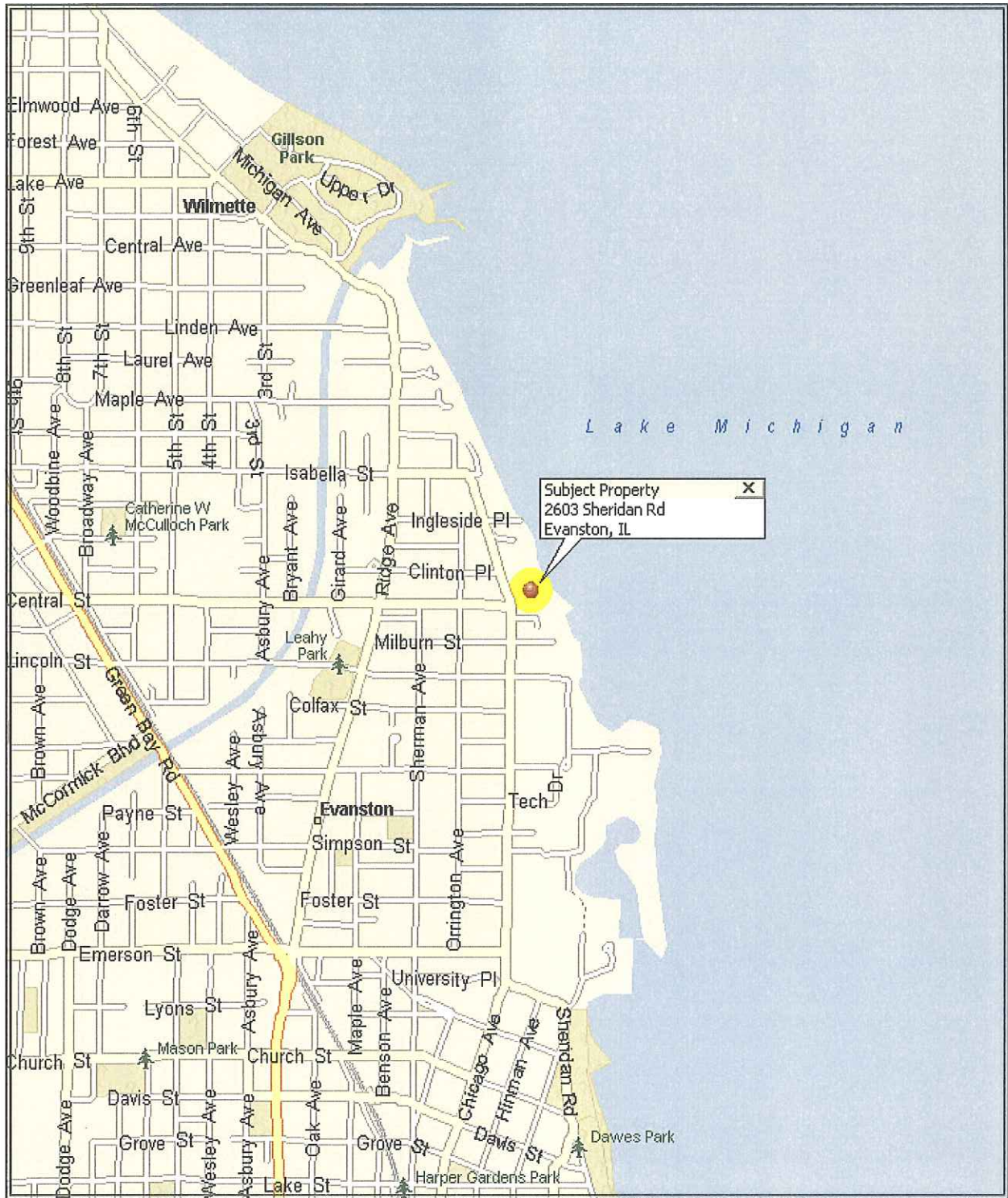
MANSION - NORTHERN ELEVATION



CARRIAGE HOUSE - WESTERN ELEVATION



CARRIAGE HOUSE - NORTHERN ELEVATION



SUBJECT LOCATION MAP

Definitions

Highest and Best Use

Highest and best use is defined as "the reasonably probable use of property that results in the highest value."⁶

In arriving at an opinion of highest and best use, the most profitable competitive use for the land or a site as though vacant and as improved is analyzed. The highest and best use of land or a site as though vacant is based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements. The highest and best use of a property as improved involves an analysis of the existing property.

