

## **APPRAISAL REPORT BEFORE AND AFTER**

### **2101 WILMORE ROAD**

Parcel 1 Item # 7-3215

Jessamine County

Wilmore Road

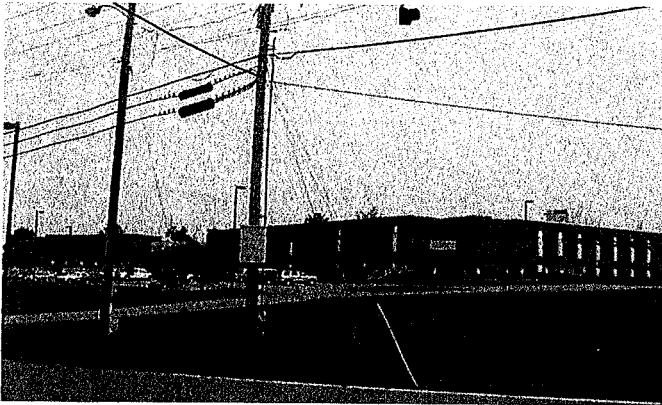
2101 Wilmore Rd

Nicholasville, Kentucky 40356

### **VALUATION DATES**

As-Is Market Value Before Acquisition: April 28, 2023

Date of Report: June 22, 2023



### **PREPARED BY**

William L. Berkley  
Bluegrass Valuation Group  
366 Waller Avenue, Suite 203  
Lexington, KY 40504  
File No: BVG-23066

### **PREPARED FOR**

Mr. Matt McMackin  
Strand Associates  
651 Perimeter Drive, 220  
Lexington, Ky 40517



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June 22, 2023

Mr. Matt McMakin  
Strand Associates  
651 Perimeter Drive 220  
Lexington, Ky 40517

RE: Appraisal Report  
**2101 Wilmore Road**  
  
Parcel 1 Item # 7-3215  
Jessamine County  
Wilmore Road  
2101 Wilmore Rd, Nicholasville, Kentucky 40356  
  
Bluegrass Valuation Group File No: BVG-23066

Mr. McMakin:

Bluegrass Valuation Group is proud to present the appraisal that satisfies the agreed upon scope of work with Strand Associates and the Kentucky Department of Transportation.

The subject property, located at 2101 Wilmore Rd, Nicholasville, KY, is a Class C building, and is currently used as a High School (West Jessamine High). The building is 2 story with 163,543 sf which includes office, classrooms, and gym. The school was constructed in the 1950's but was recently remolded. The site has good frontage and exposure along Wilmore Road and is located within the city limits of Nicholasville. The site is zoned R1-A. Also located on the property are athletic complexes (baseball, football, and softball).

Before the acquisition the site contains a total of 35.540 acres of land area. The proposed acquisition consists of 57,175 square feet or 1.310 acres of fee simple right of way. There are 34,340 SF of Temporary easements needed during the construction of the project. After the acquisition the subject property consists of one remainders and totals 1,490,947 square feet and 34.230 acres. The owner is due just compensation because of the acquisition which is measured as the difference between the before and after value plus the fair market rental value for the 34,340 square feet of temporary easement.

Based on this the As-Is Market Value Before Acquisition (Fee Simple), As-Is Market Value After Acquisition (Fee Simple), and Difference in Market Value (Fee Simple) opinions are as follows;

## MARKET VALUE CONCLUSION

VALUATION SCENARIO	INTEREST APPRAISED	DATE	VALUE
As-Is Market Value Before Acquisition	Fee Simple	April 28, 2023	\$58,966,000
As-Is Market Value After Acquisition	Fee Simple	April 28, 2023	\$58,891,000
Difference in Market Value	Fee Simple	April 28, 2023	\$75,000

## ADDITIONAL CONCLUSIONS

Temporary Easement			\$7,600
DIFFERENCE IN MARKET VALUE & EASEMENT			\$82,600

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP), and the appraisal guidelines of the Commonwealth of Kentucky Department of Transportation.

### EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

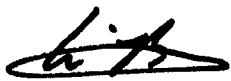
### HYPOTHETICAL CONDITIONS

The use of a hypothetical condition(s) may have impacted the results of the assignment. The after value assumes that the acquisition has taken place which is not the case as of the effective date of the appraisal.

If there are any specific questions or concerns regarding the attached appraisal report, or if Bluegrass Valuation Group can be of additional assistance, please contact the individuals listed below.

Respectfully Submitted,

### BLUEGRASS VALUATION GROUP



William L. Berkley  
President  
Certified General Real Estate Appraiser  
Kentucky License No. 721  
Expiration Date 6/30/2023  
859-276-2278  
willberkley@qx.net

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# EXECUTIVE SUMMARY

## PROPERTY IDENTIFICATION

Name	2101 Wilmore Road
Parcel #	1
Item #	480477
Road Name:	Wilmore Road
Property	Special Purpose - Special Purpose
Address	2101 Wilmore Rd
City, State Zip	Nicholasville, Kentucky 40356
County	Jessamine County
Market / Submarket	Lexington/Fayette / West Jessamine County
Geocode	38.0777677, -84.4943798
Census Tract	05-143-011006

## SITE SUMMARY BEFORE & AFTER THE ACQUISITION

Number of Parcels	1			
Assessor Parcel Number	034-00-00-015.00			
	<u>BEFORE THE ACQUISITION</u>		<u>AFTER THE ACQUISITION</u>	
Land Area	Square Feet	Acres	Square Feet	Acres
Usable	1,548,122	35.54	1,490,947	34.23
Total	1,548,122	35.54		
<b>PROPOSED ACQUISITIONS</b>	Square Feet	Acres		
Fee Simple Acquisition	57,175	1.3100		
Permanent Easement	0	0.0000		
Temporary Easement	34,340	0.7883		
Zoning	Single Family Residential (R1-A)			
Shape	Irregular			
Topography	Level at street grade			
Flood Zone	Zone X (Unshaded)			

## IMPROVEMENT DESCRIPTION

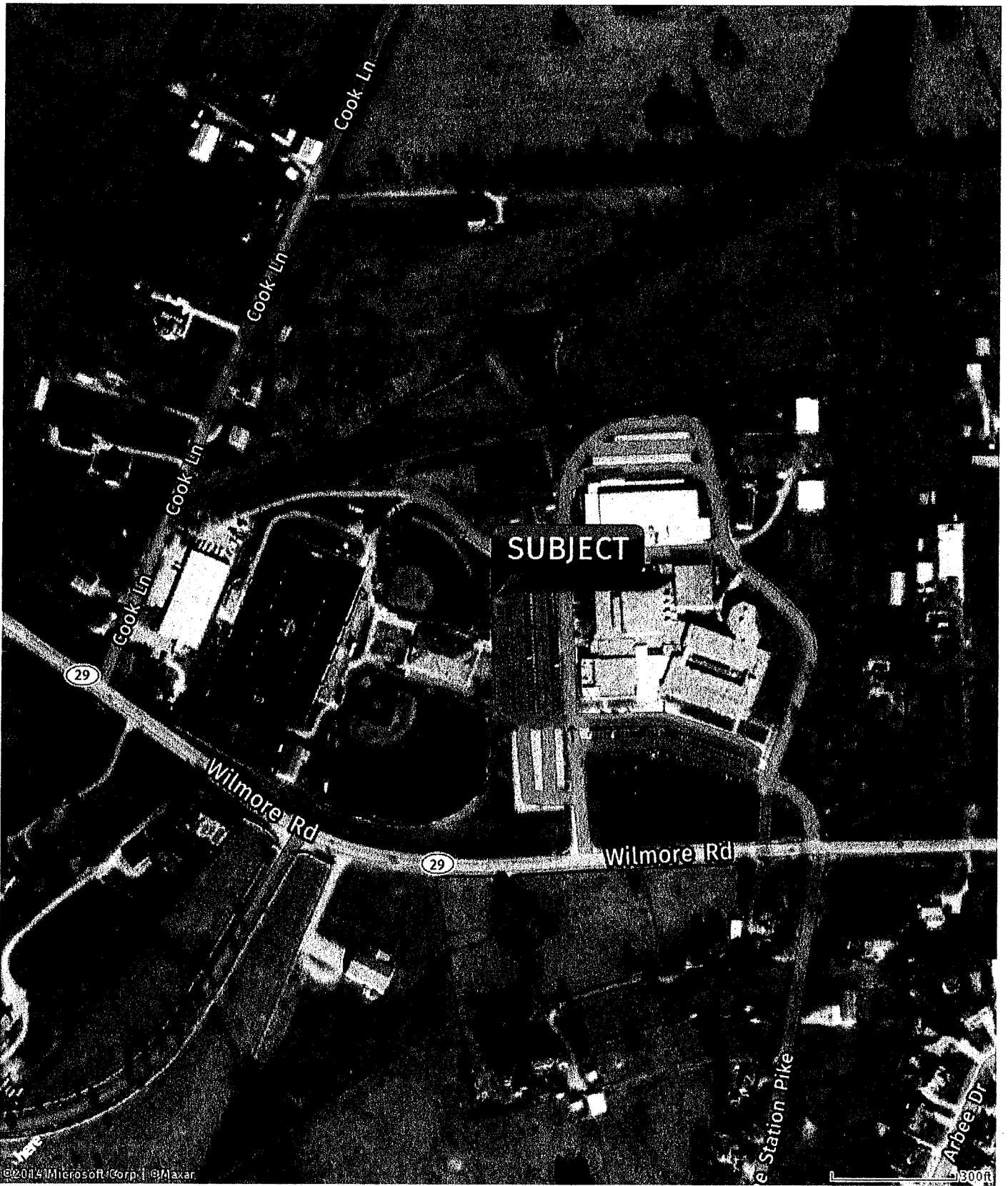
Tenancy	Single-Tenant Owner-Occupied
Net Rentable Area (NRA)	163,543
Gross Building Area (GBA)	163,543
Units	1
Total Buildings	1
Floors	2
Year Built	1960 / Year Renovated 2020
Actual Age	63 Years
Effective Age	15 Years
Economic Life	45
Remaining Useful Life	30
Land To Building Ratio	9.87 : 1

## HIGHEST & BEST USE

As Vacant	School/residential development
As Improved	School

VALUE CONCLUSION			
VALUATION SCENARIOS	AS-IS MARKET VALUE BEFORE ACQUISITION	AS-IS MARKET VALUE AFTER ACQUISITION	DIFFERENCE IN MARKET VALUE
Interest Date	Fee Simple April 28, 2023	Fee Simple April 28, 2023	Fee Simple April 28, 2023
Site Value	\$1,705,900	\$1,643,000	-
Cost Approach	\$58,966,000	\$58,891,000	\$75,000
Sales Comparison Approach	Not Presented	-	-
Income Capitalization Approach	Not Presented	-	-
<b>FINAL VALUE CONCLUSION</b>	<b>\$58,966,000</b>	<b>\$58,891,000</b>	<b>\$75,000</b>
ADDITIONAL CONCLUSIONS			
Temporary Easement	\$7,600		
<b>DIFFERENCE IN MARKET VALUE &amp; EASEMENT</b>	<b>\$82,600</b>		

