



ILLINOIS HEARTLAND LIBRARY SYSTEM



FY2015

(JULY 2014-JUNE 2015)

ANNUAL REPORT



FY2015 Library System Annual Report Components
 23 ILAC 3030.270 (Multitype System)
ILLINOIS HEARTLAND LIBRARY SYSTEM

ILLINOIS STATE LIBRARY
 FY2015 Library System Annual Report Cover Sheet
 23 ILAC 3030.270 (Multitype System)

1. Narrative Report

1.1 Narrative report containing an evaluative description of the system's activities and accomplishments for the year in light of the library system standards for core services specified in 23 ILAC 3030.215 and referring to the activities proposed in the FY2015 System Area and Per Capita Grant application.

2. Financial Report

- 2.1 FY2015 System Audit
- 2.2 System Member Fees and Revenue
- 2.3 System Non-Member Fees and Revenue
- 2.4 Fund Balances
- 2.5 Description of Intended Use of Existing Fund Balances
- 2.6 Outstanding Liabilities/Encumbrances
- 2.7 Capital Expenditures in Excess of \$5,000
- 2.8 Loans, Letters of Credit or Grant Anticipation Warrants
- 2.9 Treasurer's Surety Bond
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3. Attachments

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 - 3.1.3 Continuing Education/Training
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3.4 General

- 3.4.1 Summary Appraisal of System Real Estate
- 3.4.2 Facilities Review that outlines steps taken in FY2015 to reduce facilities and centralize operations

4. LLSAP Annual Reports

- 4.1 Appendix F of the zILLANE Study

Library System: Illinois Heartland

Date Reviewed: September 29, 2015

Signed: *Deborah Sloan*
 Board President

Leticia H. Bednar
 Executive Director



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1.1 FY2015 Narrative Report

IHLS in FY2015: Established, Experienced and Engaged

In the business world a new organization requires approximately four years to fully mature. The four fiscal cycles are necessary to grow and adapt systems, culture and a true sense of purpose. As a newly created organization merged from four former organizations in FY2011, the Illinois Heartland Library System (IHLS) began with a solid foundation and a purpose to provide the core services supporting library resource sharing for its 500+ member libraries. The following years witnessed a conscious effort at building financial reserves while realigning staff resources to support a new structure for the system's merged resource sharing group SHARE (Sharing Heartland's Available Resources Equally). As we reflect on our fourth year, IHLS presents our challenges and accomplishments as an established organization. This maturation period has allowed us to better develop services and programs to fit the needs of our member libraries and changing technology has played a major role in our ability to better serve our members.

The most effective way for the Illinois Heartland Library System to report on what has been achieved during FY2015 is to align those achievements to our plan of service.

This narrative and other parts of the annual report will provide the reviewers with requested data. Salaries, miles driven, materials circulated and books downloaded are all part of this report. Perhaps this brief introduction can supply the anecdotal information that tells the story behind the numbers.

Completing our fourth year as an organization, IHLS continues to grow in many positive ways:

- In FY2015, work began on a Long-Range Plan. After three years of formation, this has been the next significant step in the growth of IHLS. Even in challenging financial times, this look to the future is a positive and will further direct the use of public funds.
- The expansion of the Local Library System Automation Project (LLSAP) is most gratifying. Seeing this kind of opportunity offered to libraries in many of our smallest communities means that the playing field is made more level for a significant portion of Illinois residents.
- It's all about collaboration and IHLS demonstrates that on many levels:
 - Work across departments is the norm, rather than the exception. SHARE, Operations and Information Technology (IT) work hand-in-hand to provide efficient services to membership. A Communications Team is made up of representatives



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from diverse working groups within the system. Managers and Directors make concerted efforts to ensure co-workers are informed.

- Whether it is a conversation with colleagues throughout the state about delivery, certification, resource sharing or digitization projects, IHLS is always enthusiastic about having a seat at the table.
- Communication is the name of the game. It is very apparent that necessary and efficient communication is a top priority for our members. IHLS continuously evaluates effective methods of communication.
- The ability for system staff to spend more time in the field and in reality, meet members where they are is a plus. Whether it is a staff member participating in a networking event or conducting a site visit with an individual agency, the response received on a regular basis is: "We're so glad you're here!" From the staff side, a site visit is an assessment tool that can't be matched by a phone call or online form.
- There are people behind the numbers and activities reported in this document. The "good news" is that it is apparent from the page who is sorting books to the members of the Executive Team that these are people who care about what they do, the quality of their work and the success of the organization in carrying out its mission.

PRIORITY: RESOURCE SHARING

Goal I: Provide an innovative resource discovery, sharing and delivery system

Objective A: Encourage Resource Sharing

- The IHLS Membership Director and SHARE Director met with numerous library directors and boards to review the requirements for resource sharing and the available options for libraries to conduct resource sharing, recognizing the fact that not all libraries can afford to join the LLSAP, nor is it appropriate to meet the borrowing needs of all libraries' patrons.
- During FY15, sixteen IHLS member libraries made the decision to join SHARE, the local library automation consortium.
- IHLS staff provided training to libraries participating in the OCLC group contract, assisting those libraries for the change to WorldShare ILL.



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Objective B: Provide a framework for members to participate in a state-of-the-art integrated library system

A significant advancement in library automation for many IHLS members occurred in the last four years thanks to the Four Cs of cooperation, consideration, collaboration and communication. In FY2012, our first year as a merged organization, there were four separate LLSAPs, each with a separate automation platform and accompanying maintenance agreements. The combined information services costs (generally associated with LLSAP operations and features) in FY2012 were approximately \$495K. Assuming a modest 3% for the next three years, the total in FY2015 would be near \$540K.

Once the merger was complete member leaders and IHLS staff initiated the process of bringing all four groups together to form a single LLSAP. They next looked for an ILS vendor to provide a single platform solution complete with patron features that separate LLSAPs could not provide. Polaris Library Systems was the selected product and near the end of FY2013, the combined database was live. Information service costs in FY2015 were approximately \$183K, a \$358K reduction had the four organizations remained static. LLSAP membership became more achievable as fees in many cases were reduced or remained constant.

Further encouragement to participate in the LLSAP came from a most generous grant from the Illinois Secretary of State and the Illinois State Library (ISL). Affectionately nicknamed the DREAM Grant, the project provides equipment, training, migration fees and member support and to date has encouraged 61 IHLS member libraries to choose LLSAP membership. Considering that these are small and often rural public and school libraries who formerly had either stand-alone or no library automation system, the number of added libraries speaks to the project's demand in our service area:

With Dieterich being a rural community, a small community, we have no public library. We have to provide that [service] for our kids. Through SHARE and the Dream Grant, we are now able to provide those things. Mary Richards, Dieterich CU #30

Additional LLSAP activities in FY2015 include:

- SHARE staff provided training on how to effectively use the integrated library system (ILS) for member libraries. These training sessions included barcoding in Polaris, searching and matching in Polaris, basic circulation, advanced circulation, and reports. In total, 213 continuing education events were presented in FY2015, representing 5,076



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total hours of instruction for 2,091 member library staff.

- SHARE and IT staff maintained a help desk ticketing program, allowing member library staff to request and receive assistance related to the ILS. In FY2015, a little more than 400 member library staff logged approximately 1,900 requests for information via the help desk, with an overall time to resolve technical concerns of 3.2 hours.
- SHARE staff conducted regularly scheduled meetings--both in-person and using electronic forums--with member library staff, to answer questions, provide assistance, and to provide a venue for sharing ideas.
- IHLS staff and SHARE leadership continue to review the cost sharing formula for SHARE members, especially as it relates to the SHARE budget and provision of services to those members. As a result, a minimal increase (from \$100 to \$150) in the Member Fee was approved by both the governing body and the membership for fiscal years 2016 and 2017. No other changes were made in the fee formulas.
- As a result of a two-year grant generously provided by the Illinois Secretary of State and the Illinois State Library, officially known as Growing Resource Sharing in IHLS through Growing SHARE Membership,
 - 202 of the 227 public libraries in IHLS are full or transitional members of SHARE.
 - Of the remaining 25 public libraries, 13 are affiliate members of SHARE. Affiliate members have no automation program, and are given a single patron account in the ILS in order to borrow materials from SHARE libraries.
 - The remaining 12 public libraries have single ILL patron accounts in the ILS, and order materials from SHARE libraries through WorldShare.
 - Seven additional school libraries (representing four school districts) signed agreements to join SHARE during FY2015. Of the 240 school districts that are members of IHLS, 104 districts are represented within the SHARE membership, serving 132 unique school buildings.
- eRead Illinois, a two-year grant generously provided by the Illinois Secretary of State and the Illinois State Library, allowed the patrons from 193 SHARE member libraries (representing 160 agencies) to borrow from a collection of 13,550 eBooks and 867 e-audiobooks. As a grant shared with Reaching Across Illinois Library System (RAILS), the project was implemented based on automation needs in both library systems. IHLS chose the 3M Cloud Library for its compatibility with Polaris.
 - Circulation for the fiscal year was 120,374 titles, with slightly more than 10,000 items per month or 2,500 items circulated per week.

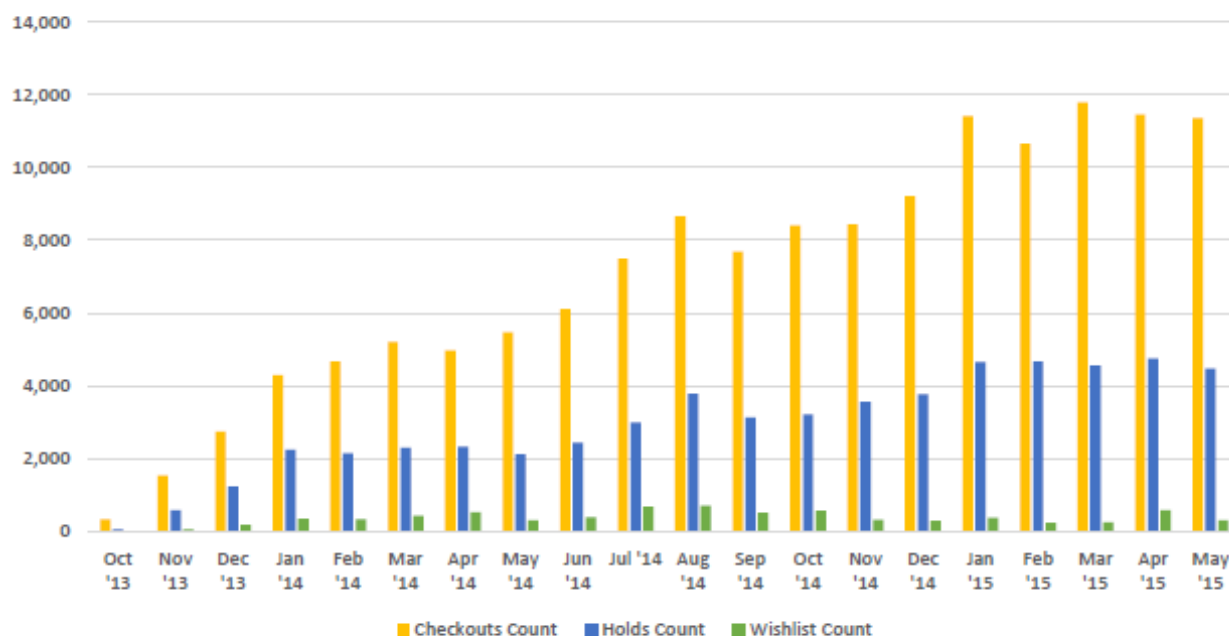


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- In January of 2014 the 3M Cloud Library shared collection had 4,286 check outs, in January of 2015 that number had increased by 38% to 11,413.
- In 2015, 96 library staff members attended in-person and virtual trainings sessions covering 3M Cloud Library Basics and Device usage.
- See below for details on collection utilization and patron activity for the eRead Illinois grant implementation at IHLS.