Cost Approach

The cost approach is based upon the principle of substitution, comparing the cost to develop a property with the value of the existing or a similarly developed property. An estimate is made of the current cost to construct a reproduction of the existing structure from which is deducted accrued depreciation. To this is added entrepreneurial profit if appropriate and the estimated value of the underlying land.

Income Capitalization Approach

The income capitalization approach is "a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value."⁷

Sales Comparison Approach

The sales comparison approach to value is based upon the principle of substitution, that is, when a property is replaceable in the market, its value tends to be no more than the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution.

⁶ *The Appraisal of Real Estate*. 14th ed., (Chicago: Appraisal Institute, 2013) 332.

⁷ *The Dictionary of Real Estate Appraisal*. 5th ed., (Chicago: Appraisal Institute, 2010) 99.

MICHAEL S. MAROUS

STATEMENT OF QUALIFICATIONS

Michael S. MaRous, MAI, CRE, is president and owner of MaRous and Company. He has appraised more than \$10 billion worth of primarily investment-grade real estate in more than 25 states. In addition to providing documented appraisals, he has served as an expert witness in litigation proceedings for many law firms; financial institutions; corporations; builders and developers; architects; local, state, county, and federal governments and agencies; and school districts in the Chicago metropolitan area. His experience in partial interest, condemnation, damage impact, easement (including aerial and subsurface), marital dissolutions, bankruptcy proceedings, and other valuation issues is extensive. He has provided highest and best use, marketability, and feasibility studies for a variety of properties. Many of the largest redevelopment areas and public projects, including Interstate 355, the O'Hare International Airport expansion, the Midway Airport expansion, and the McCormick Place expansion, are part of Mr. MaRous' experience. Also, he purchases and develops real estate for his own account.

APPRAISAL AND CONSULTATION EXPERIENCE

Business Parks Distribution Centers	Industrial Properties Manufacturing Facilities Research Facilities	Self-storage Facilities Warehouses
Auto Sales/Service Facilities Banquet Halls Big Box Stores	Commercial Properties Gasoline Stations Hotels and Motels Office Buildings	Restaurants Shopping Centers Theaters
Bowling Alleys Cemeteries Farms Golf Courses	Special-Purpose Properties Lumber Yards Nurseries Riverboat Gambling Facilities Schools Stadium Expansion Issues	Tank Farms Underground Gas Aquifers Utility Corridors Waste Transfer Facilities
Apartment Complexes Condominium Conversions	Residential Properties Condominium Developments Single-family Residences	Subdivision Developments Townhouse Developments
Agricultural Alleys Commercial	Vacant Land Easements Industrial Residential	Right of Ways Streets Vacations
Corporations Financial Institutions	Clients Law Firms Not-for-profit Associations	Private Parties Public Entities

EDUCATION

B.S., Urban Land Economics, University of Illinois, Urbana-Champaign
Continuing education seminars and programs through the Appraisal Institute
and the American Society of Real Estate Counselors and real estate brokerage classes

PUBLIC SERVICE

Mayor, City of Park Ridge, Illinois (2003-2005)
Alderman, City of Park Ridge, including Liaison to the Zoning Board of Appeals and Planning and Zoning and
Chairman of the Finance and Public Safety Committees (1997-2005)

PROFESSIONAL AFFILIATIONS AND LICENSES

Appraisal Institute, MAI designation, Number 6159
American Society of Real Estate Counselors, CRE designation
Illinois Certified General Real Estate Appraiser, License Number 553.000141 (9/15)
Licensed Real Estate Broker (Illinois)

PROFESSIONAL ACTIVITIES

Mr. MaRous is past president of the Chicago Chapter of the Appraisal Institute. He is former chair and vice chair of the National Publications Committee and has sat on the board of *The Appraisal Journal*. In addition, he has served on and/or chaired more than fifteen other committees of the Appraisal Institute, the Society of Real Estate Appraisers, and the American Institute of Real Estate Appraisers.