AERIAL PHOTOGRAPH

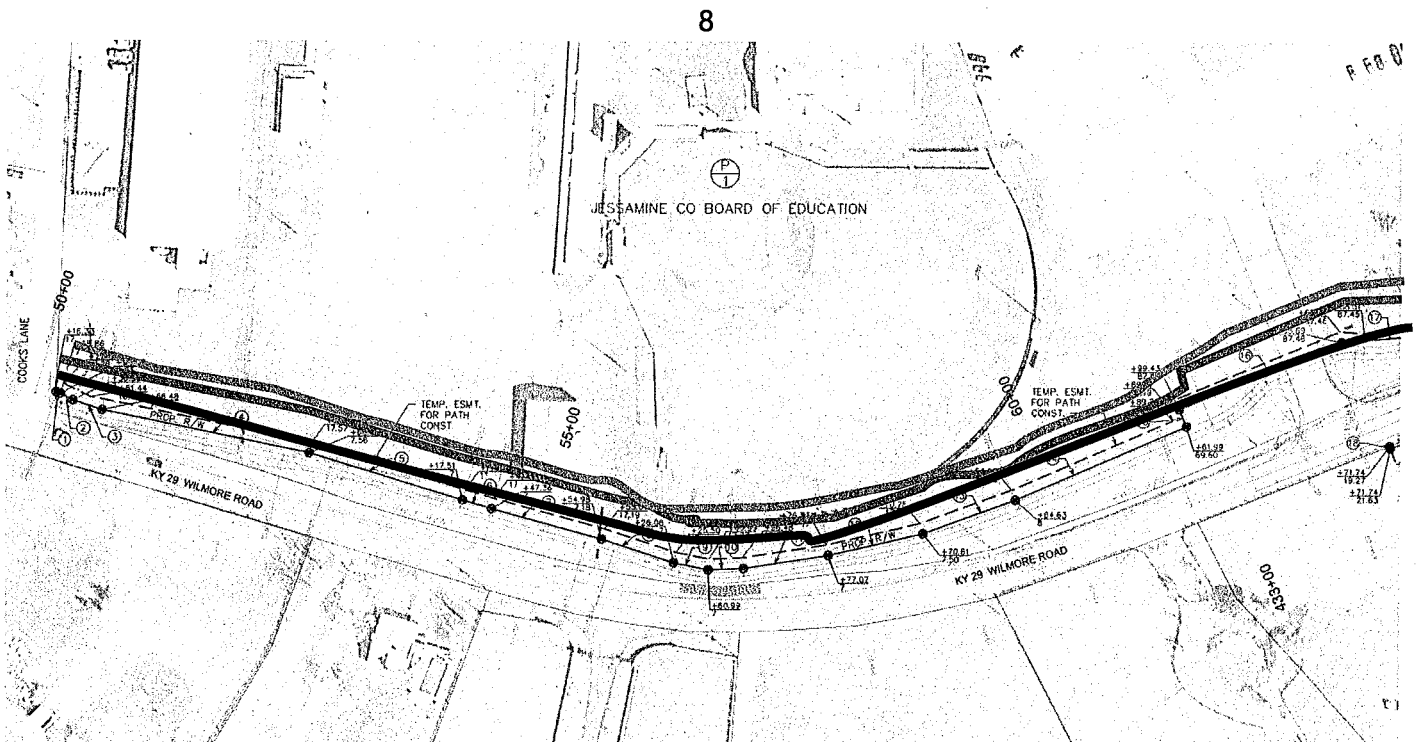


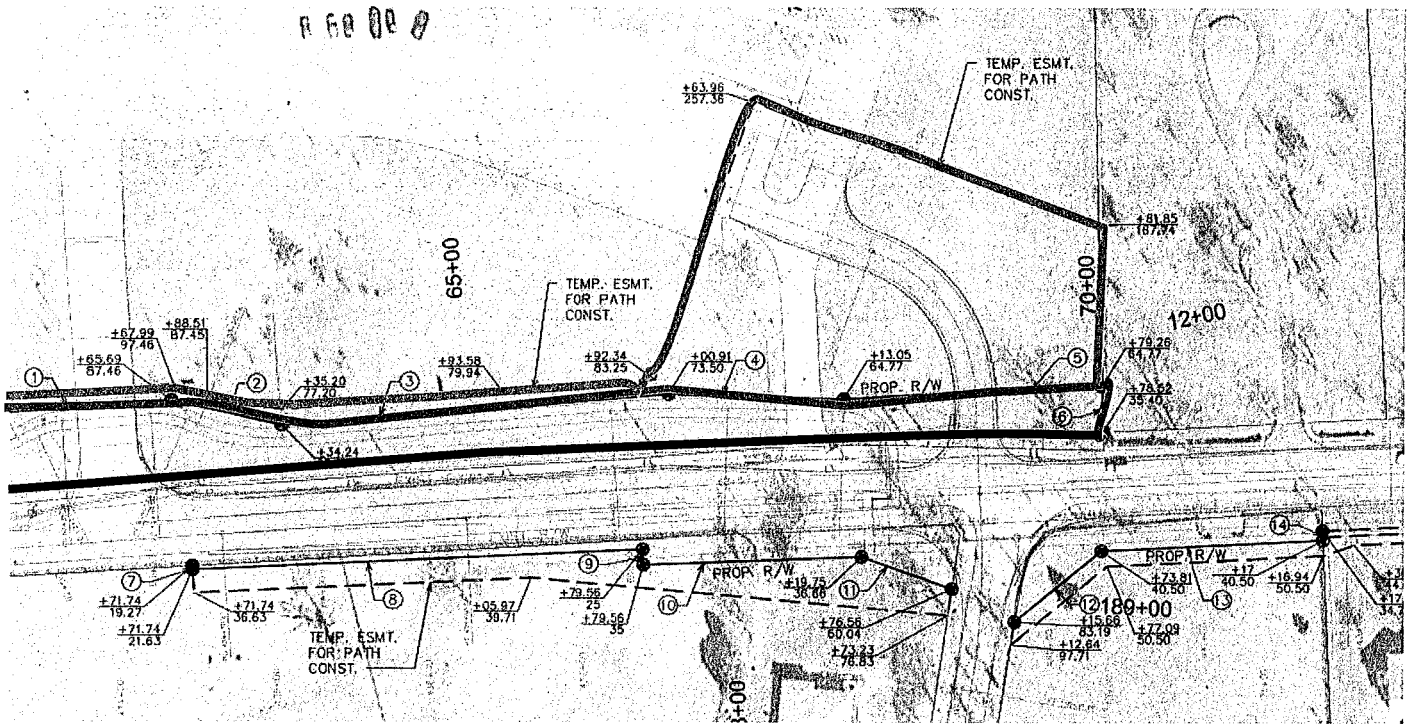
PVA AERIAL & PHOTOGRAPH LOCATION MAP





# SUBJECT PROPERTY PHOTOGRAPHS

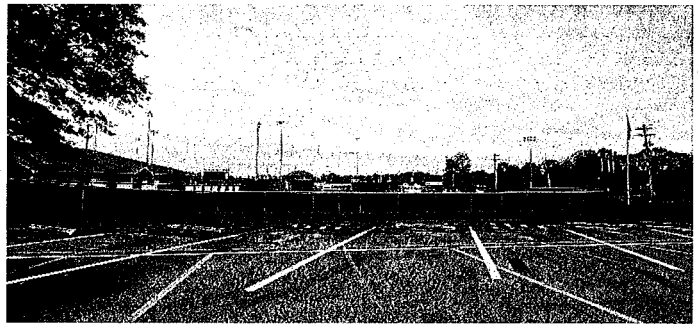




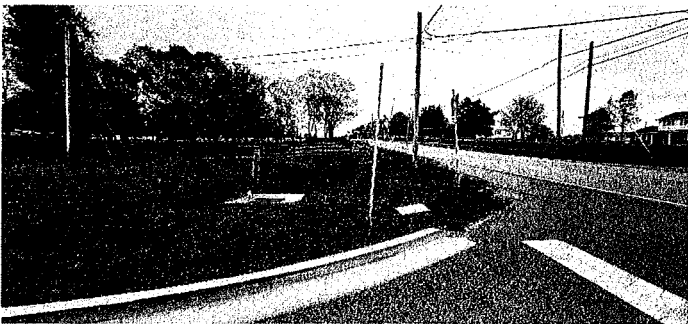
<b>Before Area:</b>	<b>1,613,898 SF or 35.540 Acre</b>
<b>Fee Simple Acquisition:</b>	<b>57,175 SF or 1.310 Acre</b>
<b>Permanent Easement:</b>	<b>0 SF or 0.000 Acre</b>
<b>Temporary Easement:</b>	<b>34,340 SF or 1.264 Acre</b>
<b>Remaining Property:</b>	<b>1,490,947 SF or 34.230 Acre</b>



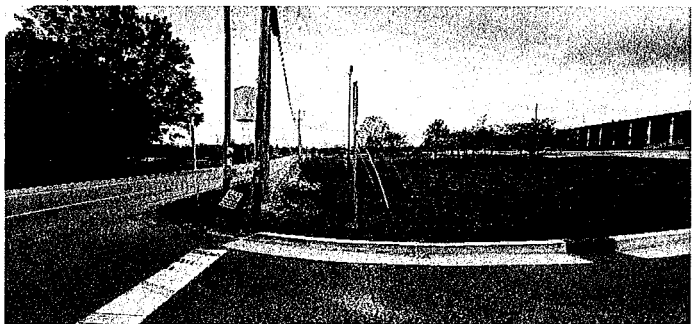
Picture # 1 front view of School (N)



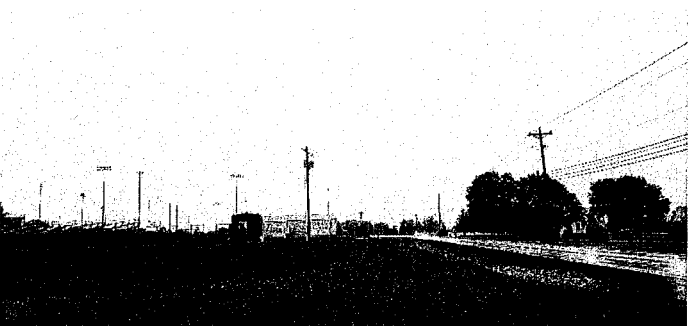
Picture # 2 Baseball Field (W)



Picture # 3 proposed taking looking East



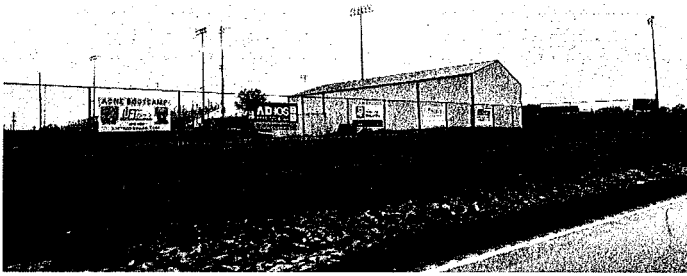
Picture # 4 proposed taking looking West



Picture # 5 Proposed taking looking East



Picture # 6 View of fencing acquired (NE)



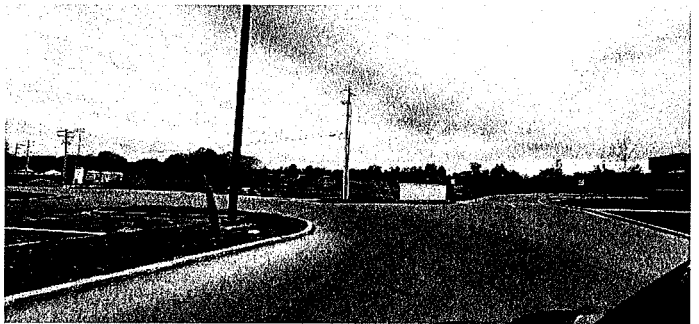
Picture # 7 View of taking and fencing acquired (NE)



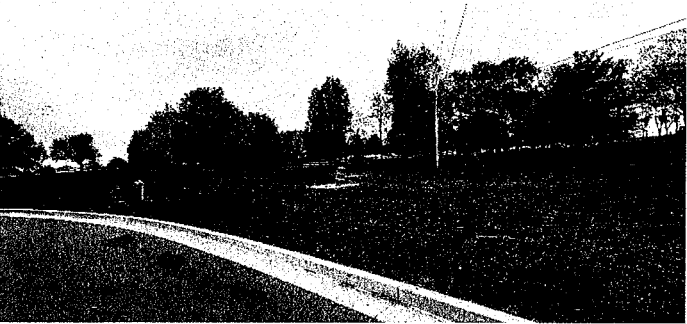
Picture # 8 View of a light pole acquired (SW)



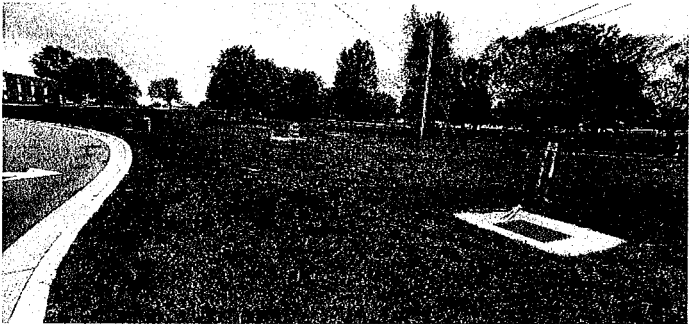
Picture # 9 View of Asphalt Looking South



Picture # 10 General View looking SE



Picture # 11 View of Proposed Easement looking N



Picture#12 View of Proposed Easement looking N

## IDENTIFICATION OF ASSIGNMENT

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### **PROPERTY OWNER CONTACT INFORMATION**

Jessamine County Schools

871 Wilmore Road

Nicholasville, Ky 40356

(859) 885 - 4179

### **PROPERTY IDENTIFICATION**

The subject property, located at 2101 Wilmore Rd, Nicholasville, KY, is a Class C building, and is currently used as a High School (West Jessamine High). The building is 2 story with 163,543 sf which includes office, classrooms, and gym. The school was constructed in the 1950's but was recently remodeled. The site has good frontage and exposure along Wilmore Road and is located within the city limits of Nicholasville. The site is zoned R1-A. Also located on the property are athletic complexes (baseball, football, and softball).

The assessor parcel number is: 034-00-00-015.00.

### **LEGAL DESCRIPTION**

Provided by Client

### **CLIENT IDENTIFICATION**

The client of this specific assignment is Strand Associates and the Kentucky Department of Transportation

### **INTENDED USE & INTENDED USERS**

The intended use of this appraisal is to assist the client in preparing a fair market value offer under the laws of the Commonwealth of Kentucky for a proposed partial acquisition by the Department of Transportation. Intended users include the Kentucky Department of Transportation and professionals assisting the client in matters related to the intended use.

### **PURPOSE**

The purpose of this appraisal is to develop opinions of the As-Is Market Value Before Acquisition (Fee Simple), As-Is Market Value After Acquisition (Fee Simple), and Difference in Market Value (Fee Simple). Additional value scenarios presented subsequent to the Analysis of Value Conclusions include: Temporary Easement and DIFFERENCE IN MARKET VALUE & EASEMENT.

### **PERSONAL PROPERTY & BUSINESS INTANGIBLE**

There is no personal property (FF&E) included in this valuation. There is not any business or intangible value included in the value conclusion reported herein.

### **PROPERTY AND SALES HISTORY**

#### **Current Owner**

The subject title is currently recorded in the name of Jessamine County School District Finance Corporation who acquired title to the property on April 1, 2005, for the improvements for \$16,500,000, as recorded in the Jessamine County Deed Records, Book & Page Deed Book 538 Page 287.

**Three-Year Sales History**

According to county records there has been no transfer of ownership for the subject property in the past three years and there is no known pending sale or listing of the subject.

**MARKET EXPOSURE TIME & JURISDICTIONAL EXCEPTION:**

The JURISDICTIONAL EXCEPTION RULE of the Uniform Standards of Professional Appraisal Practice (USPAP) is defined as an assignment condition that voids the force of a part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.

USPAP also states that, when the purpose of an assignment is to develop an opinion of market value the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion.

The court's definition of value, cited later in this report, does not address exposure time among other things. The federal courts have not attempted to define a reasonable length of time, nor have they required that an estimate of market value be linked to a specified exposure time on the open market, only that it be reasonable under the circumstances.

Therefore, this is considered a Jurisdictional Exception to Standards Rule 1-28) and Statement on Appraisal Standards No. 6 (SMT-6).

In addition, Commonwealth Dept. of Highways V. Sherrod. Ky., 367 SW2d 844, states that when part of a tract of land is taken by condemnation, the only fact for the appraiser to determine (as concerns damages) is the difference in market value of the tract before and after the taking.

The court said, the jury should be instructed that in determining the value after the taking, it should take into consideration any enhancement in value growing out of the improvement that is attributable to the advantageous relation of the property to the improvement, as distinguished from general enhancement of values in the community generally to property not even abutting on the improvement...

Thus, this is considered a Jurisdictional Exception to Standards Rule 1-4(f).

**DEFINITION OF MARKET VALUE**

Wilhite v. Rockwell Int'l Corp., 83 S.W.3d 516, 519 n.6 (Ky., 2002) and cited in Commonwealth v. R.J. Corman Railroad Co., /Memphis Line, 116 S.W.3d 488, 491 (Ky., 2003) This case took the definition out of a footnote from Wilhite and held that the definition applies to eminent domain actions:

When private property is condemned for public use, the measure of just compensation is the difference between the fair market value of the property immediately before the taking and the fair market value of the remainder immediately afterwards. KRS 416.660. **Fair market value constitutes "the price that a willing seller will take and a willing buyer will pay for property, neither being under any compulsion to sell or buy and both being in possession of all relevant information regarding the property." *Wilhite v. Rockwell Int'l Corp., Ky., 83 S.W.3d 516 n. 6 (2002)***

**Market rent** is defined as:

The rental income that a property would most probably command in the open market; indicated by current rents paid and asked for comparable space as of the date of appraisal. (Dictionary of Real Estate Appraisal)

**Compensation** is defined as being;

in a partial taking, the difference in the market value of the whole property immediately before the proposed taking and the value of the whole property immediately after the taking. This precedence was established through the Commonwealth, Department of Highways v. Sherrod cited Ky., 367S.W.2d 844.

**PROPERTY RIGHTS APPRAISED**

The property rights appraised constitute the fee simple interest.