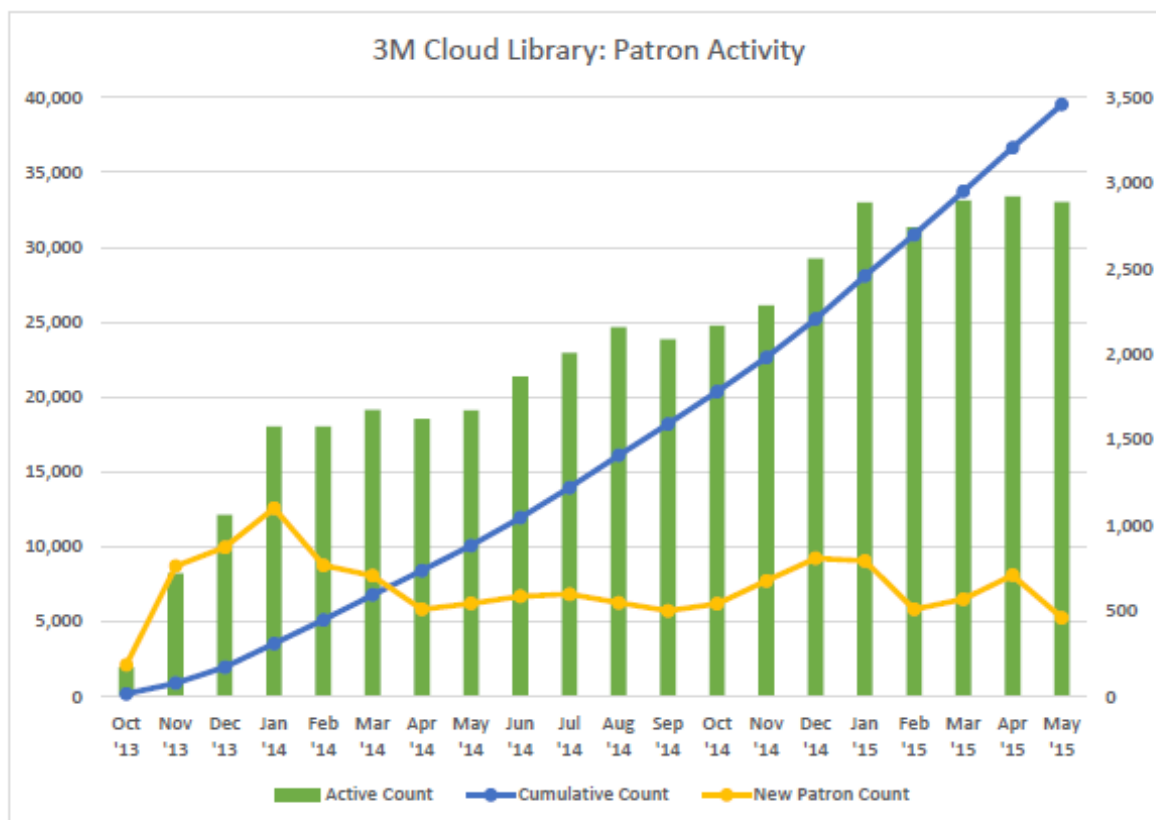
3M Cloud Library: Collection Utilization





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- 218 SHARE member libraries took advantage of group purchase opportunities for electronic resources. In FY2015, 218 libraries purchased 294 electronic resources, including the 3M Cloud, Zinio, OverDrive, Gale, Wowbrary, and Ebsco. In the prior year, 192 libraries purchased 305 electronic resources. Electronic resources as a group purchase for member libraries is a very fluid service and the benefit of the service to members is occasionally overshadowed by the challenges of negotiating with multiple vendors who do not fully comprehend multitype library needs.

Objective C: Ensure the integrity of bibliographic records

- IHLS staff cataloged 12,242 items for SHARE member libraries, 2172 "retrocon" cataloging, and 838 items through the CMC for Illinois libraries.



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- 8360 bibliographic records were merged, 2193 non-OCLC bibliographic records corrected, and over 9000 item records corrected in the SHARE database, increasing the ease of use for database users, library patrons and staff alike.
- In FY2015 Bibliographic Services staff provided two types of training to SHARE member library staff: online cataloging training sessions which are interactive, recorded and reposted for later viewing; and traditional hands-on classes on topics in cataloging, barcoding, serials, acquisitions and reports. The effort made to improve database usability through more informed member technical services staff is noteworthy. 2,892 total contact hours were provided to a total of 1,058 attendees:
 - 8 cataloging training sessions provided 1,322 contact hours and averaged 82 attendees per session
 - 85 traditional training sessions provided 1,570 contact hours over the year to a total of 497 attendees

Objective D: Operate Cataloging Maintenance Centers of behalf of libraries in Illinois

- As part of a digitization grant supported by the Illinois Secretary of State and the Illinois State Library, a metadata cataloger was added to the CMC during the fiscal year. Project activities included working with grant recipients on creating metadata for historical collections, including prison records at the State Archives, images and notes from the Chicago Botanical Garden Library and sermon recordings from the Lombard Meadville Seminary.
- Local Resource, Description and Access (RDA) (the accepted new format for bibliographic access) training was provided to LLSAP staff from RAILS and IHLS and was well received. In fact, following the training, attendees determined to call an annual meeting for discussion of cataloging issues that are unique to library consortia in the state.
- CMC staff continue to participate in NACO—a program in which participants contribute authority records for personal, corporate, and jurisdictional names; uniform titles; and series headings to the Library of Congress/NACO Authority File for more accurate bibliographic search results. Program participants are required to receive in-depth initial training as well as ongoing training and review. In FY2015, 163 NACO authority records were created by CMC staff, increasing access to materials by little known authors. In order to increase access to series, 287 local series authority records were created and added to corresponding OCLC records.



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Goal 2: Provide a sustainable delivery system that provides the best service possible for Illinois libraries and their users.

The LLSAP merger had a definite impact on delivery operations which have evolved in our first four years as an equal partner in our resource sharing environment. From four separate locations with four distinct operations and methods, IHLS utilized the best practices of all and developed a delivery mechanism that would accommodate the significant volume increase caused by the merged automation system. Now providing delivery out of three hubs, we have eliminated some administrative overhead to realize a small cost savings. Delivery managers at all locations take advantage of communications technology to meet weekly and ensure standardization across all delivery hubs. The department initiated an internal newsletter to better inform drivers of changes in processes and to keep current on IHLS happenings system wide.

The delivery and LLSAP relationship continues with an additional reliance on the Polaris software. All member libraries are zoned, or on a particular route regardless of their level of delivery frequency. In FY2015 we beta tested a new reporting capability in Polaris that will enable IHLS to develop daily delivery routes based upon library need. Using this “smart” delivery approach, a library can receive up to five day/week delivery if library materials need to be routed to or from them. This method moves library resources to users in a slightly faster way without the unnecessary expense of a scheduled five day/week delivery exchanging tubs of “air.”

The evolution of our delivery service is expected to continue. Delivery staff are often IHLS ambassadors to our 500+ member libraries and we depend on them to provide excellent customer service along with good communication skills. When changes are made system wide we provide drivers with palm cards so they are prepared if questions arise when they make a library delivery. Basic areas of contact and specific personnel are listed on the card along with who to contact. Exceptional delivery service is a key component to our success as an organization:

Hi! I just wanted to write and let you know that I received your Welcome to the IHLS Delivery Service booklet in the delivery today. I LOVE it! Such useful information! Thank you for providing it to us! Jenna Dauer, Smithton Public Library District

Objective A: Ensure that IHLS delivery of library materials is accurate, timely, and meets member library needs.



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Delivery accomplishments in FY2015 include:

- Implementation of a delivery help desk system to provide a single point for member contact for concerns/compliments, and also to identify areas of improvement. The system tracks all entries, and delivery staff can extrapolate data to indicate which members concerns are not being addressed. IHLS partnered with RAILS IT and delivery staff on system development.
- Introduction of a text alert system designed to inform members of delays or cancellations in delivery routes due to weather.
- In FY2015 IHLS purchased five new vans which allowed us to provide our drivers with safe vehicles. The surplus vehicles were sold netting \$12,268 for other uses. In addition, we saved \$7,077 on vehicle insurance by removing the surplus vehicles from the fleet.
- Delivery staff worked to create an automated form for statistics gathering. When completed, the form will reduce data duplication and allow us to automate our statistics.
- Significant delivery route changes in our Champaign and Du Quoin hubs were implemented in FY2015. We combined the routes that were running out of Decatur with the routes that were in Champaign so it was truly one hub. It should be mentioned that route changes require administrative changes in the Polaris software to ensure correct patron request load balancing across all member libraries.
- In FY2015, IHLS delivery services logged nearly 900,000 miles (102 more miles than FY2014) to deliver 3,833,025 items to our member libraries. Weekly, we made over 1,045 stops which was a bit less than FY2014 mainly due to additional Community Delivery Partnerships (CDPs).
- Delivery staff crafted a Welcome to Delivery booklet shared with all member libraries as a handy reference tool when questions regarding delivery arise.

Objective B: Leverage existing delivery resources

IHLS participated on a statewide level to implement delivery standards developed by the Statewide Delivery Committee. Significant progress was achieved through a partnership with the ISL, RAILS, the Consortium of Academic and Research Libraries in Illinois (CARLI) and IHLS, who met routinely regarding implementation methods. We were able to easily agree to a holiday schedule, a scale for volumes determining days of service, a customer help desk for delivery, and a commitment to developing Community Delivery Partnerships. Through many



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discussions, we were able to agree as a state to provide the same level of service statewide. For quarterly delivery counts, IHLS was able to utilize the power of the SHARE Polaris software to gather accurate counts for each SHARE member. This freed up SHARE libraries from having to do the counts manually. Unfortunately, non-SHARE libraries still complete the manual count for the quarterly counts. The statewide delivery partnership additionally explored a potential resource sharing agreement with MOBIUS, a primarily academic library consortium located in Missouri.

PRIORITY: ILLINOIS MACHINE SUBLENDING AGENCY

In FY15 IMSA provided patrons of the Illinois Network of Talking Books and Braille Service with 4,325 machines, including: This represents an increase of 550 machines since FY14.

Cassette Books Machines: 210
Standard Digital Machines: 1,138
Advanced Digital Machines: 1,856

IMSA Staff assisted 149 Illinois patrons with access to books from Braille and Audio Reading Download (BARD)

IMSA represented the Illinois Network of Talking Book and Braille Services (IL TBBS) at the DuQuoin State Fair, one Women's Health Conference, three Senior Health Fairs, and one IHLS Member's Day. Both Machine Clerks and the Patron Services Coordinator traveled to Springfield to participate in NLS and TBBS orientation. The IMSA Manager and Patron Services Coordinator attended the KLAS Users Conference in Oklahoma City, Oklahoma, as well as the NLS Midlands Conference in Indianapolis, Indiana. The Manager and one Machine Clerk traveled to Washington, D.C. for the NLS orientation, and an extra day was spent to attend a machine repair workshop. The Patron Services Coordinator also participated in the Parents of Children with Vision Loss Conference in Mt. Vernon, Illinois.

PRIORITY: PROVIDE TIMELY AND PERTINENT INFORMATION TO MEMBER LIBRIARIES

Objective A: Provide various mechanisms to ensure good communications with member libraries and partners



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As a service organization, IHLS has a singular focus on meeting and anticipating our members' needs. Unfortunately, we have witnessed situations in the last four years where we are unable to impact members in a positive and sustaining manner. Our smallest, most poorly funded public libraries may not be able to remain viable, which would remove a necessary public resource from those communities. Due to funding challenges, many school districts have staffed their libraries with paraprofessionals with little knowledge of the Illinois Library Community and scant continuing education support to serve their patrons. We have improved library services in many communities via the DREAM grant and upon conclusion of that project will continue to connect libraries and their communities with 21st century opportunities.

Targeted membership activities in FY2015 include:

- Site visits conducted with 111 member libraries, focusing on public, school and special libraries. The agenda for our visits was twofold: to meet and orient new public library directors and visit with library directors, boards and school administrators regarding the DREAM grant opportunity.
- IHLS hosted its first annual Member Day in October 2014 to provide no cost continuing education and networking opportunities for members (a small fee was assessed for lunch). Presentations included legal and administrative topics, library programming and technology. Several vendors participated as well as IHLS services including the CMC, Talking Books and Delivery. Based on feedback from the nearly 150 attendees our staff have improved the event scheduled for 2015.

The challenge to communicate clearly and effectively is ongoing. IHLS is continuously trying to improve methods of external and internal communication and also to ensure that stakeholders receive the information that they need for the work at hand. With our very large service area and hundreds of member libraries it is sometimes a daunting prospect to reach all members via their preferred mode of communication. We have experimented with a variety of electronic communication tools in the last four years and are pleased with member response:

Kathy, Thank you very much for posting this to the Listserve. I had contacted [our attorney] for help with our FOIA responses but your link helped me format the information. It was a very much appreciated helping hand! Joan Rhoades, Vespaian Warner Public Library, Clinton

It has become abundantly clear from the IHLS membership that nothing takes the place of in-person networking opportunities. Those opportunities have presented themselves through the year in many different ways. A very concerted effort was made to talk personally with all public



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libraries without a discoverable collection about the benefits of participating in the DREAM grant. System staff participated in a wide variety of networking meetings and were consistently met with a response in the order of: "It's so good to have you here!" As libraries prepared to join SHARE, staff was there to walk them through the process.