Mr. MaRous served as chair of the Midwest Chapter of the American Society of Real Estate Counselors in 2006 and 2007. He has sat on the Chicago Chapter Board of Directors, the Editorial Board of *Real Estate Issues*, and on various other committees.

Mr. MaRous also is past president of the Illinois Coalition of Appraisal Professionals. He has sat on the board of directors, has held office, and has served on numerous committees of many other professional associations, including the National Association of Security Dealers, the International Research Council, the Chicago Real Estate Board, the Northwest Suburban Real Estate Board, the National Association of Real Estate Boards, and the Northern Illinois Commercial Association of Realtors.

PUBLICATIONS AND PROFESSIONAL RECOGNITION

Mr. MaRous has spoken at more than 20 programs and seminars related to real estate appraisal and valuation.

Author

- "Low-income Housing in Our Backyards," *The Appraisal Journal*, January 1996
- "The Appraisal Institute Moves Forward," *Illinois Real Estate Magazine*, December 1993
- "Chicago Chapter, Appraisal Institute," *Northern Illinois Real Estate Magazine*, February 1993
- "Independent Appraisals Can Help Protect Your Financial Base," *Illinois School Board Journal*, November-December 1990
- "What Real Estate Appraisals Can Do For School Districts," *School Business Affairs*, October 1990

Awards

- Chicago Chapter of the Appraisal Institute - F. Gregory Opelka Award, 2002
- Appraisal Institute - George L. Schmutz Memorial Award, 2001
- Chicago Chapter of the Appraisal Institute - Heritage Award, 2000
- Chicago Chapter of the Appraisal Institute - Herman O. Walther, 1987 (Distinguished Chapter Member)

Reviewer or Citation in the Following Books

- Appraisal of Real Estate*, Twelfth Edition, 2001
- Appraisal of Real Estate*, Thirteenth Edition, 2008
- Subdivision Valuation*, 2008
- Real Estate Damages*, 2008
- Valuation of Apartment Properties*, 2007
- Valuation of Billboards*, 2006
- Appraising Industrial Properties*, 2005
- Valuation of Market Studies for Affordable Housing*, 2005
- Valuing Undivided Interest in Real Property: Partnerships and Cotenancies*, 2004
- Analysis and Valuation of Golf Courses and Country Clubs*, 2003
- Dictionary of Real Estate Appraisal*, Fourth Edition, 2002
- Valuing Contaminated Properties: An Appraisal Institute Anthology*, 2002
- Hotels and Motels: Valuation and Market Studies*, 2001
- Land Valuation: Adjustment Procedures and Assignments*, 2001
- Appraisal of Rural Property*, Second Edition, 2000
- Capitalization Theory and Techniques, Study Guide*, Second Edition, 2000
- Guide to Appraisal Valuation Modeling Land*, 2000
- Appraising Residential Properties*, Third Edition, 1999
- Business of Show Business: The Valuation of Movie Theaters*, 1999
- GIS in Real Estate: Integrating, Analyzing and Presenting Locational Information*, 1998
- Market Analysis for Valuation Appraisals*, 1995

REPRESENTATIVE WORK OF MICHAEL S. MAROUS

Headquarters/Corporate Office Facilities in Illinois

Fortune 500 corporation facility, 200,000 sq. ft., Libertyville
Corporate headquarters, 300,000 sq. ft. and 500,000 sq. ft., Chicago
Fortune 500 corporation facility, 450,000 sq. ft., Northfield
Major airline headquarters, 1,100,000 million sq. ft. on 47 acres, Elk Grove Village
Former communications facility, 1,400,000 million sq. ft. on 62 acres, Skokie and Niles
Corporate Headquarters, 1,500,000+ sq. ft., Lake County
Former Sears Headquarters Redevelopment Project, Chicago