**Fee Simple Interest**

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.<sup>1</sup>

**VALUE SCENARIOS****As-Is Value**

The estimate of the value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>2</sup>

**SCOPE OF WORK**

The scope of work for this appraisal assignment is outlined below:

- ▶ The appraisal analyzes the regional and local area profiles including employment, population, household income and real estate trends. The local area was inspected to consider external influences on the subject.
- ▶ The appraisal analyzes legal and physical features of the subject including site size, improvement size, flood zone, site zoning, easements, encumbrances, site access and site exposure.
- ▶ The appraisal includes market analysis using vacancy, absorption, supply, and demand data. Conclusions were drawn for the subject's competitive position given its physical and locational features, current market conditions and external influences.
- ▶ The appraisal includes a Highest and Best Use analysis and conclusions have been completed for the highest and best use of the subject property As Vacant and As Improved. The analysis considered legal, locational, physical, and financial feasibility characteristics of the subject site and existing improvements both before and after the acquisition.
- ▶ In selecting applicable approaches to value, the appraiser considered the agreed upon appraisal scope and assessed the applicability of each traditional approach given the subject's characteristics and the intended use of the appraisal. As a result, this appraisal developed Land Sales Comparison and Cost approaches. The values presented represent the As-Is Market Value Before Acquisition (Fee Simple), As-Is Market Value After Acquisition (Fee Simple), and Difference in Market Value (Fee Simple). Additional value scenarios presented subsequent to the Analysis of Value Conclusions include: Temporary Easement and DIFFERENCE IN MARKET VALUE & EASEMENT.
- ▶ The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rules 2, with the analysis stated within the document and representing a fully described level of analysis.
- ▶ The author of this report are aware of the Competency Rule of USPAP and meets the standards.

**ASSISTANCE PROVIDED**

No one provided real property appraisal assistance to the individuals signing this report.

<sup>1</sup> *The Dictionary of Real Estate Appraisal, 6th Ed.* (Chicago: Appraisal Institute 2015)

<sup>2</sup> *The Dictionary of Real Estate Appraisal, 6th Ed.* (Chicago: Appraisal Institute 2015)

**SOURCES OF INFORMATION**

The following sources were contacted to obtain relevant information:

INFORMATION PROVIDED	
Property/Tax	Jessamine County Assessor
Zoning	City of Nicholasville Zoning
Site Size	Client Provided Plans
Building Size	Property Owner
Flood Map	STDB On-Line
Demographics	STDB On-Line
Comparable Information	Costar,KCREA,PVA,MLS, Reliable 3rd Parties
Legal Description	Tax Assessor

INFORMATION NOT PROVIDED	
Income/Expense Statements	
Title Report	
Phase I Environmental Report	
Lease Documents	

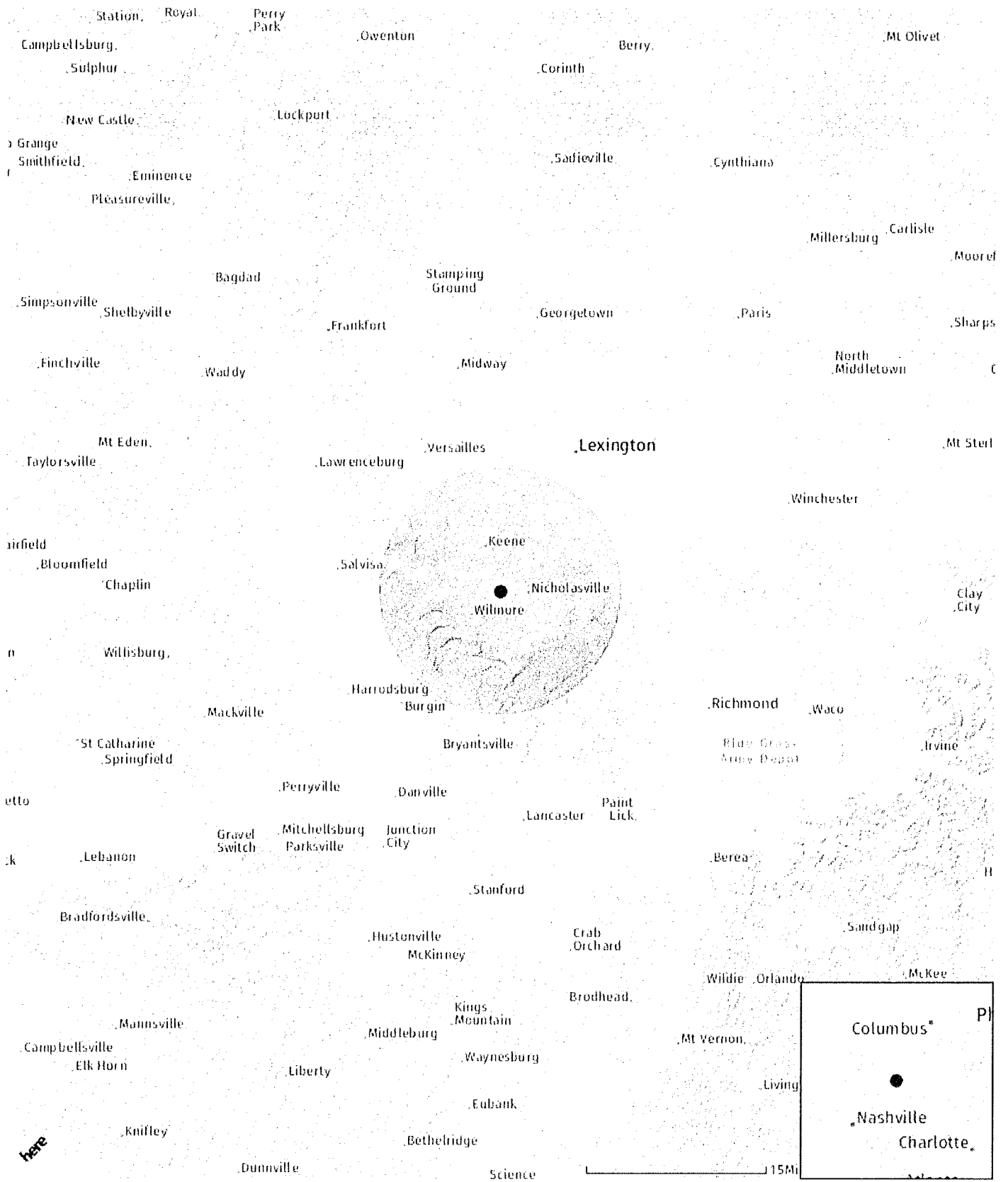
The lack of unavailable items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

**SUBJECT PROPERTY INSPECTION**

PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE	ROLE
William L. Berkley	Yes	Exterior Only	April 28, 2023	Primary Appraiser
ALSO PRESENT	COMPANY	EXTENT	DATE	AFFILIATION
Jason U"Wren	Jessamine County School	N/A	April 28, 2023	Treasurer



# REGIONAL AREA MAP



# REGIONAL AREA ANALYSIS

## INTRODUCTION

In order to understand the subject's position in the area or region, an analysis of how trends—both historical and projected—in population, employment, personal income, consumer spending, and housing impact supply and demand and influence the subject's area directly and indirectly. This analysis first begins on a broader spectrum, and without respect to the subject itself, and is highlighted in the Regional Area Analysis. Second is, a more narrowly focused study of the aforementioned attributes as they relate directly to the subject and its neighborhood. This discussion is presented in the Local Area Analysis which follows.

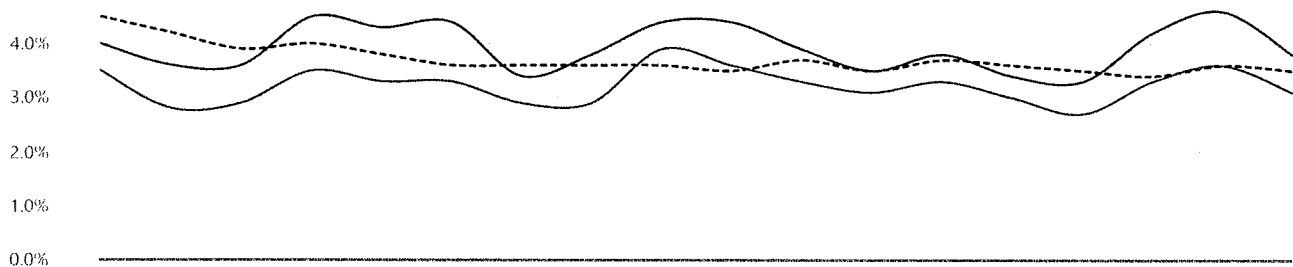
## REGIONAL AREA ANALYSIS

The subject property is located in Nicholasville, Kentucky. The map presented on the previous page illustrates the subject property location relative to the 0 metropolitan area.

### Unemployment

The following graphs charts the trailing 18 months and trailing 10 years unemployment rate for the United States, Regional\_RegionName, Kentucky, Regional\_AreaName, and Jessamine County.

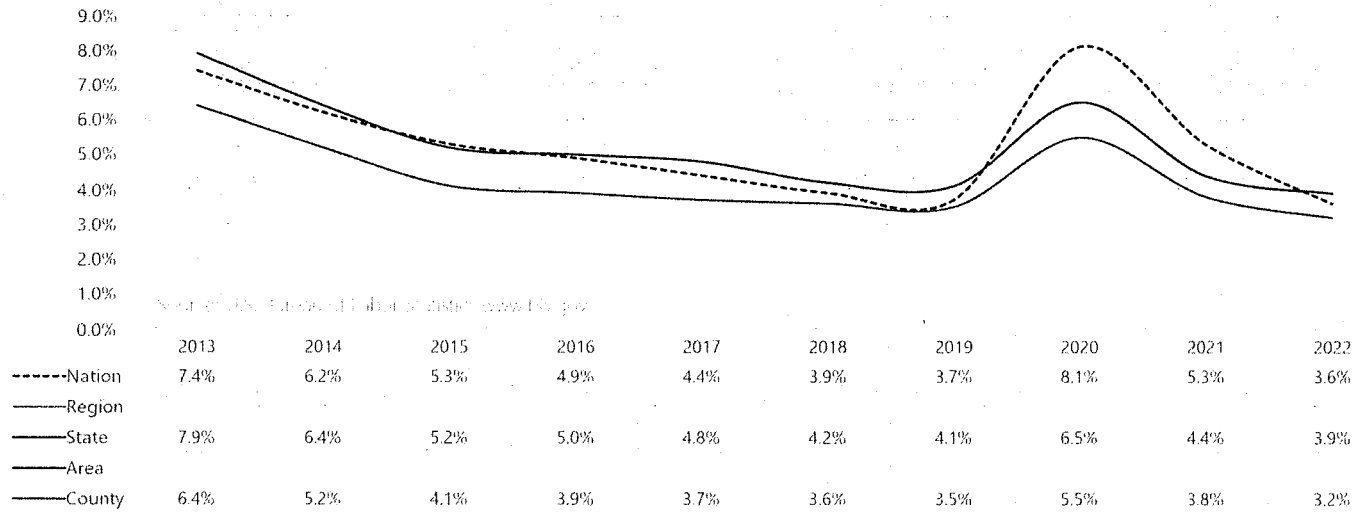
#### MONTHLY UNEMPLOYMENT RATE (18 MONTHS)



Source: U.S. Bureau of Labor Statistics

	Oct	Nov	Dec	Jan	Feb	2022 Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	2023 Mar
-----Nation	4.5%	4.2%	3.9%	4.0%	3.8%	3.6%	3.6%	3.6%	3.6%	3.5%	3.7%	3.5%	3.7%	3.6%	3.5%	3.4%	3.6%	3.5%
-----Region	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
-----State	4.0%	3.6%	3.6%	4.5%	4.3%	4.4%	3.4%	3.8%	4.4%	4.4%	3.9%	3.5%	3.8%	3.4%	3.3%	4.2%	4.6%	3.8%
-----Area	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
-----County	3.5%	2.8%	2.9%	3.5%	3.3%	3.3%	2.9%	2.9%	3.9%	3.6%	3.3%	3.1%	3.3%	3.0%	2.7%	3.3%	3.6%	3.1%

**ANNUAL UNEMPLOYMENT RATE (10 YEARS)**



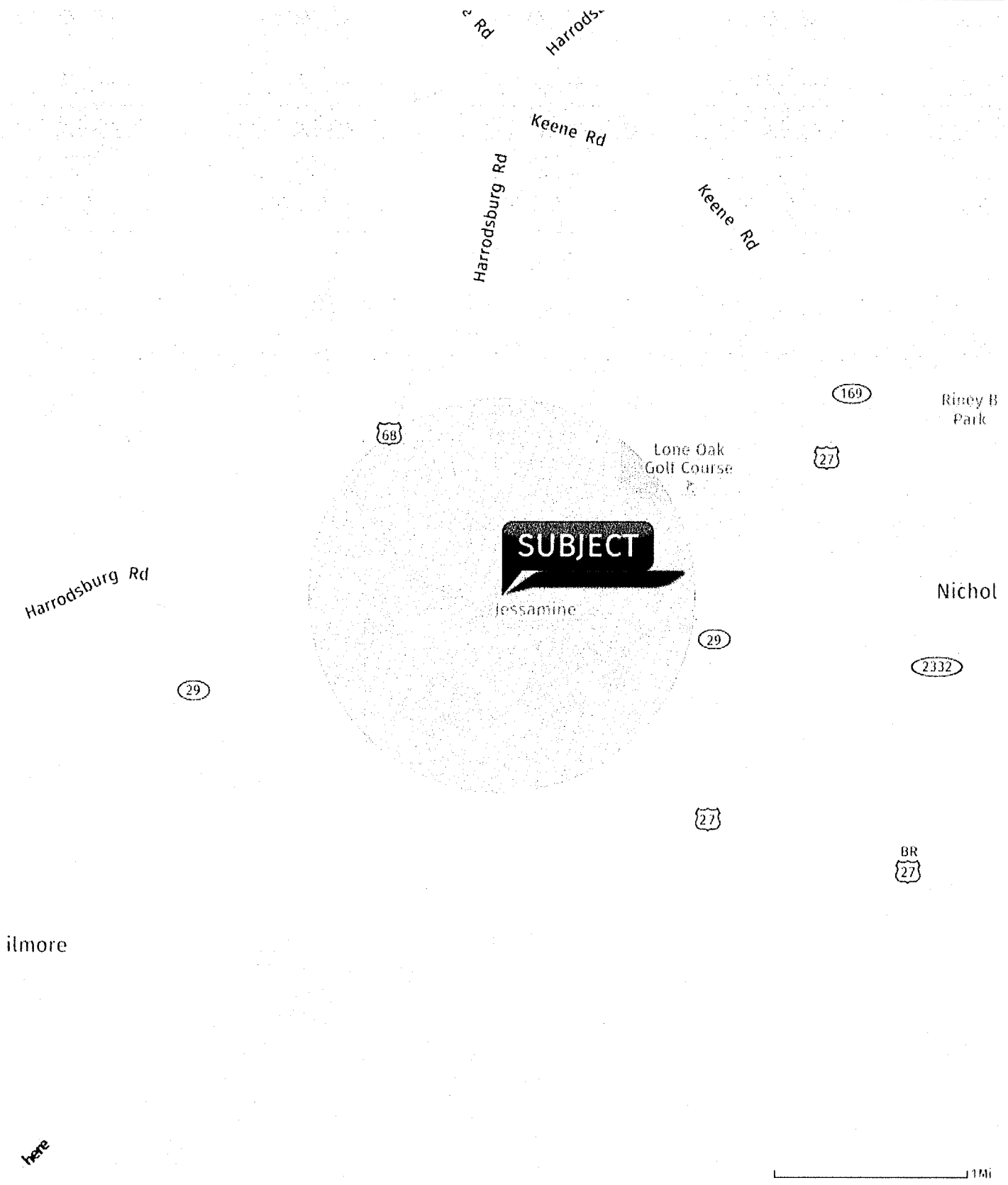
**Employment**

The following chart shows the trailing 10 years employment for the state of Kentucky, Regional\_AreaName, and Jessamine County.