Since communication is a two-way street, it should also be noted here that as part of the long-range planning process, input was solicited in a variety of formats from staff and membership. That input made it abundantly apparent that clear communication and regular connection are of the upmost value to the IHLS membership and staff.

The IT staff has done fine work to enable IHLS staff to communicate efficiently and additional communication channels in FY2015 include:

- Voice-Mail messages which also transfer into IHLS e-mail accounts and can be accessed via smart phone.
- Skype for Business used for internal staff meetings.
- Rained Out Text Messaging Service implemented by the Operations Directors which allows stakeholders to receive text messages that are concerned mainly with emergency closings due to inclement weather.

The bread and butter tools of IHLS communication include:

Newsletters:

Moving Forward Together
 IHLS Staff Newsletter
 Hub Happenings (for the Operations Staff)
 SHARE News
 eResources Newsletter

Listserves:

IHLS Announce List
 SHARE Directors
 IHLS Exchange

Online Chats:

Connect with Leslie
 Director's Chat
 SHARE IT Chat
 SHARE Cataloging



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SHARE Circulation and Resource Sharing

Member Support:

SHARE Help Desk
Delivery Help Desk
Rained Out (Texting Notification Service)

PRIORITY: ADMINISTRATIVE ACTIVITIES

Objective A: Ensure Financial Accountability

To position its services for member needs and better utilize public funds, IHLS initiated a long range planning project in FY2015. Nancy Bolt & Associates (NB&A) were selected by the IHLS Board of Directors to guide the organization through the process which spans two fiscal years (FY2015 and FY2016). A draft mission, vision and values were established at a board retreat. NB&A utilized these preliminary statements in five focus group sessions held around our service area with member library staff. Based on feedback from the group sessions, IHLS executive staff and NB&A planners developed a comprehensive survey of system services for members and a second survey for system staff. We look forward to the remaining planning initiatives in FY2016 and the opportunity to match the final long range plan with activities in our plan of service.

Our accounting department made significant progress in FY2015 to ensure financial transparency and efficiency:

- A new fund accounting system, Abila MIP Accounting, was purchased after determining the previous accounting system, Open Systems, would not effectively accomplish the fiscal responsibilities of IHLS. A major step forward in this purchase were integrated accounting and payroll systems which eliminated manual journal entries.
- IHLS Chart of Accounts was restructured to mirror the standard set by ISL.
- All accounting functions are centrally performed at the Edwardsville Office.
- IHLS executive staff determined that degreed accounting professionals were needed to staff the department.
- Financial reports prepared for IHLS Board of Directors now contain budget vs actual financial data.
- Several internal controls were put in place to ensure more effective fiscal accountability. Improvements include initial receipt of all U.S. Mail; accounts payable entries reviewed



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after entry by a separate staff member; SHARE staff provide accounting department with billing spreadsheet prior to invoicing for member fees and electronic subscription billing; log sheets for check disbursement; and payroll processed one day earlier to avoid direct deposit delays.

- After consultation with ISL Fiscal Officer, IHLS directed auditors to adjust and restate prior period balances for different funds at the conclusion of the FY2014 financial audit.

Objective B: Employ qualified, professional, accountable staff

As an organization, IHLS has developed innovative methods of service delivery in its first four years. We utilize technology to the fullest degree possible in an effort to reach our members across central and southern Illinois. At the same time, we are in need of additional administrative staff to support internal operations. Working with an inadequate funding mechanism, the decision was made during the merger to put the staffing focus on service positions. We have thoughtfully increased administrative staff, beginning with a change from a part-time to full-time Human Resource Director to focus on staff needs and legal compliance. A handful of additional full-time positions are necessary to balance the workload of staff, remain current with board and legal reports, provide enhanced outreach to membership and to seek additional funding opportunities to better support our member libraries.

In FY2015 Human Resource (HR) projects and activities included:

- Recruiting utilized a variety of resources, including: print ads, websites and job fairs. Positions are always posted on the IHLS website and if appropriate, they are also posted on sites such as Illinois Job Link, Monster, Craig's List, Indeed.com and the Not for Profit Network. If needed, the human resources department also makes use of community job boards, organizational newsletters and church bulletins. In FY2015 HR staff attended 5 job fairs in central and southern Illinois.
- All applicants have a background check (which includes traffic, criminal and civil records), and a reference check. Drivers are also required to have a medical examination. Once on-board, all employees attend orientation on-site or electronically. The IHLS orientation includes a tour of the building with formal introductions to employees as well as a review of IHLS policies, procedures and administrative guidelines. After 90-days, the employee is evaluated and then every quarter the employee meets with his/her supervisor to set and track goals. At the end of the fiscal year, the employee is evaluated on how well they achieved their goals.



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- Managers and Supervisors attended a workshop on employment law and supervision. In addition, all staff are assigned an on-line training module and are required to complete at least 3 courses during the fiscal year. Once a year the staff comes together for a retreat to focus on staff collaboration and customer service.
- IHLS increased its HR support to include a part-time Human Resource Assistant to better serve staff needs.
- On a monthly basis, High 5's are held at each office location. During these sessions employees at each location come together to discuss what they are currently working on in an effort to keep co-workers abreast of what's happening at IHLS. Other initiatives to support staff include social events such as pizza parties, ice cream socials, chili cook offs, baseball ticket give aways, Halloween Costume Party, etc. In addition, a community service drive was held at each location.
- All IHLS staff members are encouraged to be healthy. As a one-time incentive, staff members who exercise at a gym at least six times monthly for two consecutive months and can present verification from their gym, receives a small cash prize. As further encouragement to choose a healthy lifestyle, in FY2015 IHLS sponsored a staff weight loss challenge, and as an organization staff lost a total of over 300 pounds.

IT - Information Technology

While not a singular objective under Administrative Activities, that department supports all facets of the core services in IHLS. The IT department has witnessed significant changes in our first four years as an organization and two projects in particular really stand out. The SHARE migration remains a primary accomplishment, of course, however from an IT perspective, it's taken a while to truly learn how the database functions, its structure and the relational nature of the data. These relationships have allowed IT staff to understand the Polaris ILS and make changes under-the-hood that have produced reports and made it possible to deliver results that the client software, from Polaris, just can not accomplish on its own. IHLS staff had to make Polaris work with 450 member libraries--something it was never designed to do. We run the largest Remote Desktop Protocol (RDP) cloud using Remote App of any Polaris implementation anywhere in the world, including at the headquarters of Innovative Interfaces Inc., the Polaris parent company. On any given day we connect over 2,000 library staffers to Polaris.

Changes that would be simple for other libraries running Polaris can take hours, or even days to accomplish when you're working with 450 libraries. Many of the changes that IT makes for the



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SHARE administrative staff change over 200,000 database records in a single effort. Those changes reflect a physical mouse click for each record a library or SHARE staffer would have had to make. Being comfortable with the SQL database has allowed us to make more of those changes possible.

The second significant accomplishment in the last four years has been our internal communications. In FY2012 when the four library systems merged, we were faced with four phone systems, four email systems, four file sharing systems, and many more duplications. Over the last four years we have accomplished the considerable task of moving all our disparate systems together. One of the key moves was the migration to Office365 in the cloud. Office365 allows tight integration with our network directory structure, allowing employees to use a single password for all their IHLS needs. Computer, email, calendar, and file sharing passwords are all the same, and linked up with Skype for Business, an internal messaging application with video capabilities. All of this integration has also allowed a full telecommuting presence available to our employees wherever they are located. Telecommuting using the unified communications products available to us through Office365, and our telephone system, allow us to receive telephone calls, instant messages, video calls, access to files, and anything else we can do from our desks in a formal office. IT staff can remote control any workstation or server on our network from any location we are working to help eliminate problems our end users are experiencing. There is even a possibility that our partnership with RAILS and using their video server for the Polycom equipment will allow at-home users to participate in video calls remotely. This is a capability we continue to test with our colleagues at RAILS.

While work on Polaris and communications is never complete, the progress we've made over the last four years has been profound. IT continues to put the needs of our member libraries first, while balancing the needs of our teammates at IHLS.

Additional IT accomplishments in FY2015 include:

- The IT team is fully staffed and there is an IT presence at every location. Each IT member has a specialty and shares that responsibility with a backup member of IT. This has proven to be very useful and has allowed members of the team to more easily take much needed vacation time.
- Two major upgrades this year in the video conferencing world included moving to the RAILS video bridge and also upgrading all the video equipment at the Edwardsville location. The move to RAILS has proven to be good for the quality of the calls and reliability of service. The video quality offered by RAILS is considerably better than the



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 23 ILAC 3030.270 (Multitype System)
ILLINOIS HEARTLAND LIBRARY SYSTEM

1.1 FY2015 IHLS Narrative Report

service we were getting from the Central Management Services (CMS) service used previously.

- The IT team helped the SHARE staff prepare the server environment for the new Polaris LEAP product that allows a circulation desk to access SHARE through a web interface instead of a full client. This software is still being evaluated by our libraries, however many of them are already using this as their primary way of circulating books.
- IHLS is wrapping up the first year of service working with an E-Rate consultant and the experience has proven beneficial to the organization. The consultant was able to recover funds from previous years and has worked with the finance department to maximize savings going forward.
- All copiers at IHLS are now under a single contract with XEROX. This move has saved IHLS about \$1,850 per month.
- Since hiring the Web Developer, many improvements have been made to the structure of the website, leading to a more efficient updating process and a better search engine on the website. The staff contact pages have been completely reworked and many staffers now have the ability to change and update areas of the website for which they are responsible.

GOAL II: Partner with the Illinois State Library and other organizations to support statewide services.

Objective A: Maintain the account operation for the ILLINET OCLC grant

Since the last annual report, IHLS has recruited and hired an additional dedicated full-time staff member, Accounts Receivable Coordinator-OCLC, to enhance resource sharing functionality for the Illinet OCLC. Principal activities in FY2015 include:

- Provision of billing and receiving support to a network of approximately 1,400 member libraries statewide.
- While working with ISL staff, process transactional-based and group services invoices and receipts on a monthly, quarterly and annual basis.
- Continued account reconciliation including past due balances.



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1.1 FY2015 IHLS Narrative Report

Objective B: Work cooperatively with ISL, RAILS and other stakeholders to provide excellent library services

- In FY2015, IHLS staff members have worked not only with system members, but with library stakeholders throughout the state and beyond:
 - The HR Director serves on the Illinois Library Association's Cultural and Racial Diversity Committee.
 - The Operations Director participates in statewide delivery meetings involving CARLI, IHLS, ILS and RAILS and the delivery managers and assistants participated in a statewide delivery meeting in Lincoln, IL.
 - The IT Director is a member of the Advanced Engineering Taskforce with the ICN, has worked with the Digital Public Library of American and cooperates with RAILS on the video Conference bridge.
 - The SHARE director and managers have participated in the consortia manager meetings sponsored by the Illinois State Library.
 - The SHARE director and eBook Trainer/Coordinator served as ex-officio members of the eRead Illinois Advisory Committee.
 - The Membership and Grants director served on ISLAC, as an ILEAD USA Mentor, and as a member of the "Library State of Mind" Program Committee. She also participated in the RAILS Membership Standards Committee.
 - The Executive Director and Bibliographic Services Manager have participated in The Future of Resource Sharing (FORSC) meetings.
 - The Cataloging Maintenance Center (CMC) provided statewide LLSAP RDA Cataloging Training.
 - The Bibliographic Project Coordinator served as a grant reviewer for the Digital Historical Grant.

Conclusion

Annual reports provide an opportunity to consider our advances and challenges, and to reaffirm our commitment to the future. As IHLS moves into FY2016 we will: seek new avenues to engage with members struggling to provide basic patron services; further promote the interdependence of our LLSAP and delivery service relying on the Polaris software to improve member satisfaction; strive for a balance between available financial resources and necessary



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1.1 FY2015 IHLS Narrative Report

staffing levels; and pursue funding opportunities that strengthen the bottom line while offering innovative member enhancements. Thank you.