Office Buildings in Chicago

401 South LaSalle Street, 140,000 sq. ft.
134 North LaSalle Street, 260,000 sq. ft.
333 North Michigan Avenue, 260,000 sq. ft.
171 West Randolph Street, 360,000 sq. ft.
20 West Kinzie Street, 405,000 sq. ft.
55 East Washington Street, 500,000 sq. ft.
10 South LaSalle Street, 870,000 sq. ft.
222 West Adams, 1,000,000 sq. ft.
175 West Jackson Boulevard, 1,450,000 sq. ft.
227 West Monroe, 1,800,000 sq. ft.
10 South Dearborn Street, 1,900,000 sq. ft.

Hotels in Chicago

10 E. Grand Avenue (Hilton Garden Inn)
106 East Superior Street (Peninsula Hotel)
140 East Walton Place (The Drake Hotel)
676 North Michigan Avenue (Omni Chicago Hotel)
One West Wacker Drive (Renaissance Chicago Hotel)
320 North Dearborn Street (Westin Chicago River North)
505 North Michigan Avenue (Hotel InterContinental)

Large Industrial Properties in Illinois

Large industrial complexes, 400,000 sq. ft., 87th Street and Greenwood Avenue, Chicago
Distribution warehouse, 580,000 sq. ft. on 62 acres, Champaign
Publishing house, 700,000 sq. ft. on 195 acres, U.S. Route 45, Mattoon
AM Chicago International, 700,000± sq. ft. on 41 acres, 1800 West Central, Mt. Prospect
Nestlé distribution center, 860,000 sq. ft. on 153 acres, DeKalb
Fortune 500 company distribution center, 1,000,000 sq. ft., Elk Grove Village
U.S. Government Services Administration distribution facility, 860,000 sq. ft., 76th Street and Kostner Avenue, Chicago
Self-storage facilities, various Chicago metropolitan locations

Vacant Land in Illinois

15 acres, office, Northbrook	450 acres, residential, Wauconda
20 acres, residential, Glenview	475± acres, various uses, Lake County
25 acres, Hinsdale	650 acres, Hawthorne Woods
55 acres, mixed-use, Darien	650 acres, Waukegan/Libertyville
75 acres, I-88 at I-355, Downers Grove	800 acres, Woodridge
100± acres, various uses, Lake County	900 acres, Matteson
140 acres, Flossmoor	1,000± acres, Batavia area
142 acres, residential, Lake County	2,000± acres, Northern Lake County
160 acres, residential, Cary	5,000 acres, southwest suburban Chicago area
200 acres, mixed-use, Bartlett	Landfill expansion, Lake County
250 acres, Island Lake	

Business and Industrial Parks

Chevy Chase Business Park, 30 acres, Buffalo Grove
Carol Point Business Center, 300-acre industrial park, Carol Stream, \$125,000,000+ project
Internationale Centre, approximately 1,000 acre-multiuse business park, Woodridge

Retail Facilities

10 Community shopping centers, various Chicago, Metropolitan locations
Big-box uses, various Chicago metropolitan locations
Gasoline Stations, various Chicago metropolitan locations
More than 30 single-tenant retail facilities larger than 80,000 sq. ft., various Chicago metropolitan locations

Residential Projects

Federal Square townhouse development project, 118 units, \$15,000,000+ sq. ft. project, Dearborn Place, Chicago
Marketability and feasibility study, 219 East Lake Shore Drive, Chicago
Riverview II, Chicago, Old Town East and West, Chicago, Museum Park Lofts II, Museum Park Tower 4, University Commons, Two River Place, River Place on the Park, Chicago

Market Studies

Impact of land fill on adjacent property values
Impact of low-income housing on adjacent residential property values
Impact of proposed quarry expansion on neighboring properties
Impact of commercial and parking uses on adjacent residential property values
Impact of significant zoning changes on residential property values
Sanitary sewer value impact study
Waste transfer facility impact study