STATE & REGIONAL EMPLOYMENT							
YEAR	STATE	% CHG.	AREA	% CHG.	COUNTY	% CHG.	
2013	1,892,777	0.1%	-	-	23,479	1.4%	
2014	1,877,551	(0.8%)	-	-	23,619	0.6%	
2015	1,876,009	(0.1%)	-	-	24,218	2.5%	
2016	1,914,479	2.0%	-	-	24,677	1.9%	
2017	1,955,234	2.1%	-	-	25,450	3.0%	
2018	1,966,186	0.6%	-	-	25,478	0.1%	
2019	1,983,872	0.9%	-	-	25,840	1.4%	
2020	1,886,072	(5.2%)	-	-	24,508	(5.4%)	
2021	1,937,537	2.7%	-	-	25,170	2.6%	
2022	1,968,121	1.6%	-	-	25,773	2.3%	
<b>CAGR</b>	<b>0.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-8.9%</b>	<b>-</b>	

Source: U.S. Bureau of Labor Statistics www.bls.gov

LOCAL AREA MAP



# LOCAL AREA ANALYSIS

## INTRODUCTION

The subject property is in the Nicholasville along Wilmore Road. Subject property has good access to Downtown Nicholasville and the By-Pass. The immediate area is characterized by residential and agricultural uses.

## Demographics

The following information reflects the demographics for the subject's area.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILE	5 MILE	DESCRIPTION	1 MILE	3 MILE	5 MILE
<b>POPULATION TOTAL</b>				<b>HOUSEHOLDS</b>			
2010 Census	939	26,431	39,248	2010 Census	289	9,550	14,202
2020 Census	1,079	27,601	41,693	2020 Census	349	10,129	15,168
2022 Estimate	1,076	27,991	42,141	2022 Estimate	347	10,248	15,310
2027 Projection	1,066	28,471	42,758	2027 Projection	344	10,438	15,536
Δ 2010-2020	14.91%	4.43%	6.23%	Δ 2010-2020	20.76%	6.06%	6.80%
Δ 2020-2022	(0.28%)	1.41%	1.07%	Δ 2020-2022	(0.57%)	1.17%	0.94%
Δ 2020-2027	(0.93%)	1.71%	1.46%	Δ 2022-2027	(0.86%)	1.85%	1.48%
Total Daytime Population	1,144	24,822	35,968	<b>HOUSEHOLDS BY INCOME (2022 ESTIMATE)</b>			
<b>HOUSING UNITS</b>				<b>&lt; \$15,000</b>			
Total (2022 Estimate)	358	10,860	16,188		12.1%	12.4%	11.1%
Owner Occupied	55.3%	55.5%	57.7%	\$15,000 - \$24,999	6.3%	6.2%	6.5%
Renter Occupied	41.9%	38.9%	36.9%	\$25,000 - \$34,999	6.1%	8.9%	7.8%
Vacant Housing Units	3.1%	5.6%	5.4%	\$35,000 - \$49,999	6.9%	15.9%	14.8%
Total (2027 Projection)	358	11,077	16,474	\$50,000 - \$74,999	21.9%	19.5%	18.7%
Owner Occupied	55.6%	56.2%	58.4%	\$75,000 - \$99,999	21.0%	15.9%	15.8%
Renter Occupied	40.5%	38.1%	35.9%	\$100,000 - \$149,999	15.9%	13.5%	15.5%
Vacant Housing Units	3.9%	5.8%	5.7%	\$150,000 - \$199,999	7.5%	4.4%	5.3%
				\$200,000+	2.0%	3.4%	4.4%
<b>AVERAGE HOUSEHOLD INCOME</b>				<b>AVERAGE HOUSEHOLD SIZE</b>			
2022 Estimate	\$80,973	\$75,760	\$82,350	2022 Estimate	2.72	2.60	2.66
2027 Projection	\$91,790	\$89,931	\$96,480	2027 Projection	2.72	2.60	2.66
Δ 2022-2027	13.36%	18.71%	17.16%	Δ 2022-2027	0.00%	0.00%	0.00%
<b>MEDIAN HOUSEHOLD INCOME</b>				<b>MEDIAN HOME VALUE</b>			
2022 Estimate	\$69,554	\$56,470	\$60,610	2022 Estimate	\$255,357	\$181,685	\$191,212
2027 Projection	\$72,853	\$68,203	\$73,442	2027 Projection	\$283,854	\$247,566	\$261,485
Δ 2022-2027	4.74%	20.78%	21.17%	Δ 2022-2027	11.16%	36.26%	36.75%
<b>PER CAPITA INCOME</b>				<b>AVERAGE HOME VALUE</b>			
2022 Estimate	\$25,502	\$27,553	\$29,874	2022 Estimate	\$302,411	\$235,242	\$260,659
2027 Projection	\$28,896	\$32,744	\$35,004	2027 Projection	\$336,558	\$296,750	\$322,293
Δ 2022-2027	13.31%	18.84%	17.17%	Δ 2022-2027	11.29%	26.15%	23.65%

Source: Sites To Do Business Online

## ECONOMIC INFLUENCES

The local area economic status is significant to the analysis as the measurement of income levels provides an indication of the ability of the area population to buy, rent and maintain property. The economic status of an area also provides an indication of the population's demand for goods and services. Relevant economic information includes income levels, property ownership vs. rent, property rent levels, rent level trends, property vacancy and new construction.

The vast majority of the housing units within the area are owner occupied, which is similar to other parts of Nicholasville and Jessamine County.

**GOVERNMENT INFLUENCE**

Governmental considerations relate to zoning, building codes, regulations, flood plain restrictions, special assessment, property tax and empowerment zones.

Zoning in the area is mixed, including agricultural, residential, and commercial. The zoning code is enforced by the municipality and enforcement in all areas of City of Nicholasville is considered to be strong. Rezoning is typically discouraged and requires public input and approval of the local city council. Building codes are in force and require a certain standard of construction quality and design. This is a typical influence on properties similar to the subject and falls in line with the zoning classification.

Property taxes in the area are established by Jessamine County and are assessed based on fair market value. The assessments in the neighborhood are similar to other neighborhoods in the metropolitan area. There are no known special assessments that affect property in the neighborhood.

**ACCESS/PUBLIC TRANSPORTATION**

The streets within the neighborhood include Jessamine County By-Pass to the west which runs from north to south. The main east-west access is provided by Wilmore Road. With the existing transportation systems, most areas of Nicholasville and Jessamine County are accessible from the subject neighborhood and access is considered good.

**ENVIRONMENTAL INFLUENCES**

The subject area is a typical suburban neighborhood with average building size and density. There are no extraordinary topographical features, nuisances or hazards. Public utilities are available in most all areas in quantities from public and private sources.

**LOCAL AREA SUMMARY**

The market benefits from a diverse blend of industrial, commercial, residential and community uses along with close proximity to many recreational activities. The market has been increasing due to good livability factors associated with the region. The outlook for the market area is good into the foreseeable future.

## SITE DESCRIPTION BEFORE THE ACQUISITION

The subject site consists of one parcel and has 1,548,122 SF (35.5400 AC) of land area before the acquisition. The size of the site area was based on the plans provided by the client. There is no surplus or excess land. If a professional survey is provided, then precise measurements may be available. Unless otherwise noted, the usable site area has been utilized herein. The following summaries the salient characteristics of the subject site.

**Address** 2101 Wilmore Rd, Nicholasville, Kentucky.

**Census Tract** 05-143-011006

<b>Number of Parcels</b>	1	
<b>Assessor Parcel</b>	034-00-00-015.00	
<b>Land Area</b>	Square Feet	Acres
Economic Unit (Primary) Site Size	1,548,122	35.54
Usable Site Size	1,548,122	35.54
<b>Total Land Area</b>	1,548,122	35.54
<b>Excess/Surplus Land</b>	No	
<b>Corner</b>	No	
<b>Site Topography</b>	Level At street grade	
<b>Site Shape</b>	Irregular	
<b>Site Grade</b>	At street grade	
<b>Site Quality</b>	Average	
<b>Site Access</b>	Average	
<b>Site Exposure</b>	Very Good	
<b>Site Utility</b>	Average	
<b>Utilities</b>	All available	

### Adjacent Properties

North	Agricultural/Residential
South	Agricultural/Residential
East	Agricultural/Residential
West	Agricultural/Residential

**Accessibility** Access to the subject site is considered average overall.

### STREET & TRAFFIC DETAIL

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
Wilmore Rd	Major arterial	Two-Way	2	x		x	x				
<b>Frontage</b>											
Wilmore Rd	1,950 LF										

**Exposure & Visibility** Exposure of the subject is average balancing the frontage on Wilmore Rd.

**Flood Plain** Zone X (Unshaded). This is referenced by Panel Number 21113C0065D, dated December 21, 2017. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can

create areas of high flood risk within these zones. Flood insurance is available in participating communities but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance of floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

**Easements**

A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.

**Soils**

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

**Hazardous Waste**

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

**Site Rating**

Overall, the subject site is considered a good special purpose site in terms of its location, exposure and access to employment, education and shopping, recognizing its location along a major arterial.

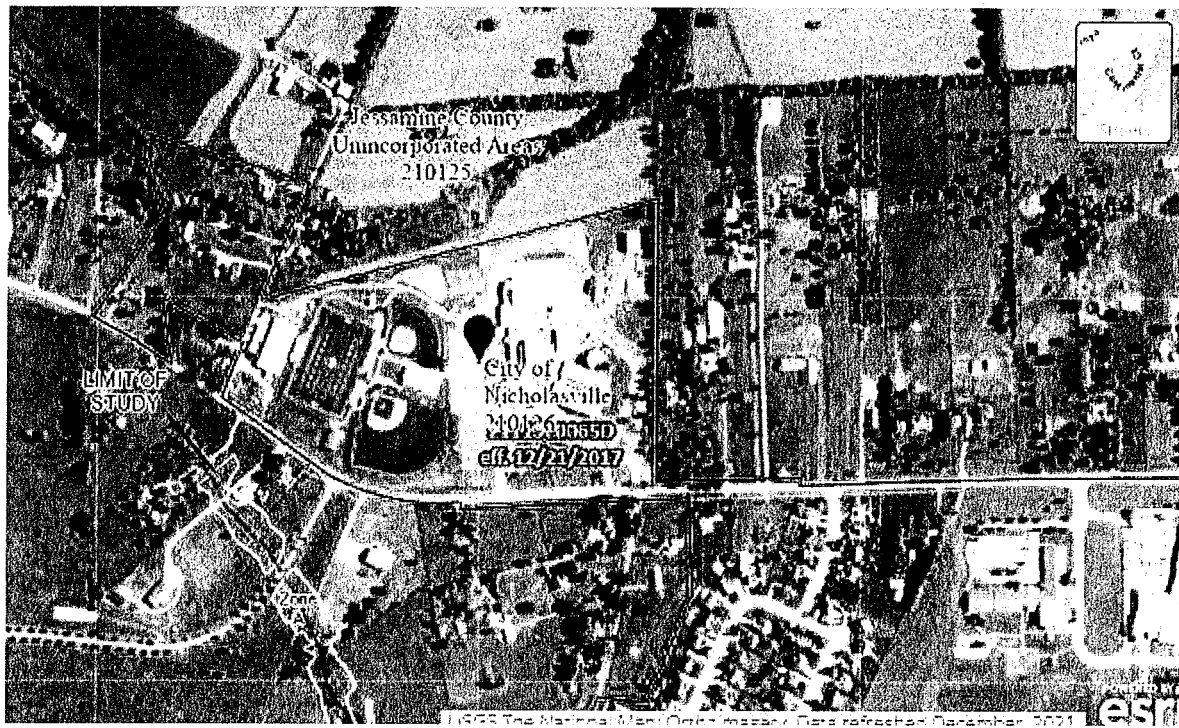
**Site Improvements**

The site improvements are listed as follows;

SITE IMPROVEMENTS								
SITE COMPONENT	SIZE/QTY	TYPE	\$/UNIT	EFF. AGE	ECON. LIFE	COST NEW	DEPRECATED %	DEPRECATED VALUE
Asphalt Paving	190,000	LF	\$6.00	3	11	\$1,140,000	27%	\$829,091
Landscaping	1	LS	\$800,000.00	3	10	\$800,000	30%	\$560,000
Signs	1	LS	\$25,000.00	3	12	\$25,000	25%	\$18,750
Special Improvements	1	LS	\$25,000,000.00	5	15	\$25,000,000	33%	\$16,666,667
Fencing	2,000	LF	\$25.00	8	15	\$50,000	53%	\$23,333
Light Poles	20	EA	\$1,500.00	5	20	\$30,000	25%	\$22,500
<b>TOTAL</b>								<b>\$18,074,508</b>



# FLOOD MAP



## TAXES & ASSESSMENT

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### **CURRENT TAXATION & ASSESSMENT DESCRIPTION**

As the subject is owned by a tax free entity there is no assessment for the property.

# ZONING

The subject is located in the Single Family Residential (R1-A) zoning area.

ZONING	
Designation	Single Family Residential (R1-A)
Zoning Authority	City of Nicholasville
Permitted Uses	Single Family Residence, Parks and playgrounds, planned unit development for residential use. Conditional Uses consist of nursery schools, schools and colleges, churches, hospitals to name a few.
Prohibited Uses	Kennels, mobile homes, two-family, retail sales, hotels and motels.
Current Use	Special Purpose/School
Current Use Legally Permitted	Yes
Conforming Use	The improvements conform to the requirements of the ordinance.
Zoning Change	Not Likely
Parking Spaces Provided	400

Source: City of Nicholasville Planning & Zoning Department

Based upon the information available, the subject represents a legally conforming use.

## IMPROVEMENT DESCRIPTION BEFORE THE ACQUISITION

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The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

### OVERVIEW

The subject property, located at 2101 Wilmore Rd, Nicholasville, KY, is a Class C building, and is currently used as a High School (West Jessamine High). The building is 2 story with 163,543 sf which includes office, classrooms, and gym. The school was constructed in the 1950's but was recently remodeled. The site has good frontage and exposure along Wilmore Road and is located within the city limits of Nicholasville. The site is zoned R1-A. Also located on the property are athletic complexes (baseball, football, and softball).

<b>Property Type</b>	Special Purpose - Special Purpose
<b>Tenancy</b>	Single-Tenant Owner-Occupied
<b>Net Rentable Area (NRA)</b>	163,543
<b>Gross Building Area (GBA)</b>	163,543
<b>Total Buildings</b>	1
<b>Floors</b>	2
<b>Year Built</b>	1960 (Renovated 2020)
<b>Age/Life Analysis</b>	
Actual Age	63
Effective Age	15
Economic Life	45
Remaining Useful Life	30
<b>Overall Building Quality</b>	Average
<b>Overall Building Condition</b>	Average
<b>Overall Building Appeal</b>	Average
<b>Land to Building Ratio</b>	9.87 : 1
<b>Site Coverage Ratio</b>	.00% (Based On Total Overall Site Area)
<b>Total Parking Spaces</b>	400 - Surface spaces
<b>Parking Ratio</b>	2.4 / 1,000 SF NRA
<b>Size</b>	The gross building area (GBA) is taken from the site inspection.