FY2015 Library System Annual Report Components
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ILLINOIS HEARTLAND LIBRARY SYSTEM

2.2 System Member Fees and Revenue

The Fiduciary Fund contains the following fees or revenue:

- Plinkit Collaborative	\$ 17,325
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The SHARE fund contains LLSAP user fees from member libraries in the following categories:

- SHARE LLSAP Full Member Fees	892,192
- SHARE LLSAP Transitional Member Fee	8,850
- SHARE Bibliographic Service Fee	133,906
- SHARE Course Reserve Module Fee	300
- SHARE Debt Collection Integration Fee	1,250
- SHARE EDI Interface Fee	1,500
- SHARE Outreach Module Fee	1,500
- SHARE SAM Annual Maintenance	12,942
- SHARE SIP2 License Fee	10,200
- SHARE Telephone Notification Fee	7,000
- Group Purchased Databases	353,308
- 3M Cloud E-book Consortium	33,420
- ICN Filtering	6,242
- Dreamhost Expenses	318
- Dream Grant Equipment	9,392
- Library Law Books	6,750
	\$ 1,496,395



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ILLINOIS HEARTLAND LIBRARY SYSTEM

2.3 System Non-Member Fees and Revenue

Sub-lease of Edwardsville location	\$ 9,750
Room Rental of Edwardsville location	\$ 6,500
ERate Funding	\$ 21,945.16
Total:	\$ 38,195.16

ILLINET/OCLC Group Service Fees	\$ 4,500,000
ILLINET/OCLC Monthly Network Transactional Billing	\$ 500,000
Total:	\$ 5,000,000



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2.4 Fund Balances

On June 30, 2015, the fund balances for each fund are as follows:

General Fund	\$5,206,964
Cataloging Maintenance Center Fund	\$3,273
Illinois Machine Sub-Lending Agency Fund	(\$7,495)
Online Computer Library Center Fund	(\$6,249)
Capital Projects Fund	\$1,439,683
Sharing Heartland's Available Resources Equally Fund	\$1,974,881
Plinkit Project Fund	\$39,462
SOS	402
SWAYS	\$1,561



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2.5 Description of Intended Use of Existing Fund Balances

General Fund

It is anticipated that the General Cash Fund Balance will be utilized for funding operating expenses incurred prior to the receipt of Area and Per Capita Funds, any deficits in the Area and Per Capita Funding Level, the replacement or major repairs to the buildings, and the replacement of capital equipment.

\$5,096,070

Capital Projects Fund

The Capital Projects Cash Fund was established to provide for the purchase of capital assets for System operations, including building renovations, equipment, replacement of delivery and staff vehicles, etc.

\$1,750,541

Proprietary Fund - LLSAP

The cash funds for LLSAP are used for operations of the LLSAP, including funding of projects that were initially funded by grants (i.e. eBooks for Illinois project) and upgrades of hardware and software.

\$1,132,216



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□ **2.6 Outstanding Liabilities/Encumbrances**

Accounts Payable

	<u>Pavee</u>	<u>Amount</u>
1st Choice Advisors		\$2,062.00
3M		\$10,547.93
Aflac		\$40.40
Alcor Technology Corp		\$2,272.00
Alvis Auto Repair		\$53.52
Ameren Illinois		\$1,076.88
American Pest Control		\$35.00
AT&T		-\$131.86
AutoTire		\$200.43
The Noteworthy Group, Inc.		\$2,730.00
Leslie M. Bednar		\$25.06
BJ's Printables Inc.		\$446.43
Busey		\$10,119.21
Champion Energy, LLC		\$640.58
Clearwave Communications		-\$163.91
Lynda Clemmons		\$449.65
Communication Revolving Fund		\$698.51
Communication Professionals, Inc.		\$6,075.20
Dave's Precision Mowing		\$350.00
Christine Dawdy		\$18.30
Egyptian Stationers		\$32.99
Elk Heating and Cooling, Inc.		\$1,329.97
Amanda Endicott		\$96.75
Jim Fenton		\$258.75
Global Equipment Company		\$144.74
Theresa Hahne		\$671.68
Homefield Energy		\$1,183.24
Athena Hubert		\$200.85
Nancy Huntley		\$97.64
Chris Janvrin		\$79.00
Mary Johnston		\$261.21
Susan Justice		\$175.95
Synthia Kalinowski		\$557.25
Michael King		\$179.80
Landmark Ford		\$17,816.00
The Lowenbaum Partnership, LLC.		\$285.00
Madison County Roofing & Home Improvements, Inc.		\$500.00
Marketview Car Wash		\$84.00
Marshall Browning Hospital		\$165.00
Kae McCue		\$249.10
Beverly Miller		\$41.62
Morse Mechanical		\$217.00
Myler Automotive		\$770.83
Nancy Bolt & Associates		\$13,000.00
NCAAL/Black Caucus of ALA, Inc.		\$250.00
Normal CornBelters		\$60.00



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<u>Payee</u>	<u>Amount</u>
Beverly J. Obert	\$232.50
Susan C. Pearson	\$15.28
Quest Diagnostics	\$40.00
Quill Corporation	\$323.87
Republic Services	\$713.65
Jacob Roskovensky	\$112.70
Southern Illinois Medical Services	\$60.00
Mary L. Smith	\$159.60
Leander Spearman	\$242.65
Speed Lube	\$48.20
Staples	\$8,779.78
Kate M. Stiles	\$325.74
Urbana & Champaign Sanitary District	\$178.63
Kathleen M. Utz	\$290.40
Sarah A. Varner	\$131.63
Verizon Wireless	-\$352.12
Walmart	\$229.30
Sandra West	\$288.08
Wex Bank	\$10,446.79
Xerox Corporation	\$123.71
TOTAL	<hr/> \$98,644.09
Grants Payable to Illinois State Library	
The Marc of Quality	\$8,200.00
TOTAL	<hr/> \$8,200.00



FY2015 Library System Annual Report Components
 23 ILAC 3030.270 (Multitype System)
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2.7 Capital Expenditures in Excess of \$5,000

Capital Assets

2 HVAC Units for Champaign Location	\$20,580.00
3 HVAC Units for Edwardsville Location	\$20,517.00
4 Vehicles for IHLS Staff	\$73,388.00
5 Delivery Vans for IHLS Delivery Routes	\$118,415.00
	\$232,900.00

Equipment

ScanPro Scanner for CMC Grant	\$12,974.00
	\$12,974.00

Computers and Software

2 Video Teleconferencing Systems	\$11,386.18
Abila Software & Support for Finance	\$51,270.63
Server and Storage Upgrades for Dream Grant	\$96,833.83
	\$159,490.64

Total Expenditures	\$405,364.64
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FY2015 Library System Annual Report Components
23 ILAC 3030.270 (Multitype System)
ILLINOIS HEARTLAND LIBRARY SYSTEM

2.8 Loans

As of June 30, 2015, there were no outstanding loans, letters of credit or grant anticipation warrants for Illinois Heartland Library System.



**Liberty
Mutual**
SURETY

The Ohio Casualty Insurance Company

BOND

No. **601082111**

KNOW ALL MEN BY THESE PRESENTS:

That we Nancy Huntley

of

1608 South Lowell

Springfield

Illinois

62704

(Insert Full Name [top line] and Address [bottom line] of Principal)

as Principal and The Ohio Casualty Insurance Company, a corporation organized and existing under the

laws of the State of New Hampshire, (hereinafter called the Surety, are held and firmly bound unto Illinois Heartland

Library System

6725 Goshen Rd

Edwardsville,

Illinois

62025

(Insert Full Name [top line] and Address [bottom line] of Obligor)

in the aggregate and non-cumulative penal sum of One Million Seven Hundred Fifty Thousand Dollars And Zero Cents

\$1,750,000.00

) DOLLARS, for the payment of which, well and truly

to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the said Principal has been elected or appointed to (or holds by operation of law) the office of Treasurer

for a term beginning on 7/1/2014 and ending on continuous until cancelled.

Now, therefore, the condition of this Obligation is such that if the said Principal shall well, truly and faithfully perform all official duties required by law of such official during the term aforesaid, then this obligation shall be void; otherwise it shall remain in full force and effect, subject to the following conditions:

First: That the Surety may, if it shall so elect, cancel this bond by giving thirty (30) days notice in writing to Illinois Heartland Library System and

this bond shall be deemed canceled at the expiration of said thirty (30) days, the Surety remaining liable, however, subject to all the terms, conditions and provisions of this bond, for any act or acts covered by this bond which may have been committed by the Principal up to the date of such cancellation; and the Surety shall, upon surrender of this bond and its release from all liability hereunder, refund the premium paid, less a pro rate part thereof for the time this bond shall have been in force.

Second: That the Surety shall not be liable hereunder for the loss of any public moneys or funds occurring through or resulting from the failure of, or default in payment by, any banks or depositories in which any public moneys or funds have been deposited, or may be deposited, or placed to the credit, or under the control of the Principal, whether or not such banks or depositories were or may be selected or designed by the Principal or by other persons; or by reason of the allowance to, or acceptance by the Principal of any interest on said public moneys or funds, any law, decision, ordinance or statute to the contrary notwithstanding.

Third: That the Surety shall not be liable for any loss or losses, resulting from the failure of the Principal to collect any taxes, licenses, levies, assessments, etc., with the collection of which he may be chargeable by reason of his election or appointment as aforesaid.

SIGNED, SEALED and DATED October 13, 2014

Nancy Huntley

The Ohio Casualty Insurance Company

By:

Jason A. Rausenberger

Attorney-in-Fact



FY2015 Library System Annual Report Components
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2.10 Assessment that the Board meets the Finances and Records responsibilities in 23 ILAC 3030.260.

The Board of Directors of the Illinois Heartland Library System is compliant with 23 ILAC 3030.260.

- Financial records are maintained at the Administrative Headquarters in Edwardsville.
- A monthly financial report is prepared and reviewed by the finance committee and the full board.
- An annual audit is conducted.
- Funds are accounted for as of June 30th of each year by expenditure, encumbrance or reserves.
- An annual budget has been prepared and submitted prior to July 1.
- A purchase inventory is maintained.
- Accounts are organized on the basis of funds.
- Financial reports are submitted to the Illinois State Library twice a year.



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23 ILAC 3030.270 (Multitype System)
ILLINOIS HEARTLAND LIBRARY SYSTEM

3.1.1 Changes in System Membership

Agencies added as new full members:

April 2015: IHLS Board action approved application of:

- Decatur Correctional Center (Special Library)

Agencies suspended:

April, 2015: IHLS Board action approved suspension of:

- Ashley CCSD #15
- The High School of St. Thomas More
- Webber Township HSD #204

Other Membership Activity:

In FY 15, our list of academic libraries was streamlined a bit:

The Southern Illinois Dental School became a “branch” of S.I.U. Edwardsville

The three campuses of Southwestern Illinois College have been listed as one agency, with the Belleville Campus being the main agency and the Red Bud and Granite City campuses listed as “branches”

Previously, the University of Illinois, The University of Illinois Law School and the Engineering Library all were listed as separate agencies. Now, the Law School and Engineering Libraries are included as “branches” of the main library.

These changes account for the drop in our Academic Membership from 40 agencies to 35 agencies.



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 23 ILAC 3030.270 (Multitype System)
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3.1.2 Summary of System Membership

Academic Libraries	35
Public Libraries	227
School Districts	240

Note: As of 07/01/2015, the number of school districts drops to 239 because of the mergers of the Catlin School District #15 and the Jamaica School District # 12 to become the Salt Fork School District #512

Special Libraries	36
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Total Members:	538 (537 as of July 1, 2015)
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3.1.3 Continuing Education/Training

IHLS provided a total of 287 CE events during FY2015, for 2469 participants, who spent a total of 5754.25 contact hours in training activities. CE programs included those offered by SHARE (the local library automation program), and included training on all aspects of circulation and cataloging in Polaris, use of eResources and technology, and managing resource sharing in a large consortium. CE programs offered by IHLS included forums for discussion groups and interlibrary loan with OCLC.