Properties in Other States

330,000 sq. ft., Newport Beach, California
Former government depot/warehouse and distribution center, 2,500,000 sq. ft. on 100+ acres, Ohio
Shopping Center, St. Louis, Missouri
Office Building, Clayton, Missouri
Condominium Development, New York, New York

Airport Related Properties

Mr. MaRous has done valuations on more than 100 parcels in and around O'Hare International Airport, Chicago Midway Airport, Palwaukee Municipal Airport, Chicago Aurora Airport, DuPage Airport, and Lambert-St. Louis International Airport

REPRESENTATIVE CLIENT LISTING OF MICHAEL S. MAROUS

Law Firms

Botti Law Firm, P.C.	Jenner & Block	Mary Riordan, Attorney
Alschuler, Simantz & Hem, LLC	Donald L. Johnson	Robbins, Salomon & Patt, Ltd.
Arnstein & Lehr LLP	Kinnally, Flaherty, Krentz & Loran PC	Rosenfeld Hafron Shapiro & Farmer
Steven B. Bashaw, P.C.	Kirkland & Ellis LLP	Rosenthal, Murphey, Coblenz & Donahue
Berger, Newmark & Fenchel P.C.	Klein, Thorpe & Jenkins, Ltd.	Rubin & Norris, LLC
Berger Schatz	Locke Lord LLP	Ryan and Ryan Attorneys at Law, P.C.
Carmody MacDonald P.C.	McDermott, Will & Emery	Reed Smith LLP
Crane, Heyman, Simon, Welch & Clar	Mayer Brown	Sarnoff & Baccash
Daley & Georges, Ltd.	McGuireWoods LLP	Scariano, Himes & Petrarca, Chtd.
DLA Piper	Michael Best & Friedrich LLP	Schiff Hardin LLP
Drinker, Biddle & Reath LLP	Miller & Sweeney CO	Schiller, DuCanto & Fleck LLP
Figliulo & Silverman, P.C.	Morrison & Morrison, Ltd.	Schirott, Luetkehans & Garner, LLC
Foley & Lardner LLP	Bryan E. Mraz & Associates	Schuyler, Roche & Crisham, P.C.
Foran, O'Toole & Burke LLC	Neal, Gerber & Eisenberg, LLP	Sidley Austin LLP
Franczek Radelet P.C.	Neal & Leroy LLC	Sommenschien, Nath & Rosenthal LLP
Freeborn & Peters LLP	O'Donnell Law Firm Ltd.	Storino, Ramello & Durkin
Goldberg Kohn	O'Halloran Kosoff Geitner & Cook, LLC	Thomas M. Tully & Associates
Gould & Ratner LLP	Owens, Owens & Rimm, Ltd.	Thompson Coburn, LLP
Graft & Jordan	Prendergast & DelPrincipe	Tuttle, Vedral & Collins, P.C.
Greenberg Traurig LLP	Rathje & Woodward, LLC	Vedder Price
Helm & Wagner	Raysa & Zimmermann, LLC	Wildman, Harrold, Allen & Dixon
Hinshaw & Culbertson LLP	Righeimer, Martin & Cinquino, P.C.	Winston & Strawn LLP
Holland & Knight LLP		Worsek & Vihon LLP

Financial Institutions

AmericaUnited Bank and Trust	First Northwest Bank	Northern Trust Bank
Charter One	Glenview State Bank	Northview Bank & Trust
Citibank	Harris Bank	Private Bank & Trust Co.
Cole Taylor Bank	Itasca Bank and Trust	State Financial Bank
Covest Banc	Lake Forest Bank & Trust	Winfield Community Bank
First Bank of Highland Park	MB Financial Bank	Wintrust Bank Group
First Midwest Bank	Midwest Bank & Trust Company	