### COMPONENT DESCRIPTION

<b>Foundation</b>	West Jessamine High School - Block (Unspecified);
<b>Exterior Walls/Framing</b>	West Jessamine High School - Brick Veneer;
<b>Roof</b>	West Jessamine High School - Rubber;
<b>Elevator</b>	West Jessamine High School - None;
<b>Heating &amp; AC (HVAC)</b>	West Jessamine High School - Cooling: Central;
<b>Insulation</b>	West Jessamine High School - Fiberglass;
<b>Lighting</b>	West Jessamine High School - Fluorescent;

## IMPROVEMENT DESCRIPTION BEFORE THE ACQUISITION

(CONTINUED)

<b>Electrical</b>	West Jessamine High School - Three-Phase;
<b>Interior Walls</b>	West Jessamine High School - Concrete block;
<b>Doors and Windows</b>	West Jessamine High School - Casement;
<b>Ceilings</b>	West Jessamine High School - Tiles;
<b>Plumbing</b>	West Jessamine High School - Standard;
<b>Floor Covering</b>	West Jessamine High School - Tile;
<b>Fire Protection</b>	West Jessamine High School - Wet fire sprinkler;
<b>Interior Finish/Build-Out</b>	West Jessamine High School - Breakrooms;
<b>Site Improvements</b>	West Jessamine High School - Sidewalks, Landscaping, Paving, Signs;
<b>Landscaping</b>	A variety of trees, shrubbery and grass.
<b>Signage</b>	There is a monument style sign along Wilmore Rd
<b>Deferred Maintenance</b>	West Jessamine High School - Ongoing;
<b>Functional Design</b>	The building features a functional Special Purpose design with typical site coverage and adequate off-street parking.
<b>ADA Comment</b>	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.
<b>Hazardous Materials</b>	A Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

**BUILDING SKETCH**

**DUE TO THE NATURE OF THE ACQUISITION AN INTERIOR INSPECTION WAS NOT CONDUCTED. SIZE OF THE BUILDING WAS PROVIDED BY THE OWNER**

# HIGHEST & BEST USE BEFORE THE ACQUISITION

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## INTRODUCTION

The highest and best use of the subject property provides the foundation for the valuation section. Highest and best use is defined in the 6<sup>th</sup> edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2015), as follows:

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

Highest and best use analysis uses the following steps for the subject:

- ▶ Highest & Best Use As Vacant
- ▶ Determination of the ideal improvements
- ▶ Highest & Best Use As Improved
- ▶ Conclusion of the Highest & Best Use

The analysis of highest and best use can be thought of as the logical end of a spectrum of market analysis procedures, running from the macroeconomic overview of a general market study, through more detailed marketability studies and analyses of financial feasibility, to the formal analysis of highest and best use. In theory, the highest and best use is commonly described as that reasonable and most profitable use that will support its highest present value. The highest and best use, or most profitable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

This section develops the highest and best use of the subject property As-Vacant and As Improved.

## AS VACANT ANALYSIS

In this section the highest and best use of the subject as-vacant is concluded after taking into consideration financial feasibility, maximal productivity, marketability, legal, and physical factors.

### Legally Permissible

Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The legal factors influencing the highest and best use of the subject site are primarily government regulations such as zoning ordinances. Permitted uses of the subject's Single Family Residential (R1-A) include single family residence, parks and playgrounds, planned unit development for residential use. Conditional uses consist of nursery schools, schools and colleges, churches, hospitals to name a few. Zoning change is not likely; therefore, uses outside of those permitted by the R1-A zoning are not considered moving forward in the as-vacant analysis.

### Physical Possible

The test of what is physically possible for the subject site considers physical and locational characteristics that influence its highest and best use. In terms of physical features, the subject site totals 35.5400-acres, it is irregular in shape and has a level topography. The site has average exposure and average overall access. There are no physical limitations that would prohibit development of any of the by-right uses on the site.

### Financial Feasibility

Based on the analysis of the subject's market and an examination of costs, a newly constructed building similar to the subject would likely have a value commensurate with its cost; however, a speculative build is not prudent, and the site should only be developed for an identified user.

## **Maximum Productivity**

There is only one use that creates value and at the same time conforms to the requirements of the first three tests. Financial feasibility, maximal productivity, marketability, legal, and physical factors have been considered and the highest and best use of the subject site as-vacant concluded to be school/residential development.

## **AS IMPROVED ANALYSIS**

The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject's improvements were constructed in 1960 and are a legal, conforming use. The physical and location characteristics of the subject improvements have been previously discussed in this report. The project is of average quality construction and in average condition, with adequate site coverage and parking ratios. Therefore, the property as improved, meets the physical and location criteria as the highest and best use of the property.

The Highest and Best Use of the subject As Improved is its current use as a school campus.



# VALUATION METHODS

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In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, sales comparison approach, and income capitalization approach. Each approach assumes valuation of the property at the property's highest and best use. From the indications of these analyses, an opinion of value is reached based upon expert judgment within the outline of the appraisal process.

## **SITE VALUATION**

The site value is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that a site value is developed. Within the Site Valuation section, the subject is valued as one marketable economic site using a sales comparison approach.

## **COST APPROACH**

The cost approach considers the cost to replace the improvements, less accrued depreciation, plus the market value of the land. The cost approach is based on the understanding that market participants relate value to cost. The value of the property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation in the structure from all causes. Profit for coordination by the entrepreneur is included in the value indication.

The Cost Approach is used to value the site and building improvements.

## **SALES COMPARISON APPROACH**

The sales comparison approach estimates value based on what other purchasers and sellers in the market have agreed to as price for comparable properties. This approach is based upon the principle of substitution, which states that the limits of prices, rents, and rates tend to be set by the prevailing prices, rents, and rates of equally desirable substitutes. In conducting the sales comparison approach, I gather data on reasonably substitutable properties and adjust for transactional and property characteristics. The resulting adjusted prices lead to an estimate of the price one might expect to realize upon sale of the property.

The Sales Comparison Approach for the improved property is not a specific scope requirement of this assignment. There are limited improved sales which are similar to the subject and for these reasons this valuation technique is not developed. Based on this, the Sales Comparison Approach is not presented within this appraisal.

## **INCOME CAPITALIZATION APPROACH**

The income capitalization approach ("income approach") simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income developed in the analysis is the balance of potential rental income remaining after vacancy and collection loss, and operating expenses. This net rental income is then capitalized at an appropriate rate to derive an estimate of value. Thus, two key steps are involved: (1) estimating the net rental income applicable to the subject and (2) choosing appropriate capitalization rates. The appropriate rates are ones that will provide both a return on the investment and a return of the investment over the life of the particular property.

The Income Approach is not a scope requirement for this assignment. The subject property type is not typically analyzed on an income basis by buyers and sellers, reducing the applicability of this valuation technique. Therefore, the Income Approach is not developed.

**CORRELATION AND CONCLUSION**

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Land Sales Comparison and Cost approaches. The values presented represent the As-Is Market Value Before Acquisition (Fee Simple), As-Is Market Value After Acquisition (Fee Simple), and Difference in Market Value (Fee Simple).

Additional value scenarios presented subsequent to the Analysis of Value Conclusions include: Temporary Easement and Difference In Market Value & Easement.

## SITE VALUATION BEFORE THE ACQUISITION

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### **INTRODUCTION**

This section values the subject site by comparing it with substitute land sales or listings within the local market area or in competitive areas throughout the region. Land value is influenced by a number of factors; most notably development and use potential. These factors, as well as others, are factored in the following analysis.

### **UNIT OF COMPARISON**

The most relevant unit of comparison for competing special purpose land is the \$/Acres. All of the comparable sales presented in this section were reported on this basis.

### **COMPARABLE SELECTION**

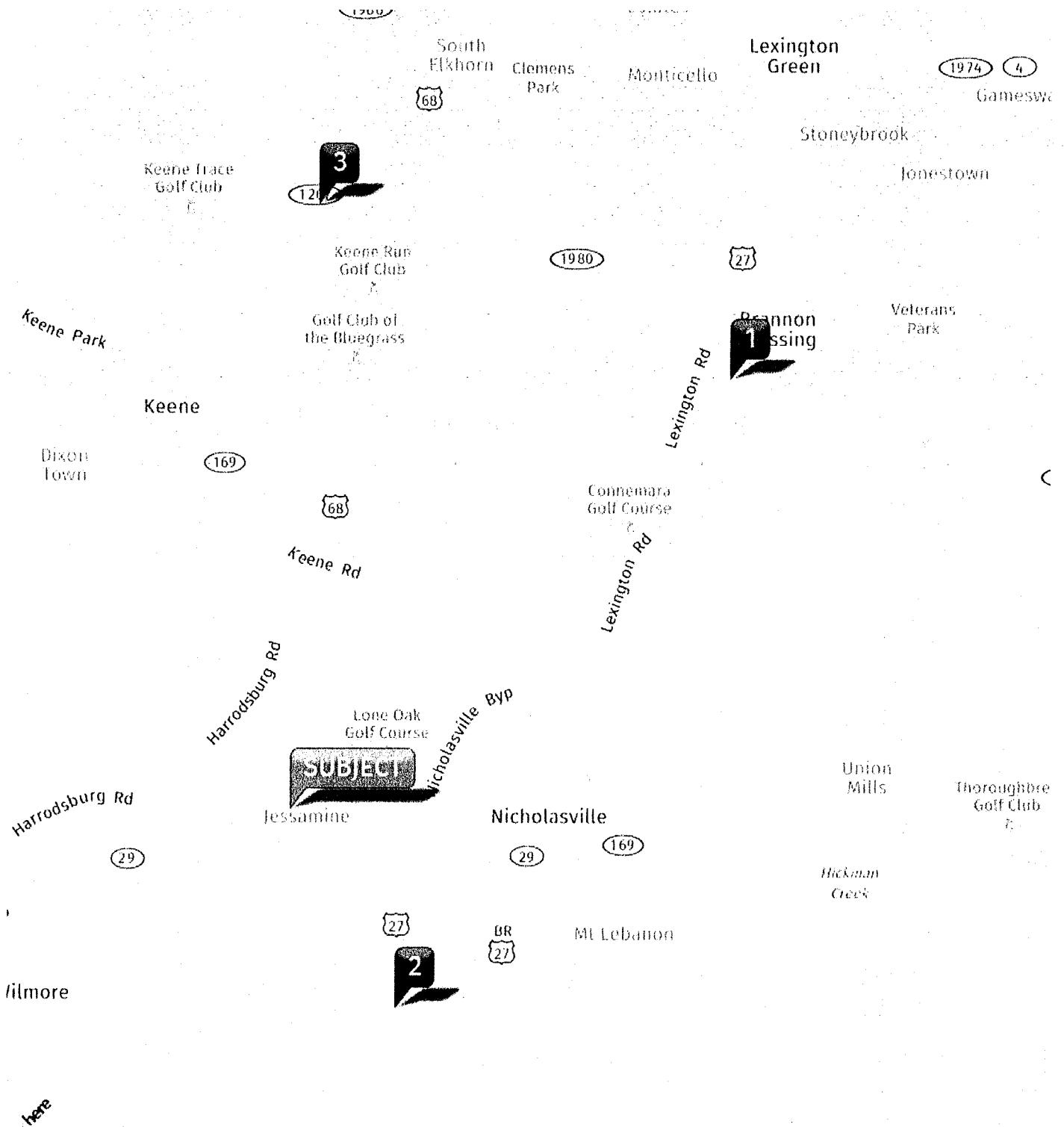
A thorough search was made for similar land sales in the area. The parameters of the survey were highest and best use, zoning, proximity to the subject, size, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of sites that are like the subject property in terms of location and physical characteristics. Overall, the sales used represent the best comparable available for this analysis.

### **PRESENTATION**

The following Land Sales Comparison location map, details and comparison table summarizes the sales data. Following these items, the sales are adjusted for applicable elements of comparison and the site value is concluded.

# SITE VALUATION BEFORE THE ACQUISITION

(CONTINUED)



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	1071 Ashgrove Road, Nicholasville, KY, 40356	6.0
COMPARABLE 2	2	2045-2121 Shun Pike, Nicholasville, KY, 40356	2.2
COMPARABLE 3	3	Keene - S. Elkhorn Road, Nicholasville, KY, 40356	5.9

**LAND SALE EXHIBITS**

**1071 Ashgrove Road**

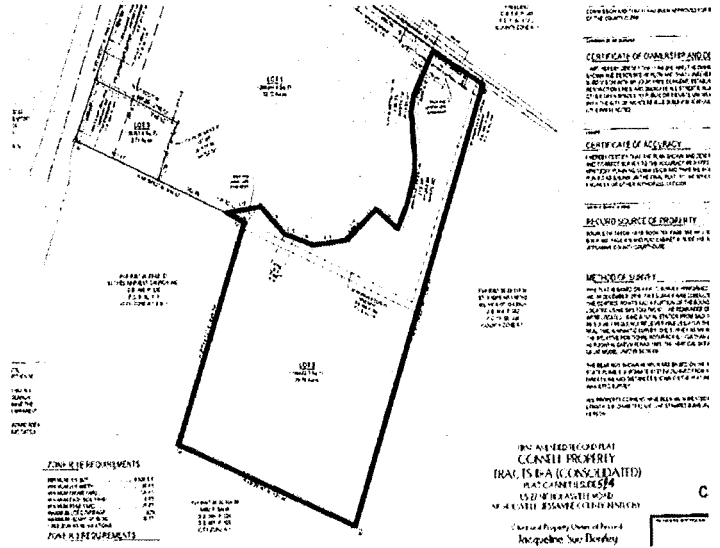
Comparable 1

**Sale Information**

Buyer	G3 Land Development, LLC	
Seller	Jacqueline Sue Bentley	
Sale Date	1/4/2018	
Transaction Status	Recorded	
Sale Price	\$828,000	\$30,919 /AC
Analysis Price	\$828,000	\$30,919 /AC
Recording Number	770/256	
Rights Transferred	Fee Simple	

**Property**

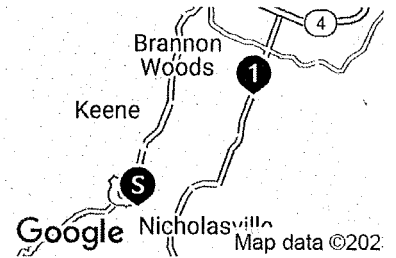
Land Area	26.78 Acres (1,166,537 SF)
Number of Parcels	1
Zoning	R-1E



1071 Ashgrove Road  
Nicholasville, KY 40356

County  
Jessamine

APN  
067-00-00-020.00



**Confirmation**

Company Deed, PVA

**Remarks**

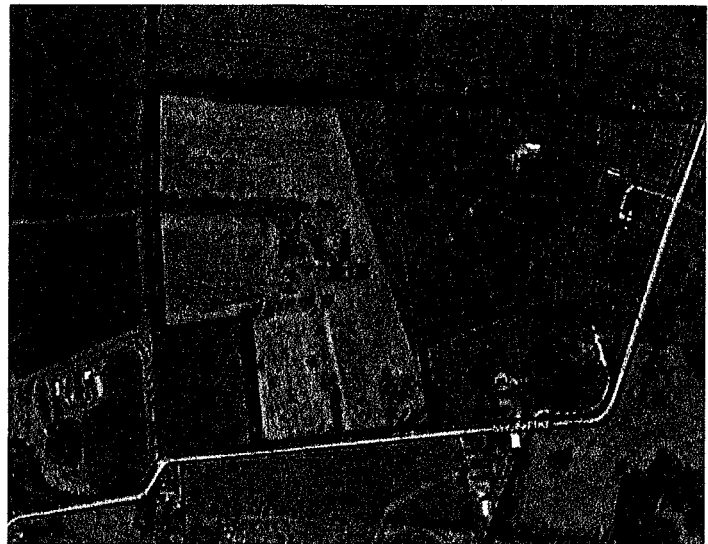
A portion of the larger "Ashgrove Commons" development. Phase 1 will include a total of 312 apartments and 98 single family homes on 60 acres. This tract represents the single family portion.