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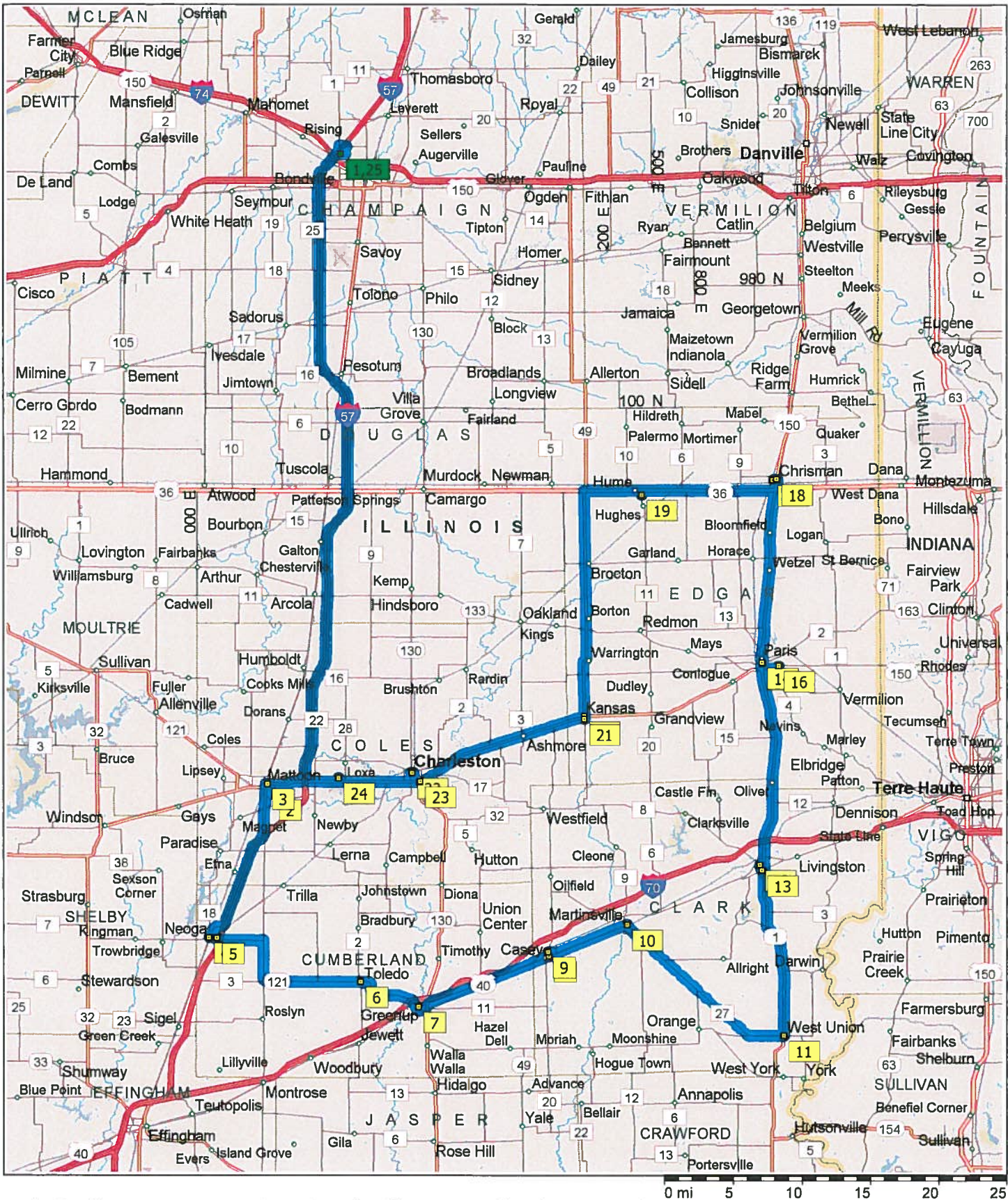
3.1.4 Delivery

Items Delivered	Average Miles Per Week	Average Number of Direct Delivery Stops Per Week
<p style="text-align: center;">3,833,025</p> <p># is based on the agreed upon method of collecting data through the quarterly counts by ISL/RAILS/IHLS/CARLI</p>	<p style="text-align: center;">17,138</p> <p>102 more miles than FY14</p>	<p style="text-align: center;">1045</p> <p>Decrease in # as we are having more CDPs (Community Delivery Partnerships)</p>

Maps are attached for the Champaign hub and the Du Quoin hub. We had significant route changes in those two hubs.