Corporations

Advocate Health Care System	CorLands	Lakewood Homes
American Stores Company	Edward R. James Partners, LLC	Loyola University Health System
Archdiocese of Chicago	Enterprise Development Corporation	Marathon Oil Corporation
Arthur J. Rogers and Company	Enterprise Leasing Company	Meijer, Inc.
BP Amoco Oil Company	Exxon Mobil Corporation	Mesirow Stein Real Estate, Inc.
Christopher B. Burke Engineering, Ltd.	Hamilton Partners	Prime Group Realty Trust
Cambridge Homes	Hewitt Associates LLC	Public Storage Corporation
Canadian National Railroad	Hollister Corporation	RREEF Corporation
Capital Realty Services, Inc.	Imperial Realty Company	Shell Oil Company
Chicago Cubs	Kenard Corporation	Stewart Warner Corporation
Children's Memorial Hospital	Kimco Realty Corporation	Union Pacific Railroad Company
Chrysler Realty Corporation	Kinder Morgan, Inc.	United Airlines, Inc.
Citgo Petroleum Corporation	Kmart Corporation	United of America Insurance Company

Public Entities
Illinois Local Governments and Agencies

Village of Arlington Heights
 Village of Barrington
 Village of Bartlett
 Village of Bellwood
 Village of Brookfield
 Village of Burr Ridge
 Village of Cary
 City of Chicago
 Village of Deer Park
 City of Des Plaines
 Des Plaines Park District
 Downers Grove Park District
 City of Elgin
 Elk Grove Village
 City of Elmhurst
 Village of Elmwood Park
 City of Evanston
 Village of Forest Park
 Village of Franklin Park

Village of Glenview
 Glenview Park District
 Village of Harwood Heights
 City of Highland Park
 Village of Hinsdale
 Village of Inverness
 Village of Kildeer
 Village of Lake Zurich
 Leyden Township
 Village of Lincolnshire
 Village of Lincolnwood
 Village of Morton Grove
 Village of Mount Prospect
 Village of North Aurora
 Village of Northbrook
 City of North Chicago
 Village of Northfield
 Northfield Township
 Village of Oak Brook

Village of Orland Park
 City of Palos Hills
 City of Prospect Heights City of Rolling
 Meadows
 Village of Rosemont
 City of St. Charles
 Village of Schaumburg
 Village of Schiller Park
 Village of Skokie
 Village of South Barrington
 Village of Streamwood
 Water Metropolitan Water Reclamation
 District of Greater Chicago
 City of Waukegan
 Village of Wheeling
 Village of Wilmette
 Village of Willowbrook
 Village of Winnetka
 Village of Woodridge

County Governments and Agencies

Boone County State's Attorney's Office
 Forest Preserve of Cook County
 Cook County State's Attorney's Office
 DuPage County Board of Review

Forest Preserve District of DuPage
 County
 Kane County
 Kendall County Board of Review

Lake County
 Lake County Forest Preserve District
 Lake County State's Attorney's Office

State and Federal Government Agencies

Federal Deposit Insurance Corporation
 U.S. General Services Administration

Illinois Housing Development Authority
 Illinois State Toll Highway Authority

Internal Revenue Service
 The U.S. Postal Service

Schools

Argo Community High School
 District No. 217
 Arlington Heights District No. 25
 Township High School District No.
 214, Arlington Heights
 Barrington Community Unit District
 No. 220
 Chicago Board of Education
 Chicago Ridge District No. 127½
 College of Lake County
 Community Consolidated School
 District No. 146

Consolidated High School
 District No. 230
 Darien District No. 61
 DePaul University
 Elmhurst Community Unit School
 District No. 205
 Indian Springs School District No. 109
 LaGrange School District No. 105
 Loyola University
 Lyons Township High School District
 No. 204
 Maine Township High School District
 No. 207

Morton College
 Niles Elementary District No. 71
 North Shore District No. 112, Highland
 Park
 Northwestern University
 Rosalind Franklin University
 Roselle School District No. 12
 Schaumburg Community Consolidated
 District No. 54
 University of Illinois
 Wheeling Community Consolidated
 District No. 21
 Wilmette District No. 39