2045-2121 Shun Pike

Comparable 2

Sale Information

Buyer	Perdue Environmental Contracting Company, Inc	
Seller	Lloyd B. and Peggy D. Watkins	
Sale Date	12/18/2020	
Transaction Status	Recorded	
Sale Price	\$1,048,080	\$22,000 /AC
Analysis Price	\$1,048,080	\$22,000 /AC
Recording Number	818-733	
Rights Transferred	Fee Simple	
Financing	Conventional	
Conditions of Sale	Arm's Length	



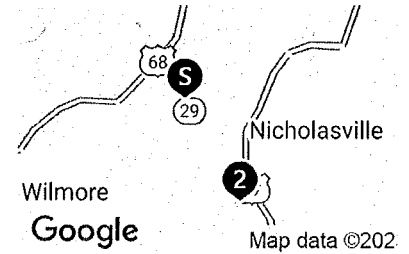
Property

Land Area	47.64 Acres (2,075,198 SF)
Number of Parcels	1
Zoning	R-1D
Shape	Irregular
Topography	Rolling
Proposed Land Use	Single Family Development
Utilities	All buy Sewers (To be extended)
Flood Zones	No Flood Zones

2045-2121 Shun Pike  
Nicholasville, KY 40356

County  
Jessamine

APN  
047-00-00-022.00 and 023.00



Confirmation

Name	Scottie Perdue
Company	Perdue Environmental Contracting Company, Inc
Phone Number	859-221-1758
Affiliation	Buyer
Date	12/4/2020

Remarks

Property does not currently have sanitary sewers. Buyer will have to either construct a pump station or obtain easement from adjacent Jasper property to achieve a gravity fed line. Byer estimated cost of easement at \$100,000. If not, the cost of a new pump station is in the range of \$250,000 to \$300,000.

**Equestrian Estates Phase II**

Comparable 3

**Sale Information**

Buyer	Danny McQueen, LLC	
Seller	Harry McChesney, IV	
Sale Date	11/20/2019	
Transaction Status	Recorded	
Sale Price	\$1,544,400	\$45,000 /AC
Analysis Price	\$1,544,400	\$45,000 /AC
Recording Number	801/265	
Rights Transferred	Fee Simple	
Conditions of Sale	Arm's Length	



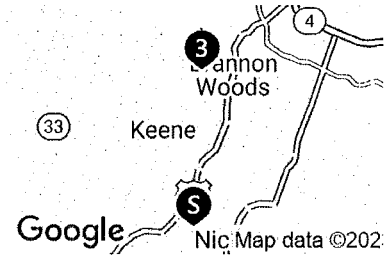
**Property**

Land Area	34.32 Acres (1,494,979 SF)
Number of Parcels	1
Zoning	R-1
Shape	Irregular
Topography	Rolling
Utilities	All Conventional

Keene - S. Elkhorn Road  
Nicholasville, KY 40356

County  
Jessamine

APN  
042-00-00-001.26



**Confirmation**

Name	Jeff Orberson
Affiliation	Buyer
Date	10/18/2021

**Remarks**

Approved for 13 lots ranging in size from 1.46 to 4.19 Acres.

LAND SALES COMPARISON TABLE				
SUBJECT	COMP 1	COMP 2	COMP 3	
Name	2101 Wilmore Road	1071 Ashgrove Road	2045-2121 Shun Pike	Equestrian Estates Phase II
Address	2101 Wilmore Rd	1071 Ashgrove Road	2045-2121 Shun Pike	Keene - S. Elkhorn Road
City	Nicholasville	Nicholasville	Nicholasville	Nicholasville
State	KY	KY	KY	KY
Zip	40356	40356	40356	40356
County	Jessamine	Jessamine	Jessamine	Jessamine
Submarket	West Jessamine County	Jessamine	Jessamine	Jessamine
Parcel	034-00-00-015.00	067-00-00-020.00	047-00-00-022.00 and 023.00	042-00-00-001.26

SALE INFORMATION						
Transaction Price		\$828,000		\$1,048,080		\$1,544,400
Property Rights <sup>1</sup>		Fee Simple		Fee Simple		Fee Simple
Financing <sup>2</sup>		Conventional		Conventional		Conventional
Sale Conditions <sup>3</sup>		Arm's Length		Arm's Length		Arm's Length
Expenditures After Sale <sup>4</sup>		\$0		\$0		\$0
Market Conditions <sup>5</sup>		1/4/2018 11%		12/18/2020 5%		11/20/2019 7%
Sale Status		Recorded		Recorded		Recorded
Recording Number		770/256		818-733		801/265
Marketing Status		Open Market		Off Market		Open Market
Total Transactional Adjustments		\$3,292 11%		\$1,042 5%		\$3,102 7%
<b>Adjusted \$/Acres</b>		<b>\$34,211</b>		<b>\$23,042</b>		<b>\$48,102</b>

PHYSICAL INFORMATION						
Acres	37.0500	26.7800		47.6400		34.3200
Location	Very Good	Average 15%		Below Average 20%		Very Good
Access	Average	Average		Average		Average
Exposure	Very Good	Very Good		Average 15%		Very Good
Shape	Irregular	Irregular		Irregular		Irregular
Zoning	R1-A	R-1E		R-1D		R-1
Topography	Level	Level to Rolling		Rolling 5%		Level to Rolling
Total Physical Adjustments		\$5,132 15%		\$9,217 40%		\$0 0%
<b>Adjusted \$/Acres</b>		<b>\$39,343</b>		<b>\$32,259</b>		<b>\$48,102</b>

CONFIRMATION INFORMATION			
Company	Deed, PVA	Contracting Company,	Confidential
Name	Confidential	Scottie Perdue	Jeff Orberon
Affiliation	Confidential	Buyer	Buyer
Phone	Confidential	859-221-1758	Confidential
Date	Confidential	12/4/2020	10/18/2021



## ADJUSTMENTS

Adjustments to the comparable sales were considered and made when warranted for expenditures after purchase, property rights transferred, conditions of sale, financing terms, and market conditions.

1. **Property Rights** - All of the sale comparables were fee simple reflecting the property rights appraised herein per the agreed upon scope of work.
2. **Financing** - The sales all reflected typical cash equivalent, lender-financed transactions and no adjustments were required for financing terms.
3. **Sale Conditions** - None of the comparables required a condition of sale adjustment, as all were confirmed to be arm's length transactions.
4. **Expenditures After Sale** - Expenses that the buyer incurs after purchase (demolition, cleanup costs, etc.). No adjustments are warranted based on review of the land sales.
5. **Market Conditions (Time)** - Based on research and interpretation of value trends, the analysis applies an upward market conditions adjustment of 2% annually.

## QUANTITATIVE ADJUSTMENT PROCESS

Quantitative percentage adjustments are also made for location and physical characteristics such as size, location quality, access, exposure, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. The adjustment process is meant to illustrate the logic in deriving a value opinion for the subject property by the Land Sales Comparison Approach.

## LAND SALES ADJUSTMENT DISCUSSION

The comparable land sales indicate an overall unadjusted value range from \$22,000/Acre to \$45,000/Acre, and average of \$32,640/Acre. After adjustments, the comparables indicate a narrower range for the subject site between \$32,259/Acre and \$48,102/Acre with an average of \$39,901/Acre. The adjustment process is described below.

**Land Sale 1 (\$39,343/Acre Adjusted)** – - A portion of the larger "Ashgrove Commons" development. Phase 1 will include a total of 312 apartments and 98 single family homes on 60 acres. This tract represents the single family portion.

This sale is in Northern Jessamine County near Brannon Crossings. Sale is of similar size, access/exposure, shape, zoning, and topography but inferior in location warranting an upward adjustment of 15%. Overall, it is inferior to the subject.

**Land Sale 2 (\$32,259/Acre Adjusted)** – - Property does not currently have sanitary sewers. Buyer will have to either construct a pump station or obtain easement from adjacent Jasper property to achieve a gravity fed line. The buyer estimated cost of easement at \$100,000. If not, the cost of a new pump station is in the range of \$250,000 to \$300,000.

This sale is in southern Jessamine County south of the bypass. Sale is similar in size, access, shape, zoning, and topography but inferior in location and exposure as the southern side of the County is less developed. It is adjusted upward 20% for location and 15% for exposure.

**Land Sale 3 (\$48,102/Acre Adjusted)** – Approved for 13 lots ranging in size from 1.46 to 4.19 Acres. -

This sale is located just off Harrodsburg Road in Northern Jessamine County and is near 2 golf courses with one being private and the other being public. This sale is like the subject with no adjustment warranted.

**LAND VALUE CONCLUSION**

The comparables indicate a unit value, based on a general bracketing analysis, between \$32,259/Acre and \$48,102/Acre. Based on the subject's overall locational and physical features, a unit value conclusion of \$48,000.00/Acre is supported. The following table summarizes the comparable land sales analysis and applies the unit value conclusion to the site area to provide an indication of the as-vacant land value.

<b>LAND SALES COMPARISON APPROACH CONCLUSION (ACRES)</b>							
TRANSACTION	PRICE	ADJUSTMENT			FINAL	NET	GROSS
		TRANSACTIONAL <sup>1</sup>	ADJUSTED	PROPERTY <sup>2</sup>		ADJ	ADJ
1	\$30,919	11%	\$34,211	15%	\$39,343	27%	26%
2	\$22,000	5%	\$23,042	40%	\$32,259	47%	45%
3	\$45,000	7%	\$48,102	0%	\$48,102	7%	7%
HIGH	\$45,000	11%	\$48,102	40%	\$48,102	47%	45%
AVG	\$32,640	7%	\$35,118	18%	\$39,901	27%	26%
MED	\$30,919	7%	\$34,211	15%	\$39,343	27%	26%
LOW	\$22,000	5%	\$23,042	0%	\$32,259	7%	7%
		SUBJECT ACRES		\$/ACRE		VALUE	
Total Land Area		35.54	x	\$48,000.00	=	\$1,705,920	
INDICATED VALUE (ROUNDED)				\$47,999		\$1,705,900	

<sup>1</sup>Cumulative <sup>2</sup>Additive

# COST APPROACH BEFORE THE ACQUISITION

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## INTRODUCTION

This approach is based on the principle of substitution, using the cost to construct a similar property as a reasonable alternative. Unless stated otherwise, the subject value is estimated based on a replacement cost analysis, which is consistent with this principle and defined by the 14<sup>th</sup> Edition of the Appraisal of Real Estate as: *The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.* The elements of cost are addressed in this section.

## COST ESTIMATES

To estimate the improvement cost for the subject, the *Marshall Valuation Service is utilized.* .

## MARSHALL & SWIFT® VALUATION SERVICE (MVS)

The estimated cost to construct a similar facility includes construction materials, labor, construction interest, permits, average government fees, average architect's and engineering fees, sales tax, and contractor's overhead and profit.

## DIRECT COSTS

Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Examples include building permits, materials, labor, equipment, security, temporary structures and storage facilities, transportation costs, utility installation and service costs, contractor's profit and overhead and performance bonds<sup>3</sup>.

## INDIRECT COSTS

These costs are expenditures for items other than labor and materials that are necessary for construction but are not typically part of the construction contract (also known as soft costs). Indirect costs represent (a) real property taxes (and direct assessments, if any), (b) professional fees, (c) permanent financing fees, (d) insurance expenses, (e) lease-up costs, (f) marketing and (g) contractor's overhead/contingency. Indirect costs in the market for similar commercial projects ranges 4 to 10% In this case we have relied upon 5%..

## ENTREPRENEURIAL PROFIT

Entrepreneurial profit and overhead compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. Based on information provided by developers of similar commercial projects, profit is typically based on a percentage of the replacement costs and land value, generally 5% to 15%, depending upon project size, location, and marketability. An entrepreneurial profit and overhead allocation of 0% of land and improvements would be typical in a stable market where market rents are more in line with economic rents.

## DEPRECIATION

From the replacement cost new, a dollar amount of depreciation may be deducted. There are three types of depreciation: physical, functional, and economic. Physical depreciation is the result of physical wear and tear on the improvements. Functional obsolescence is the result of design or physical problems which reduce the income-producing ability or desirability of the subject property. Economic obsolescence is the result of outside

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<sup>3</sup> The Appraisal of Real Estate, 14<sup>th</sup> Edition, Appraisal Institute, Chicago, 2013.

# COST APPROACH BEFORE THE ACQUISITION

(CONTINUED)

influences (economic and neighborhood) which decrease the value of the property. The subject improvements show typical levels of depreciation for their age with no observed functional or economic depreciation.

## SITE IMPROVEMENTS

The following is a summary of the site improvements, quantity, cost new, effective age, economic life and their depreciated contributory value. Located under the special improvements considers the baseball and softball fields, football stadium, and tennis courts.

SITE IMPROVEMENTS								
SITE COMPONENT	SIZE/QTY	TYPE	\$/UNIT	EFF. AGE	ECON. LIFE	COST NEW	DEPRECIATED %	DEPRECIATED VALUE
Asphalt Paving	190,000	LF	\$6.00	3	11	\$1,140,000	27%	\$829,091
Landscaping	1	LS	\$800,000.00	3	10	\$800,000	30%	\$560,000
Signs	1	LS	\$25,000.00	3	12	\$25,000	25%	\$18,750
Special Improvements	1	LS	\$25,000,000.00	5	15	\$25,000,000	33%	\$16,666,667
Fencing	2,000	LF	\$25.00	8	15	\$50,000	53%	\$23,333
Light Poles	20	EA	\$1,500.00	5	20	\$30,000	25%	\$22,500
<b>TOTAL</b>								<b>\$18,074,508</b>

## COST APPROACH CONCLUSION

The Cost Approach analysis and conclusion are presented in the following table.