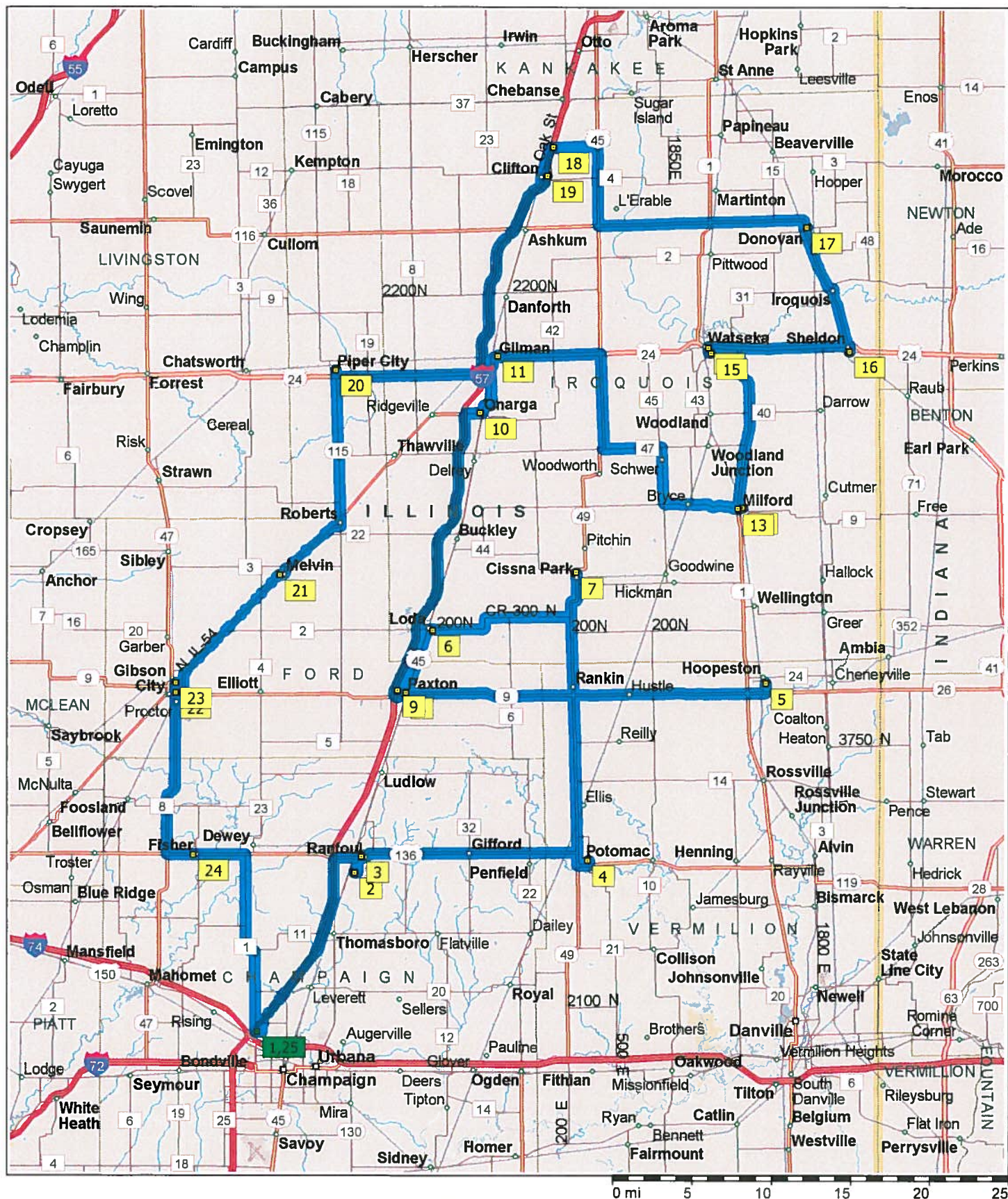
Champaignmasterroute1

271.8 miles; 7 hours, 54 minutes



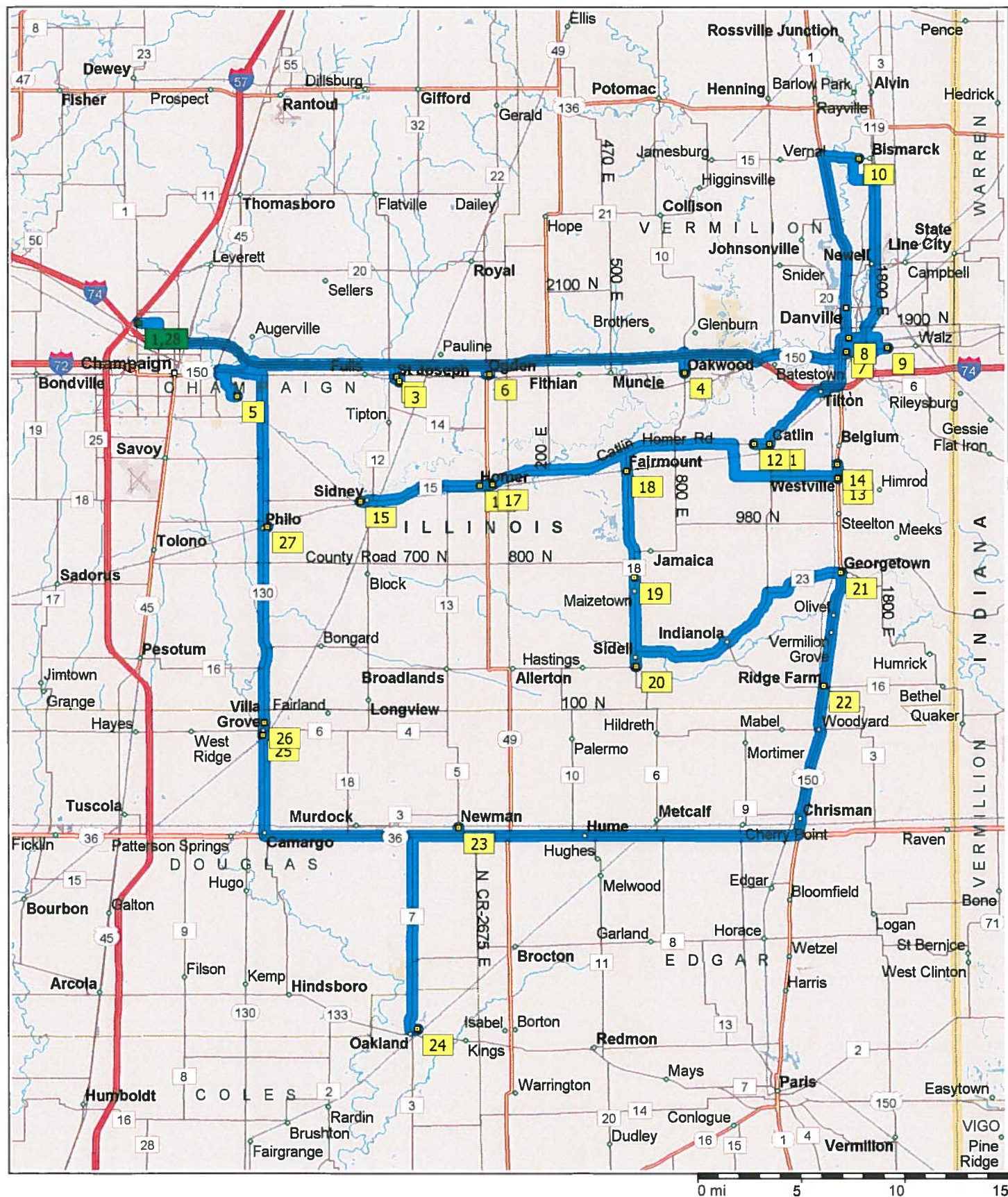
Champaignmasterroute2

301.8 miles; 7 hours, 32 minutes



Champaignmasterroute3

283.8 miles; 7 hours, 29 minutes



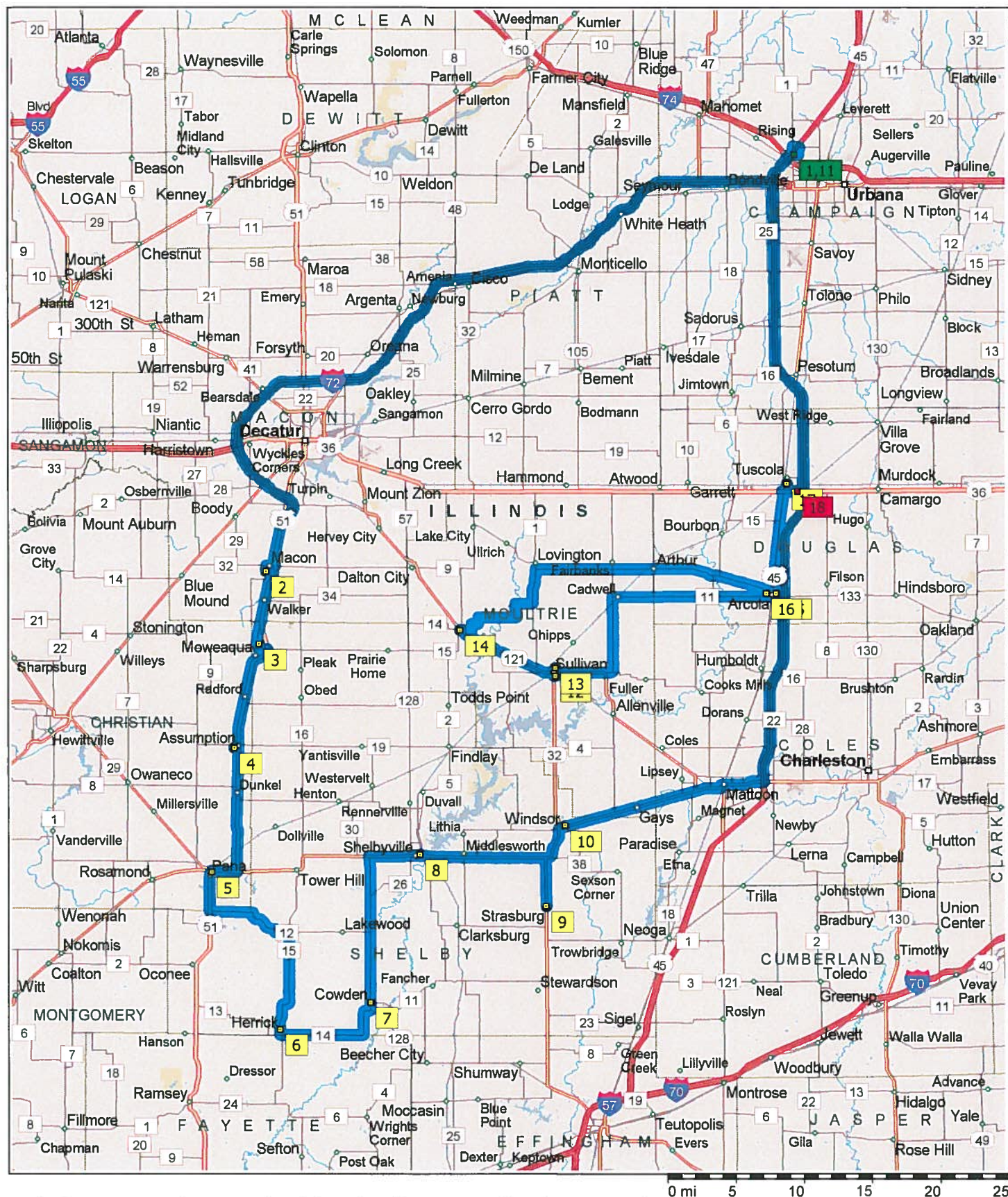
Champaignmasterroute4

178.8 miles; 6 hours, 15 minutes



Champaignmasterroute5

324.2 miles; 6 hours, 2 minutes



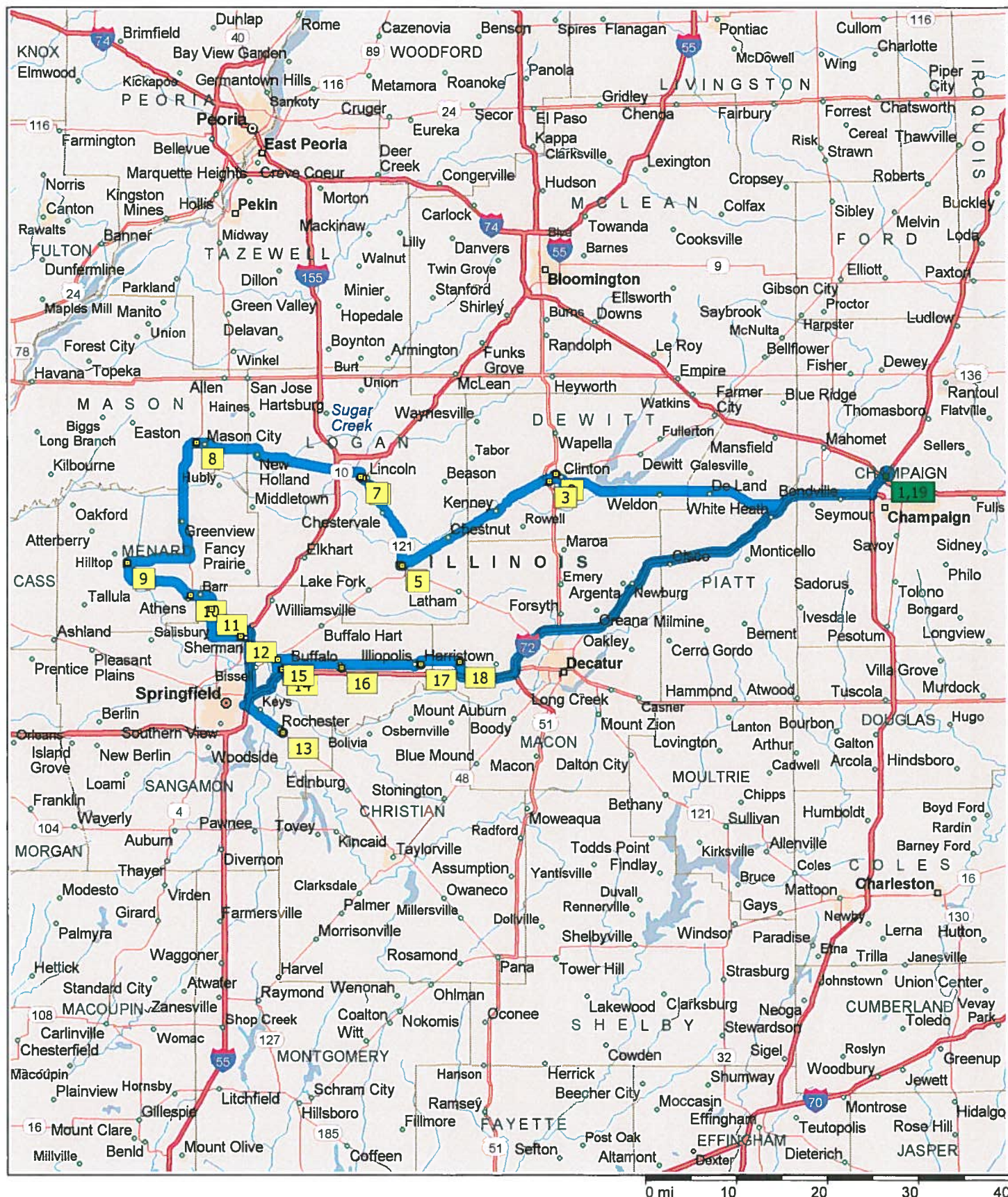
Champaignmasterroute6