COST APPROACH SUMMARY				
REPLACEMENT COST (CURRENT CONSTRUCTION COST)				
SECTION	AREA		COST	TOTAL
School	163,543 SF	@	\$261.25	\$42,725,609
<b>Total Direct Building Costs</b>	<b>163,543 SF</b>	<b>@</b>	<b>\$261.25</b>	<b>\$42,725,609</b>
Indirect Costs			5.0%	\$2,136,280
<b>Subtotal</b>			<b>\$274.31/SF</b>	<b>\$44,861,889</b>
Construction Loan Fees & Interest				\$2,349,908
<b>Total</b>				<b>\$47,211,798</b>
<b>Total Replacement Cost New</b>				<b>\$47,211,798</b>
Less: Depreciation	<u>Actual Age</u>	<u>Effective Age</u>	<u>Economic Life</u>	<u>Depreciation</u>
Less: Physical Deterioration	63 years	15 years	45 years	17.00%
Less: Functional Obsolescence				0.00%
Less: External Obsolescence				0.00%
Total Depreciated Building Value				\$39,185,792
Site Improvements				\$18,074,508
Fee Simple Site Value Opinion				\$1,705,900
Total Estimated Cost of Improvements & Land Value				\$58,966,200
<b>INDICATED VALUE (ROUNDED)</b>			<b>\$360.55</b>	<b>\$58,966,000</b>

## RECONCILIATION

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Land Sales Comparison and Cost approaches. The values presented represent the As-Is Market Value Before Acquisition (Fee Simple), As-Is Market Value After Acquisition (Fee Simple), and Difference in Market Value (Fee Simple).

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Below, the individual strengths and weaknesses of each approach are analyzed.

As previously discussed, the **Cost Approach** was used to provide an opinion of value for the building and site improvements. The site improvements contribution and value of the overall property by the cost approach is summarized as follows;

After considering all factors relevant to the valuation of the subject property, the As-Is market value before the acquisition is as follows.

RECONCILIATION OF VALUES	
VALUATION SCENARIOS	AS-IS MARKET VALUE BEFORE ACQUISITION
Interest	Fee Simple
Date	April 28, 2023
LAND VALUE	
LAND CONCLUSION	\$1,705,900
COST APPROACH	
COST CONCLUSION	\$58,966,000
FINAL VALUE CONCLUSION	
FINAL VALUE CONCLUSION	\$58,966,000

A summary of the property after the acquisition is as follows;

### DESCRIPTION OF THE ACQUISITION

The proposed acquisition consists of 57,175 square feet or 1.310 acres of fee simple right of way, and 34,340 square feet or 1.264 acre of temporary easement. After the acquisition the subject property consists of one remainders and totals 1,490,947 square feet and 34.230 acre.

The proposed right of way boundary begins at station 50+20 along the southwestern property boundary of Cooks Lane and inset 2+/- lf and runs east until reaching station 61+40 and turning north for 20+/- lf then east for 165+/- lf, and, southeast for 72+/- lf before heading east and crossing the existing property boundary. Improvements acquired consisted of 2,800 square feet of paving and 2 light poles. Highest and Best Use remains as a school.

The marquee school sign is marked as Do Not Disturb.

### SITE DESCRIPTION

The description of the remaining site is as follows;

The subject site consists of one parcel and has 1,490,947 SF (34.23 AC) of land area after the acquisition. The size of the site area was based on the plans provided by the client. There is no surplus or excess land. If a professional survey is provided, then precise measurements may be available. Unless otherwise noted, the usable site area has been utilized herein. The following summaries the salient characteristics of the subject site.

<b>Address</b>	2101 Wilmore Rd, Nicholasville, Kentucky.	
<b>Census Tract</b>	05-143-011006	
<b>Number of Parcels</b>	1	
<b>Assessor Parcel</b>	034-00-00-015.00	
<b>Land Area</b>	Square Feet	Acres
Economic Unit (Primary) Site Size	1,490,947	34.23
Usable Site Size	1,490,947	34.23
<b>Total Land Area</b>	1,490,947	34.23
<b>Excess/Surplus Land</b>	No	
<b>Corner</b>	No	
<b>Site Topography</b>	Level At street grade	
<b>Site Shape</b>	Irregular	
<b>Site Grade</b>	At street grade	
<b>Site Quality</b>	Average	
<b>Site Access</b>	Average	
<b>Site Exposure</b>	Very Good	
<b>Site Utility</b>	Average	
<b>Utilities</b>	All available	

### Adjacent Properties

North	Agricultural/Residential
South	Agricultural/Residential
East	Agricultural/Residential
West	Agricultural/Residential

**Accessibility** Access to the subject site is considered average overall.

**STREET & TRAFFIC DETAIL**

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
Wilmore Rd	Major arterial	Two-Way	2	x		x	x				
<b>Frontage</b>											
Wilmore Rd	1,950 LF										

**Exposure & Visibility** Exposure of the subject is average balancing the frontage on Wilmore Rd.

**Flood Plain** Zone X (Unshaded). This is referenced by Panel Number 21113C0065D, dated December 21, 2017. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance of floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

**Easements** A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.

**Soils** A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

**Hazardous Waste** We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

**Site Rating** Overall, the subject site is considered a good special purpose site in terms of its location, exposure and access to employment, education and shopping, recognizing its location along a major arterial.

**Site Improvements** The site improvements are listed as follows;

## SITE IMPROVEMENTS

SITE COMPONENT	SIZE/QTY	TYPE	\$/UNIT	EFF. AGE	ECON. LIFE	COST NEW	DEPRECATED %	DEPRECATED VALUE
Asphalt Paving	187,200	LF	\$6.00	3	11	\$1,123,200	27%	\$816,873
Landscaping	1	LS	\$799,500.00	3	10	\$799,500	30%	\$559,650
Signs	1	LS	\$25,000.00	3	12	\$25,000	25%	\$18,750
Special Improvements	1	LS	\$25,000,000.00	5	15	\$25,000,000	33%	\$16,666,667
Fencing	2,000	LF	\$25.00	8	15	\$50,000	53%	\$23,333
Light Poles	18	EA	\$1,500.00	5	20	\$27,000	25%	\$20,250
<b>TOTAL</b>								<b>\$18,061,939</b>

## IMPROVEMENT DESCRIPTION

The information presented below is a description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

The subject property, located at 2101 Wilmore Rd, Nicholasville, KY, is a Class C building, and is currently used as a High School (West Jessamine High). The building is 2 story with 163,543 sf which includes office, classrooms, and gym. The school was constructed in the 1950's but was recently remodeled. The site has good frontage and exposure along Wilmore Road and is located within the city limits of Nicholasville. The site is zoned R1-A. Also located on the property are athletic complex (baseball, football, and softball).

<b>Property Type</b>	Special Purpose - Special Purpose
<b>Tenancy</b>	Single-Tenant Owner-Occupied
<b>Net Rentable Area (NRA)</b>	163,543
<b>Gross Building Area (GBA)</b>	163,543
<b>Total Buildings</b>	1
<b>Floors</b>	2
<b>Year Built</b>	1960 (Renovated 2020)
<b>Age/Life Analysis</b>	
Actual Age	63
Effective Age	15
Economic Life	45
Remaining Useful Life	30
<b>Overall Building Quality</b>	Average
<b>Overall Building Condition</b>	Average
<b>Overall Building Appeal</b>	Average
<b>Land to Building Ratio</b>	9.87 : 1
<b>Site Coverage Ratio</b>	.00% (Based On Total Overall Site Area)
<b>Total Parking Spaces</b>	400 - Surface spaces
<b>Parking Ratio</b>	2.4 / 1,000 SF NRA

**Size** The gross building area (GBA) is taken from information provided by the property owner.



**HIGHEST AND BEST USE ANALYSIS**

The highest and best use of the subject property provides the foundation for the valuation section. Highest and best use is defined in the 6<sup>th</sup> edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2015), as follows:

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

Highest and best use analysis uses the following steps for the subject:

- ▶ Highest & Best Use As Vacant
- ▶ Determination of the ideal improvements
- ▶ Highest & Best Use As Improved
- ▶ Conclusion of the Highest & Best Use

The analysis of highest and best use can be thought of as the logical end of a spectrum of market analysis procedures, running from the macroeconomic overview of a general market study, through more detailed marketability studies and analyses of financial feasibility, to the formal analysis of highest and best use. In theory, the highest and best use is commonly described as that reasonable and most profitable use that will support its highest present value. The highest and best use, or most profitable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

This section develops the highest and best use of the subject property As-Vacant and As Improved.

**AS VACANT ANALYSIS**

In this section the highest and best use of the subject as-vacant is concluded after taking into consideration financial feasibility, maximal productivity, marketability, legal, and physical factors.

**Legally Permissible**

Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The legal factors influencing the highest and best use of the subject site are primarily government regulations such as zoning ordinances. Permitted uses of the subject's Single Family Residential (R1-A) include single family residence, parks and playgrounds, planned unit development for residential use. Conditional uses consist of nursery schools, schools and colleges, churches, hospitals to name a few. Zoning change is not likely; therefore, uses outside of those permitted by the R1-A zoning are not considered moving forward in the as-vacant analysis.

**Physical Possible**

The test of what is physically possible for the subject site considers physical and locational characteristics that influence its highest and best use. In terms of physical features, the subject site totals 34.23-acres, it is irregular in shape and has a level topography. The site has average exposure and average overall access. There are no physical limitations that would prohibit development of any of the by-right uses on the site.

**Financial Feasibility**

Based on the analysis of the subject's market and an examination of costs, a newly constructed building similar to the subject would likely have a value commensurate with its cost; however, a speculative build is not prudent, and the site should only be developed for an identified user.

**Maximum Productivity**

There is only one use that creates value and at the same time conforms to the requirements of the first three tests. Financial feasibility, maximal productivity, marketability, legal, and physical factors have been considered and the highest and best use of the subject site as-vacant concluded to be school/residential development.

**AS IMPROVED ANALYSIS**

The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject's improvements were constructed in 1960 and are a legal, conforming use. The physical and location characteristics of the subject improvements have been previously discussed in this report. The project is of average quality construction and in average condition, with adequate site coverage and parking ratios. Therefore, the property as improved, meets the physical and location criteria as the highest and best use of the property.

In addition to legal and physical considerations, analysis of the subject property as-improved requires consideration of alternative uses. The five possible alternative treatments of the property are demolition (not warranted as the improvements contribute value to the site), expansion (not warranted, no excess or surplus land), renovation (not warranted), conversion (not applicable), and continued use "as-is".

Among the five alternative uses, school campus use is the Highest and Best Use of the subject As Improved.

# SITE VALUATION AFTER THE ACQUISITION

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## **INTRODUCTION**

This section values the subject site by comparing it with substitute land sales or listings within the local market area or in competitive areas throughout the region. Land value is influenced by a number of factors; most notably development and use potential. These factors, as well as others, are factored in the following analysis.

## **UNIT OF COMPARISON**

The most relevant unit of comparison for competing special purpose land is the \$/Acres. All of the comparable sales presented in this section were reported on this basis.

## **COMPARABLE SELECTION**

A thorough search was made for similar land sales in the area. The parameters of the survey were highest and best use, zoning, proximity to the subject, size, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of sites that are like the subject property in terms of location and physical characteristics. Overall, the sales used represent the best comparable available for this analysis.

## **PRESENTATION**

As the sales used in the before are also applicable in the after, reference is made to the before value section for transaction details. The following comparison table summarizes the sales data. After, the sales are adjusted for applicable elements of comparison and the site value is concluded.

**LAND SALES COMPARISON TABLE**

SUBJECT	COMP 1	COMP 2	COMP 3	
Name	2101 Wilmore Road	1071 Ashgrove Road	2045-2121 Shun Pike	Equestrian Estates Phase II
Address	2101 Wilmore Rd	1071 Ashgrove Road	2045-2121 Shun Pike	Keene - S. Elkhorn Road
City	Nicholasville	Nicholasville	Nicholasville	Nicholasville
State	KY	KY	KY	KY
Zip	40356	40356	40356	40356
County	Jessamine	Jessamine	Jessamine	Jessamine
Submarket	West Jessamine County	Jessamine	Jessamine	Jessamine
Parcel	034-00-00-015.00	067-00-00-020.00	047-00-00-022.00 and 023.00	042-00-00-001.26

**SALE INFORMATION**

Transaction Price	\$828,000	\$1,048,080	\$1,544,400
Property Rights <sup>1</sup>	Fee Simple	Fee Simple	Fee Simple
Financing <sup>2</sup>	Conventional	Conventional	Conventional
Sale Conditions <sup>3</sup>	Arm's Length	Arm's Length	Arm's Length
Expenditures After Sale <sup>4</sup>	\$0	\$0	\$0
Market Conditions <sup>5</sup>	1/4/2018 11%	12/18/2020 5%	11/20/2019 7%
Sale Status	Recorded	Recorded	Recorded
Recording Number	770/256	818-733	801/265
Marketing Status	Open Market	Off Market	Open Market
Total Transactional Adjustments	\$3,292 11%	\$1,042 5%	\$3,102 7%
<b>Adjusted \$/Acres</b>	<b>\$34,211</b>	<b>\$23,042</b>	<b>\$48,102</b>

**PHYSICAL INFORMATION**

Acres	37.0500	26.7800	47.6400	34.3200
Location	Very Good	Average 15%	Below Average 20%	Very Good
Access	Average	Average	Average	Average
Exposure	Very Good	Very Good	Average 15%	Very Good
Shape	Irregular	Irregular	Irregular	Irregular
Zoning	R1-A	R-1E	R-1D	R-1
Topography	Level	Level to Rolling	Rolling 5%	Level to Rolling
Total Physical Adjustments	\$5,132 15%	\$9,217 40%	\$0 0%	
<b>Adjusted \$/Acres</b>	<b>\$39,343</b>	<b>\$32,259</b>	<b>\$48,102</b>	

**CONFIRMATION INFORMATION**

Company	Deed, PVA	Contracting Company,	Confidential
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Affiliation	Confidential	Buyer	Buyer
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Adjustments to the comparable sales were considered and made when warranted for expenditures after purchase, property rights transferred, conditions of sale, financing terms, and market conditions.

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## LAND SALES ADJUSTMENT DISCUSSION

The comparable land sales indicate an overall unadjusted value range from \$22,000/Acre to \$45,000/Acre, and average of \$32,640/Acre. After adjustments, the comparables indicate a narrower range for the subject site between \$32,259/Acre and \$48,102/Acre with an average of \$39,901/Acre. The adjustment process is described below.

**Land Sale 1 (\$39,343/Acre Adjusted)** – A portion of the larger "Ashgrove Commons" development. Phase 1 will include a total of 312 apartments and 98 single family homes on 60 acres. This tract represents the single family portion.

This sale is in Northern Jessamine County near Brannon Crossings. Sale is of similar size, access/exposure, shape, zoning, and topography but inferior in location warranting an upward adjustment of 15%. Overall, it is inferior to the subject.

**Land Sale 2 (\$32,259/Acre Adjusted)** – Property does not currently have sanitary sewers. Buyer will have to either construct a pump station or obtain easement from adjacent Jasper property to achieve a gravity fed line. The buyer estimated cost of easement at \$100,000. If not, the cost of a new pump station is in the range of \$250,000 to \$300,000.

This sale is in southern Jessamine County south of the bypass. Sale is similar in size, access, shape, zoning, and topography but inferior in location and exposure as the southern side of the County is less developed. It is adjusted upward 20% for location and 15% for exposure.

**Land Sale 3 (\$48,102/Acre Adjusted)** – Approved for 13 lots ranging in size from 1.46 to 4.19 Acres. -

This sale is located just off Harrodsburg Road in Northern Jessamine County and is near 2 golf courses with one being private and the other being public. This sale is like the subject with no adjustment warranted.