189.7 miles; 5 hours, 25 minutes



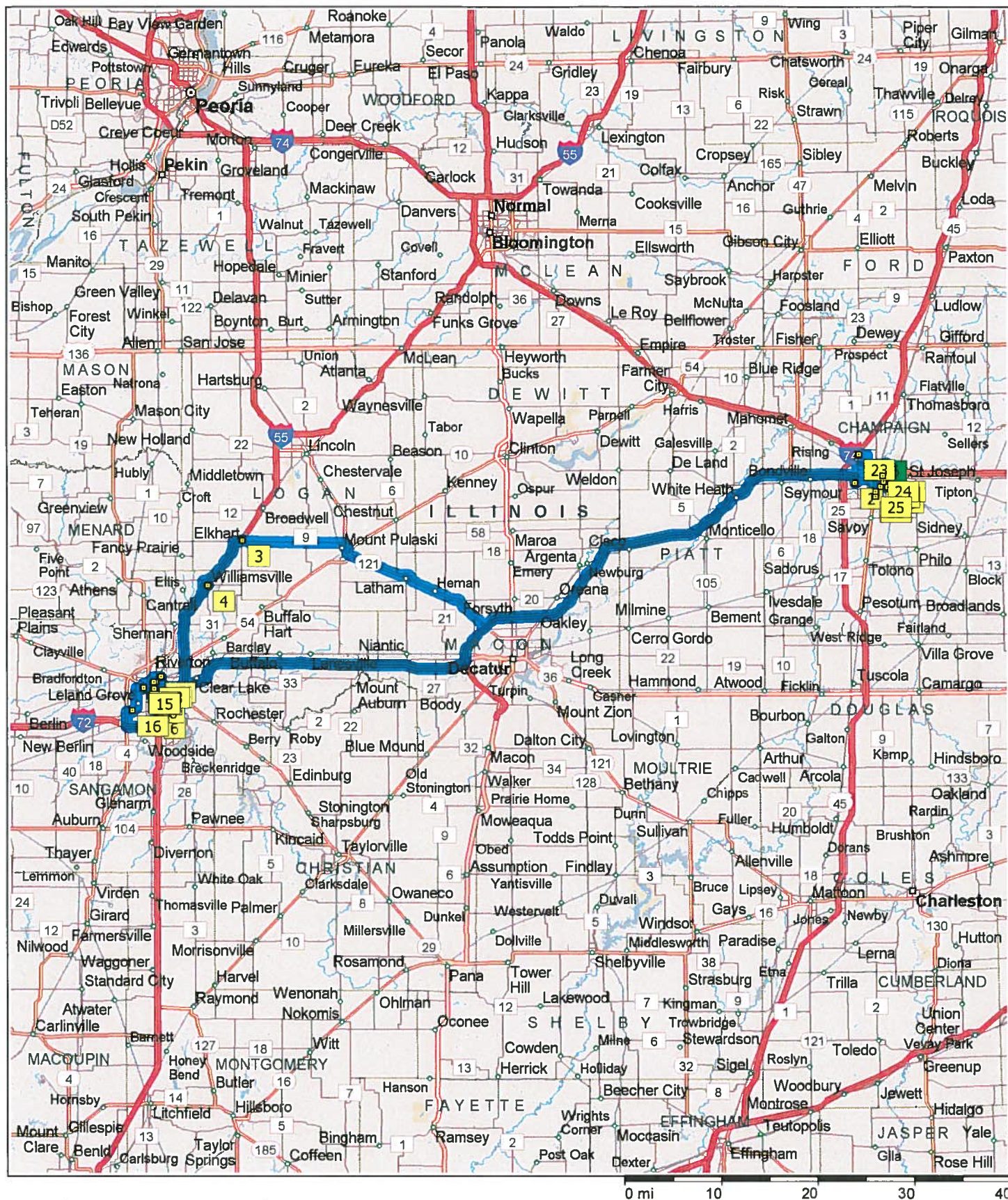
Champaignmasterroute7

245.0 miles; 6 hours, 56 minutes



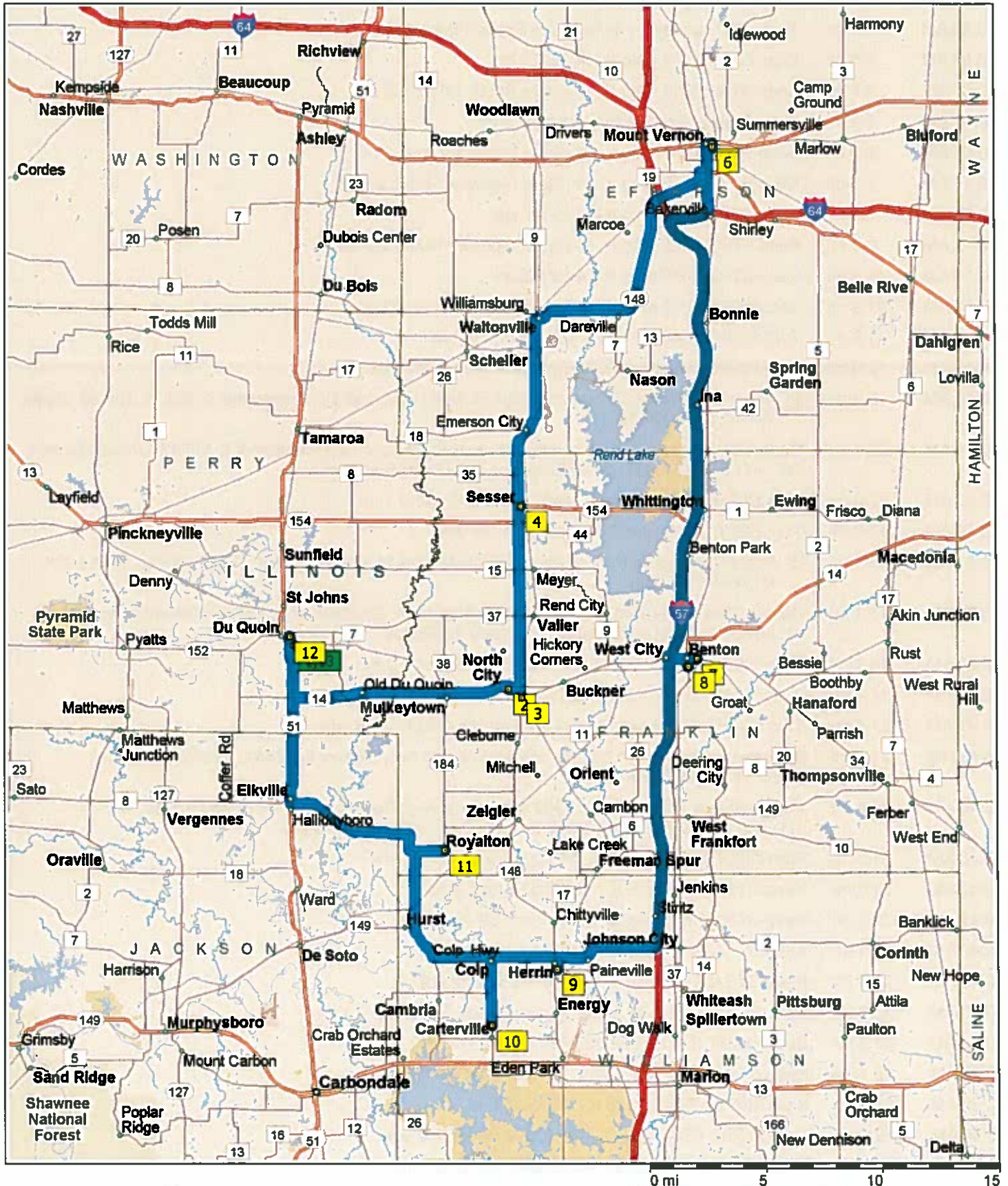
Champaignmasterroute8

240.7 miles; 6 hours, 35 minutes



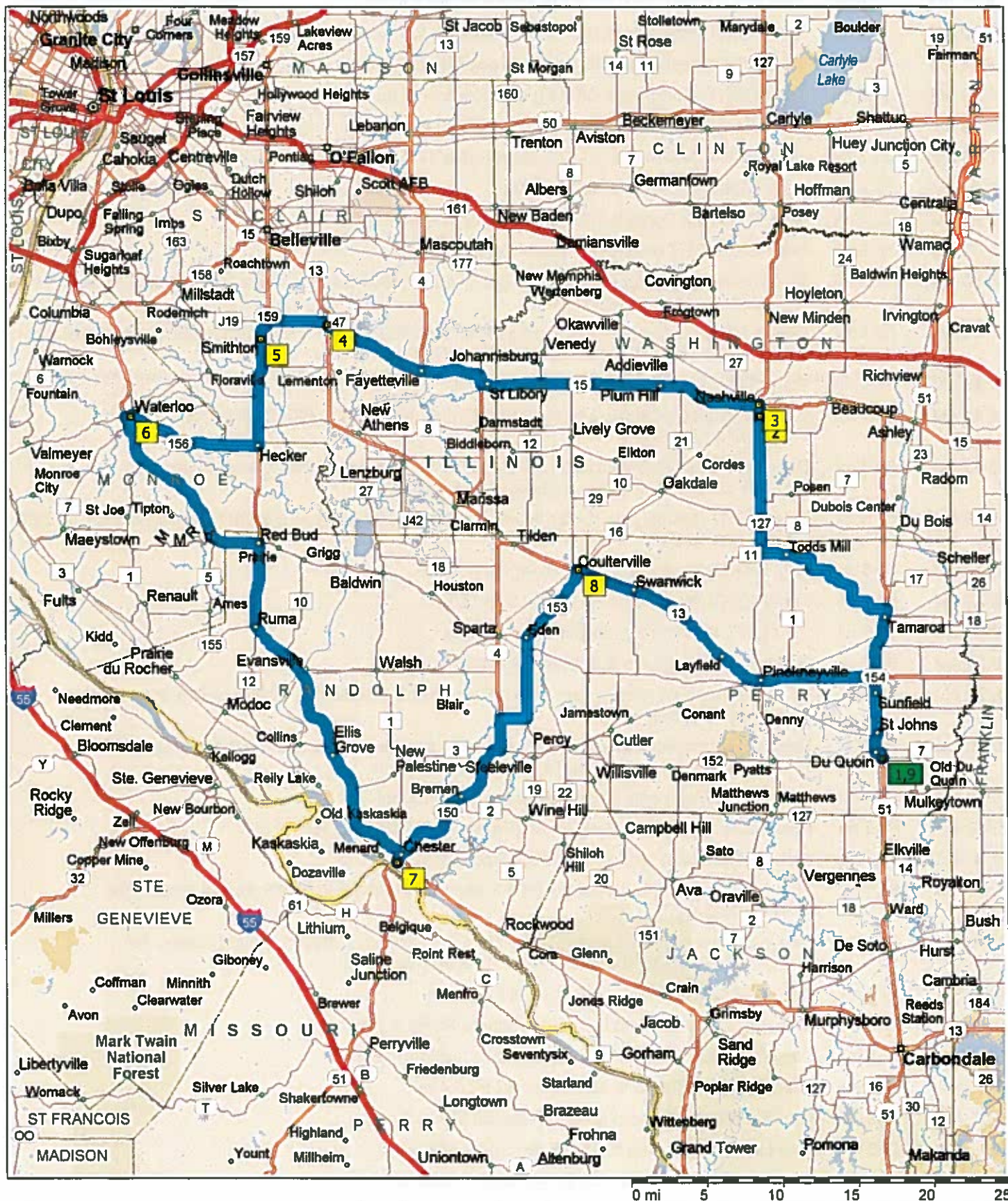
Tuesday Core

122.5 miles; 3 hours, 38 minutes



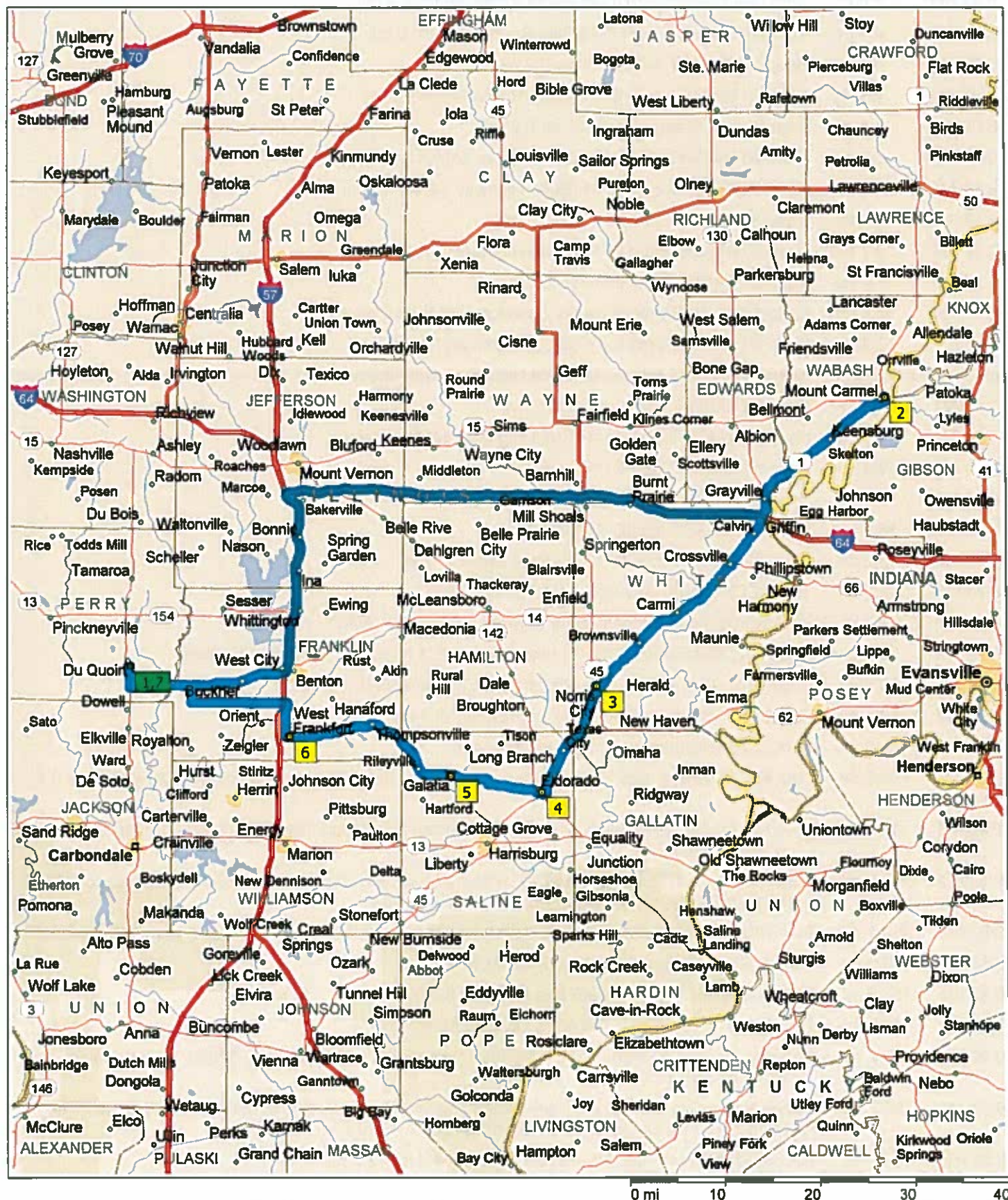
Tuesday-West Rt

179.0 miles; 4 hours, 13 minutes



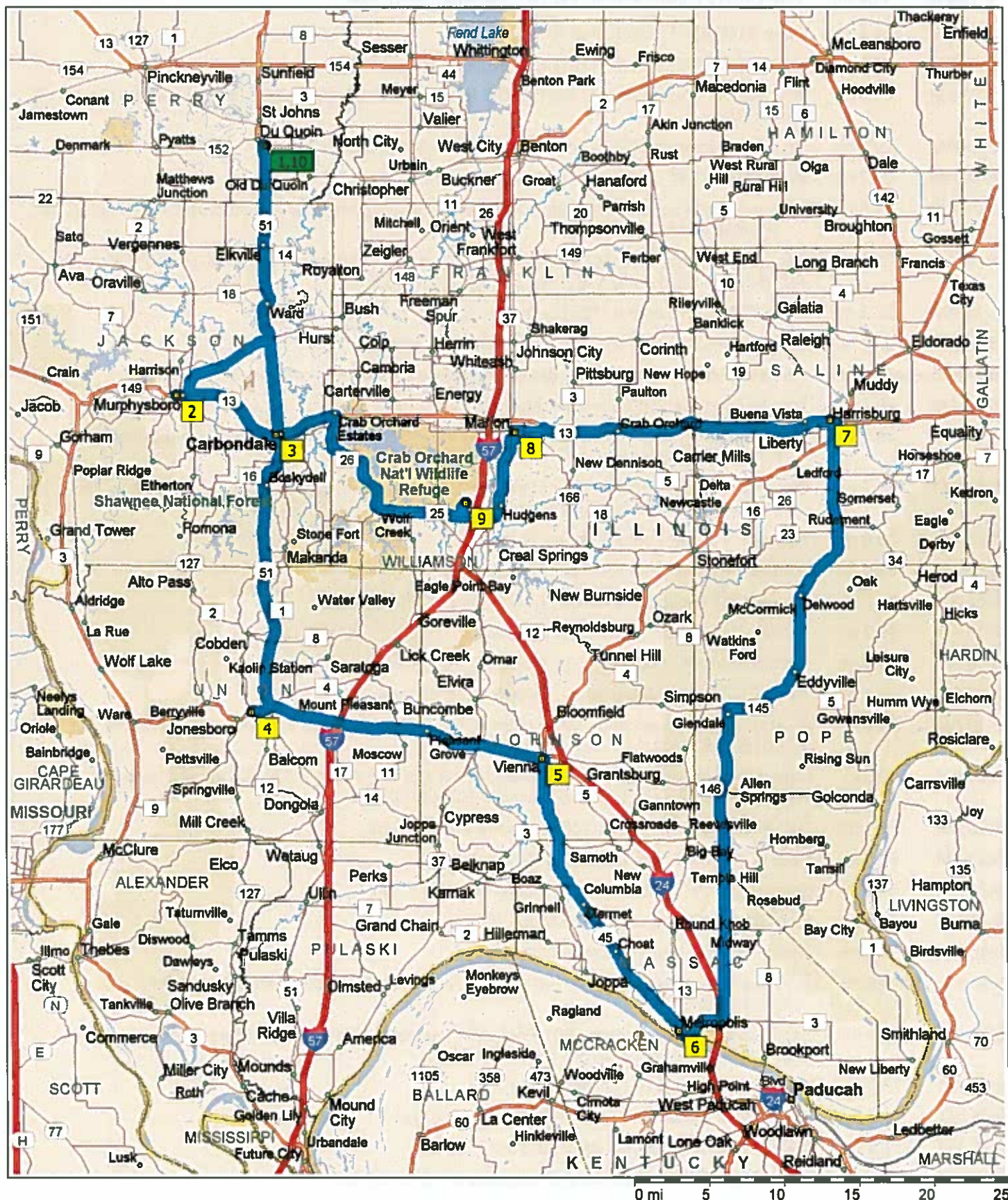
Tuesday- East Rt.