**LAND VALUE CONCLUSION**

The comparables indicate a unit value, based on a general bracketing analysis, between \$32,259/Acre and \$48,102/Acre. Based on the subject's overall locational and physical features, a unit value conclusion of \$48,000.00/Acre is supported. The following table summarizes the comparable land sales analysis and applies the unit value conclusion to the site area to provide an indication of the as-vacant land value.

<b>LAND SALES COMPARISON APPROACH CONCLUSION (ACRES)</b>							
<b>TRANSACTION</b>		<b>ADJUSTMENT</b>				<b>NET</b>	<b>GROSS</b>
	<b>PRICE</b>	<b>TRANSACTIONAL<sup>1</sup></b>	<b>ADJUSTED</b>	<b>PROPERTY<sup>2</sup></b>	<b>FINAL</b>	<b>ADJ</b>	<b>ADJ</b>
1	\$30,919	11%	\$34,211	15%	\$39,343	27%	26%
2	\$22,000	5%	\$23,042	40%	\$32,259	47%	45%
3	\$45,000	7%	\$48,102	0%	\$48,102	7%	7%
<i>HIGH</i>	<i>\$45,000</i>	<i>11%</i>	<i>\$48,102</i>	<i>40%</i>	<i>\$48,102</i>	<i>47%</i>	<i>45%</i>
<i>AVG</i>	<i>\$32,640</i>	<i>7%</i>	<i>\$35,118</i>	<i>18%</i>	<i>\$39,901</i>	<i>27%</i>	<i>26%</i>
<i>MED</i>	<i>\$30,919</i>	<i>7%</i>	<i>\$34,211</i>	<i>15%</i>	<i>\$39,343</i>	<i>27%</i>	<i>26%</i>
<i>LOW</i>	<i>\$22,000</i>	<i>5%</i>	<i>\$23,042</i>	<i>0%</i>	<i>\$32,259</i>	<i>7%</i>	<i>7%</i>
		<b>SUBJECT ACRES</b>		<b>\$/ACRE</b>		<b>VALUE</b>	
Total Land Area		34.23	x	\$48,000.00	=	\$1,643,040	
<b>INDICATED VALUE (ROUNDED)</b>						<b>\$47,999</b>	
						<b>\$1,643,000</b>	

<sup>1</sup>Cumulative <sup>2</sup>Additive

# COST APPROACH AFTER THE ACQUISITION

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## INTRODUCTION

This approach is based on the principle of substitution, using the cost to construct a similar property as a reasonable alternative. Unless stated otherwise, the subject value is estimated based on a replacement cost analysis, which is consistent with this principle and defined by the 14<sup>th</sup> Edition of the Appraisal of Real Estate as: *The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.* The elements of cost are addressed in this section.

## COST ESTIMATES

To estimate the improvement cost for the subject, the *Marshall Valuation Service is utilized.* .

## MARSHALL & SWIFT® VALUATION SERVICE (MVS)

The estimated cost to construct a similar facility includes construction materials, labor, construction interest, permits, average government fees, average architect's and engineering fees, sales tax, and contractor's overhead and profit.

## DIRECT COSTS

Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Examples include building permits, materials, labor, equipment, security, temporary structures and storage facilities, transportation costs, utility installation and service costs, contractor's profit and overhead and performance bonds<sup>4</sup>.

## DEPRECIATION

From the replacement cost new, a dollar amount of depreciation may be deducted. There are three types of depreciation: physical, functional, and economic. Physical depreciation is the result of physical wear and tear on the improvements. Functional obsolescence is the result of design or physical problems which reduce the income-producing ability or desirability of the subject property. Economic obsolescence is the result of outside influences (economic and neighborhood) which decrease the value of the property. The subject improvements show typical levels of depreciation for their age with no observed functional or economic depreciation.

## SITE IMPROVEMENTS

The following is a summary of the site improvements, quantity, cost new, effective age, economic life and their depreciated contributory value;

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<sup>4</sup> The Appraisal of Real Estate, 14<sup>th</sup> Edition, Appraisal Institute, Chicago, 2013.

**SITE IMPROVEMENTS**

SITE COMPONENT	SIZE/QTY	TYPE	\$/UNIT	EFF. AGE	ECON. LIFE	COST NEW	DEPRECIATED %	DEPRECIATED VALUE
Asphalt Paving	187,200	LF	\$6.00	3	11	\$1,123,200	27%	\$816,873
Landscaping	1	LS	\$799,500.00	3	10	\$799,500	30%	\$559,650
Signs	1	LS	\$25,000.00	3	12	\$25,000	25%	\$18,750
Special Improvements	1	LS	\$25,000,000.00	5	15	\$25,000,000	33%	\$16,666,667
Fencing	2,000	LF	\$25.00	8	15	\$50,000	53%	\$23,333
Light Poles	18	EA	\$1,500.00	5	20	\$27,000	25%	\$20,250
<b>TOTAL</b>								<b>\$18,061,939</b>

**COST APPROACH CONCLUSION**

The Cost Approach analysis and conclusion are presented in the following table.

**COST APPROACH SUMMARY**

REPLACEMENT COST (CURRENT CONSTRUCTION COST)

SECTION	AREA		COST	TOTAL
School	163,543 SF	@	\$261.25	\$42,725,609
<b>Total Direct Building Costs</b>	<b>163,543 SF</b>	<b>@</b>	<b>\$261.25</b>	<b>\$42,725,609</b>
Indirect Costs			5.0%	\$2,136,280
<b>Subtotal</b>			<b>\$274.31/SF</b>	<b>\$44,861,889</b>
Construction Loan Fees & Interest				\$2,349,908
<b>Total</b>				<b>\$47,211,798</b>
<b>Total Replacement Cost New</b>				<b>\$47,211,798</b>
Less: Depreciation	<u>Actual Age</u>	<u>Effective Age</u>	<u>Economic Life</u>	<u>Depreciation</u>
Less: Physical Deterioration	63 years	15 years	45 years	17.00%
Less: Functional Obsolescence				0.00%
Less: External Obsolescence				0.00%
Total Depreciated Building Value				\$39,185,792
Site Improvements				\$18,061,939
Fee Simple Site Value Opinion				\$1,643,000
Total Estimated Cost of Improvements & Land Value				\$58,890,731
<b>INDICATED VALUE (ROUNDED)</b>			<b>\$360.09</b>	<b>\$58,891,000</b>



## RECONCILIATION OF VALUE CONCLUSIONS AFTER THE ACQUISITION

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Land Sales Comparison and Cost approaches. The values presented represent the As-Is Market Value Before Acquisition (Fee Simple), As-Is Market Value After Acquisition (Fee Simple), and Difference in Market Value (Fee Simple).

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Below, the individual strengths and weaknesses of each approach are analyzed.

As previously discussed, the **Cost Approach** was used to provide an opinion of value for the building and site improvements. The site improvements contribution and value of the overall property by the cost approach is summarized as follows;

After considering all factors relevant to the valuation of the subject property, the As-Is market value before, after, difference in market value and compensation for the temporary easement is as follows.

VALUE CONCLUSION			
VALUATION SCENARIOS	AS-IS MARKET VALUE BEFORE ACQUISITION	AS-IS MARKET VALUE AFTER ACQUISITION	DIFFERENCE IN MARKET VALUE
Interest	Fee Simple	Fee Simple	Fee Simple
Date	April 28, 2023	April 28, 2023	April 28, 2023
Site Value	\$1,705,900	\$1,643,000	-
Cost Approach	\$58,966,000	\$58,891,000	\$75,000
Sales Comparison Approach	Not Presented	-	-
Income Capitalization Approach	Not Presented	-	-
<b>FINAL VALUE CONCLUSION</b>	<b>\$58,966,000</b>	<b>\$58,891,000</b>	<b>\$75,000</b>
ADDITIONAL CONCLUSIONS			
Temporary Easement	\$7,600		
<b>DIFFERENCE IN MARKET VALUE &amp; EASEMENT</b>	<b>\$82,600</b>		

## TEMPORARY EASEMENT VALUATION

An easement is defined by the Dictionary of Real Estate Appraisal, Appraisal Institute, as:

An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right-of-way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements."

The proper method of estimating the compensation for a temporary easement is set forth in COMMONWEALTH OF KENTUCKY DEPARTMENT OF HIGHWAYS Appellant. vs Ina C. Goetz Nantz. et al. Ky. 421 S.W.2d 579. Basically, the Court said that the easement compensation is to be based on the difference between the rental value of the entire property immediately before the imposition of the easement and the rental value of the entire property during the construction period. Both estimates assume public improvement is in place.

The 34,340 square feet of temporary easement is for road and side slope construction along with entrance construction along Wilmore Road. The easement begins along the southwestern property boundary along Cooks Lane and runs east while paralleling Wilmore Road then at station 66+20 it turns and runs north for 155+/- lf then turns and runs in southeastern direction for 85+/- lf before turning south for 160+/- lf and connecting into the existing right of way boundary along Wilmore Road. A portion of the asphalt paving is located within the proposed easement along with a portion of the chain link fence which will be relocated as part of the project. The easement will be in place during construction and then will revert back to the property owner. Compensation is calculated as follows;

TEMPORARY EASEMENTS					
LAND CLASS	AREA (SF) X	UNIT PRICE X	MARKET RENT % X	TERM =	AMOUNT
Commercial	34,340	\$1.10	10%	2	\$7,554.80
TOTAL	0				\$7,554.80
<b>TOTAL ROUND</b>					<b>\$7,600.00</b>

In the above-referenced case, the court does not specify gross or net rent. However, since any loss to the landowner would be the net income lost, this procedure will be followed in the analysis. Based on this the value of the temporary easement is \$7,600.

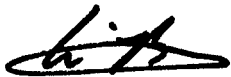
## CERTIFICATION

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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 of the signer are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signer of this report 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.
- ▶ William L. Berkley has performed no services, specifically 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.
- ▶ The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ 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.
- ▶ The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- ▶ William L. Berkley inspected the property that is the subject of this report.
- ▶ Greg Richardson provided significant real property appraisal assistance to the appraisers signing the certification including inspection, data collection, analysis and report writing.

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, William L. Berkley has completed the continuing education requirements for the Appraisal Institute.



William L. Berkley  
Certified General Real Estate Appraiser  
Kentucky License No. 721  
Expiration Date 6/30/2023

## ASSUMPTIONS & LIMITING CONDITIONS

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- ▶ Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- ▶ This analysis assumes that the information provided for this appraisal accurately reflect the current condition of the subject property.
- ▶ This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- ▶ The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
- ▶ The statements of value and all conclusions shall apply as of the dates shown herein.
- ▶ There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- ▶ Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the company with which the appraiser is connected.
- ▶ This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- ▶ We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- ▶ The appraisal has provided exhibits to assist the client(s)/intended user(s) to understand from a graphical standpoint some of the salient issues which impact the subject property. We have made no survey of the property and if further verification is required, a survey by a registered surveyor is advised.
- ▶ The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- ▶ The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- ▶ **The liability of Bluegrass Valuation Group, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is provided to anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.**
- ▶ The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Bluegrass Valuation Group and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- ▶ The appraiser assumes no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA). Bluegrass Valuation Group, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance.
- ▶ This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- ▶ Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions

**QUALIFICATIONS OF THE APPRAISER**

William L. Berkley, Jr.

**Professional Affiliations:**

- General Certification - Kentucky Real Estate Appraisers Board No.721.
- Appraisal Institute.  
Candidate No: M90-0111.  
Past Treasurer & Secretary - Bluegrass Chapter of Appraisal Institute
- Licensed Real Estate Broker in the State of Kentucky
- Member of the International Right of Way Association

**Education:**

- Graduated: University of Kentucky,  
BS in Business Administration, Finance Major.  
Courses include Real Estate Principles, Real Estate Finance, Independent Study in Real Estate, Statistical Inference, Statistical Probability.
- Graduated: Lexington Community College,  
Associate of Applied Science, Real Estate Major.  
Courses include Real Estate Appraisal, Real Estate Principles, Real Estate Marketing I & II, Real Estate Law, Real Estate Finance, Real Estate Investment, Real Estate Property Management.
- Course work through the Appraisal Institute: Real Estate Appraisal Principles, Capitalization A, Capitalization B, Advanced Applications, Report Writing and Valuation Analysis, Uniform Standards of Professional Practice, Fundamentals of Rural Appraisal.
- Seminars through the Appraisal Institute: Uniform Standards for Federal Land Acquisition, USPAP Update, Site to Do Business, Attacking & Defending an Appraisal for Litigation, Appraisal Practices for Litigation, Easement Valuation, Subdivision Analysis, Understanding Limited Appraisals, Highest and Best Use Analysis, Dynamics of Office Building Valuation, Money Market, Appraising From Blueprints and Specifications, Reviewing Appraisals, Evaluating Residential Construction, Survey Research Techniques, Appraising Troubled Properties, Applied Sales Comparison Approach, Appraisal Regulations of the Federal Banking Agencies, Farm Valuation, Accrued Depreciation, Cash Equivalency, Rates, Ratios & Reasonableness.

**Experience:**

Full time career in appraising commercial, industrial, multi-family, subdivisions, easement, condemnation, conservation easements, farm, and multi-family residential properties. Owner and manager of investment property. Commissioner Lexington Fayette Urban County Planning Commission 2011-2019.

**RECENT APPRAISAL CLIENTS:**Financial Institutions:

Traditional Bank, Republic Bank, Fifth Third Bank, Traditional Bank, BB&T, City National Bank, PNC Bank, Huntington National Bank, Bank of Kentucky, Heritage Bank, Central Bank & Trust Company, Bank One (JP Morgan Chase). Non-bank lender clients include; Law firm of White, Peck & Carrington; Law firm of Greenbaum, Doll & McDonald; Law Firm of Stoll, Keenon & Park; Law Firm of Wethington, Hurt & Crosby; Law Firm of McBrayer, McGinnis & Kirkland; Law firm of Deters, Benzinger & Lavelle; Law Firm of Adams, Stepner, Woltermann & Dusing.

Governmental, Utilities, & Railroads:

Commonwealth of Kentucky Department of Transportation - Right of Way and Legal Departments, Tennessee Valley Authority (TVA), Commonwealth of Kentucky Real Property Division, Columbia Gas of Kentucky, Kentucky American Water Company, East Kentucky Power Cooperative, Kentucky Utilities Company, Sanitation District No.1, CSX Real Property, Norfolk Southern Railroad, United States Postal Service, General Services Administration, University of Kentucky, Morehead State University, Northern Kentucky University, Eastern Kentucky University, Lexington Fayette Urban County Government, Lexington Fayette County Airport Board.

**APPRAISED FOR:**

Full Range of Commercial Properties, Multi-Family Residential, Subdivision Development, General and Horse Farms, Condemnation cases for both Plaintiff and Defendant, Tax & Divorce Cases, Gas, Water & Electric Utility Companies, Kentucky Department of Highway Projects, Conservation Easements, Partition of Real Property, Urban Renewal, and Major Industrial Properties.

**QUALIFIED AS EXPERT IN REAL ESTATE VALUES:**

Federal Bankruptcy Court Eastern Division State of Kentucky. Testified in Bankruptcy Court.

Qualified as Expert Witness in Circuit Court. Testified in condemnation and damage proceedings.

Review Appraiser Status – Commonwealth of Kentucky