226.1 miles; 4 hours, 44 minutes



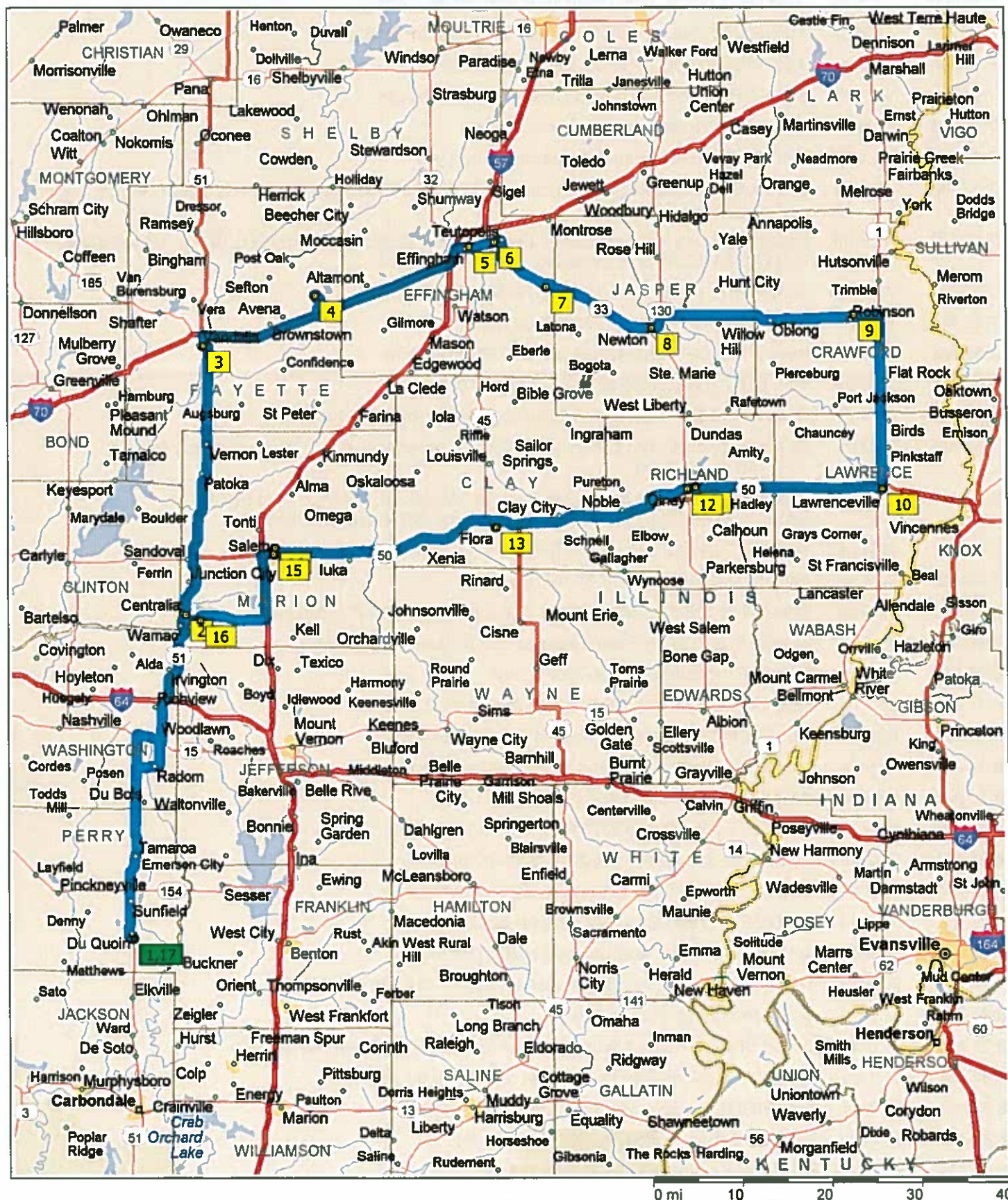
Tuesday - South Rt

212.4 miles; 5 hours, 55 minutes



Tuesday-North Rt.

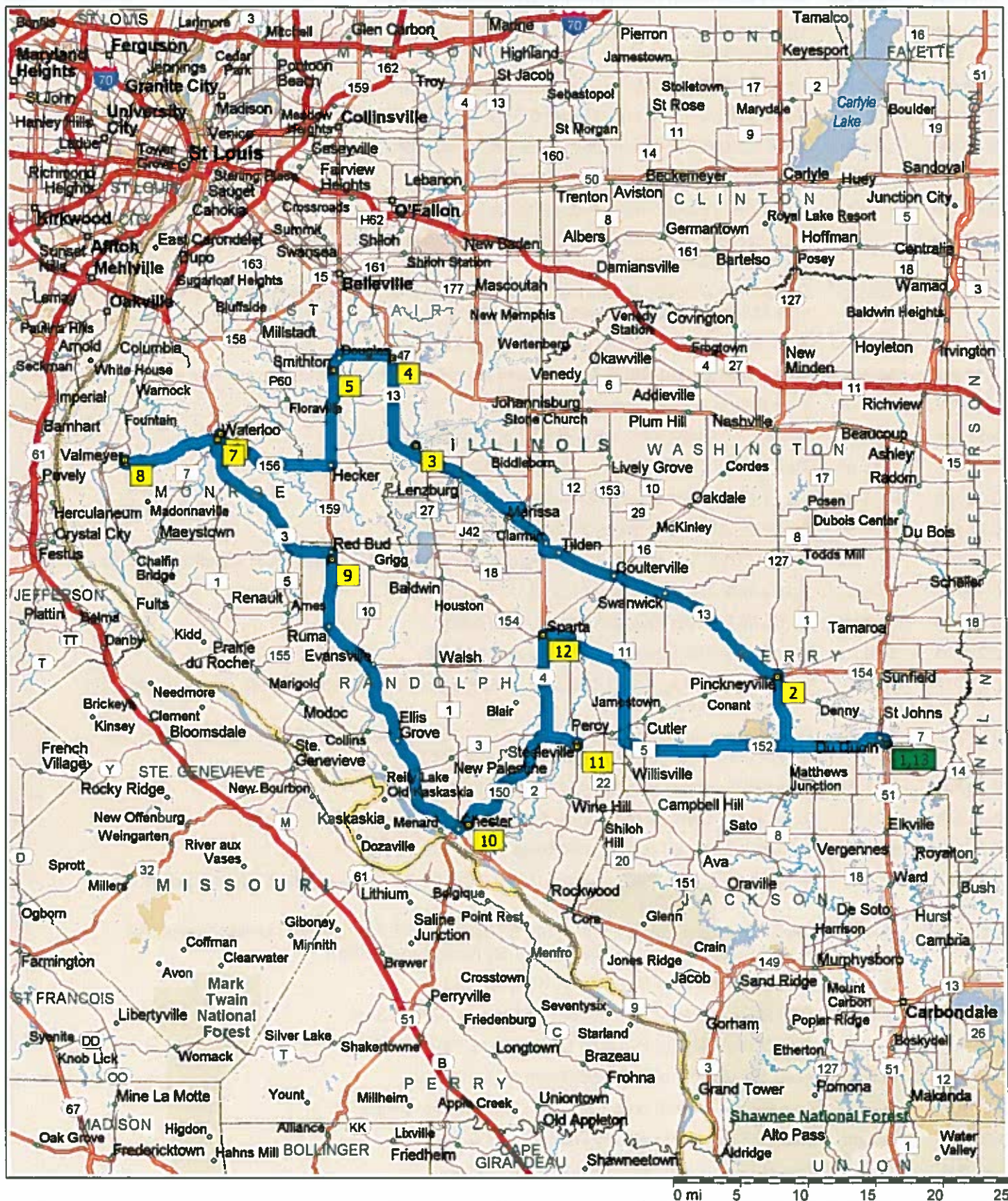
320.0 miles; 7 hours, 39 minutes



This map illustrates the Rend Lake area in Illinois, featuring a blue route with eight numbered stops. The route begins at Stop 1 near Nashville, Tennessee, and proceeds through various locations including Mount Vernon, Tamaroa, Du Quoin, Elkhart, Johnson City, and ends near Sand Ridge. The map shows the surrounding counties: Washington, Jefferson, Perry, Franklin, Jackson, and Williamson. Major roads, including Interstates 64 and 57, and numerous state routes are depicted. A scale bar at the bottom indicates distances up to 10 miles.

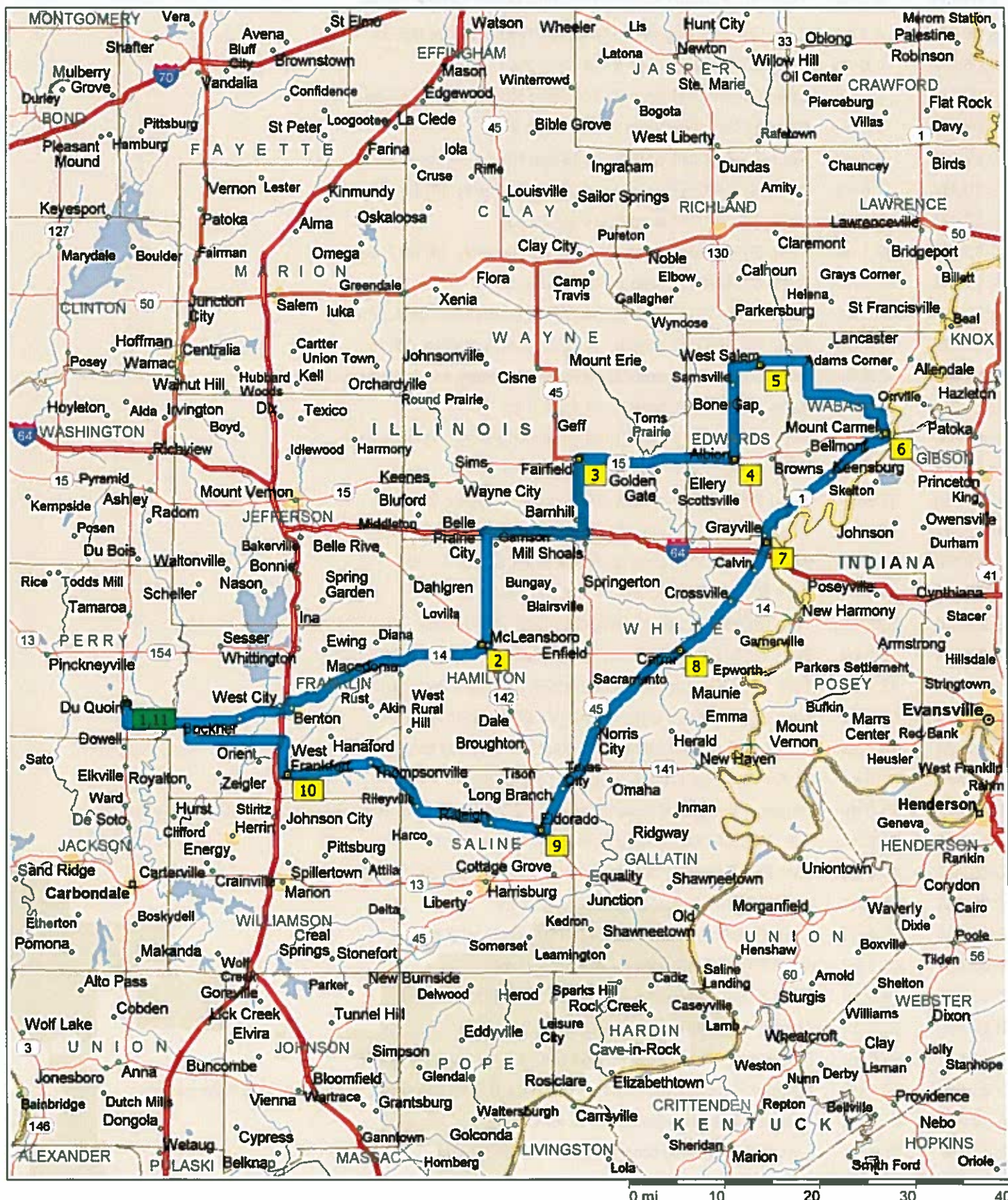
Monday-West Rt.

191.3 miles; 5 hours, 5 minutes



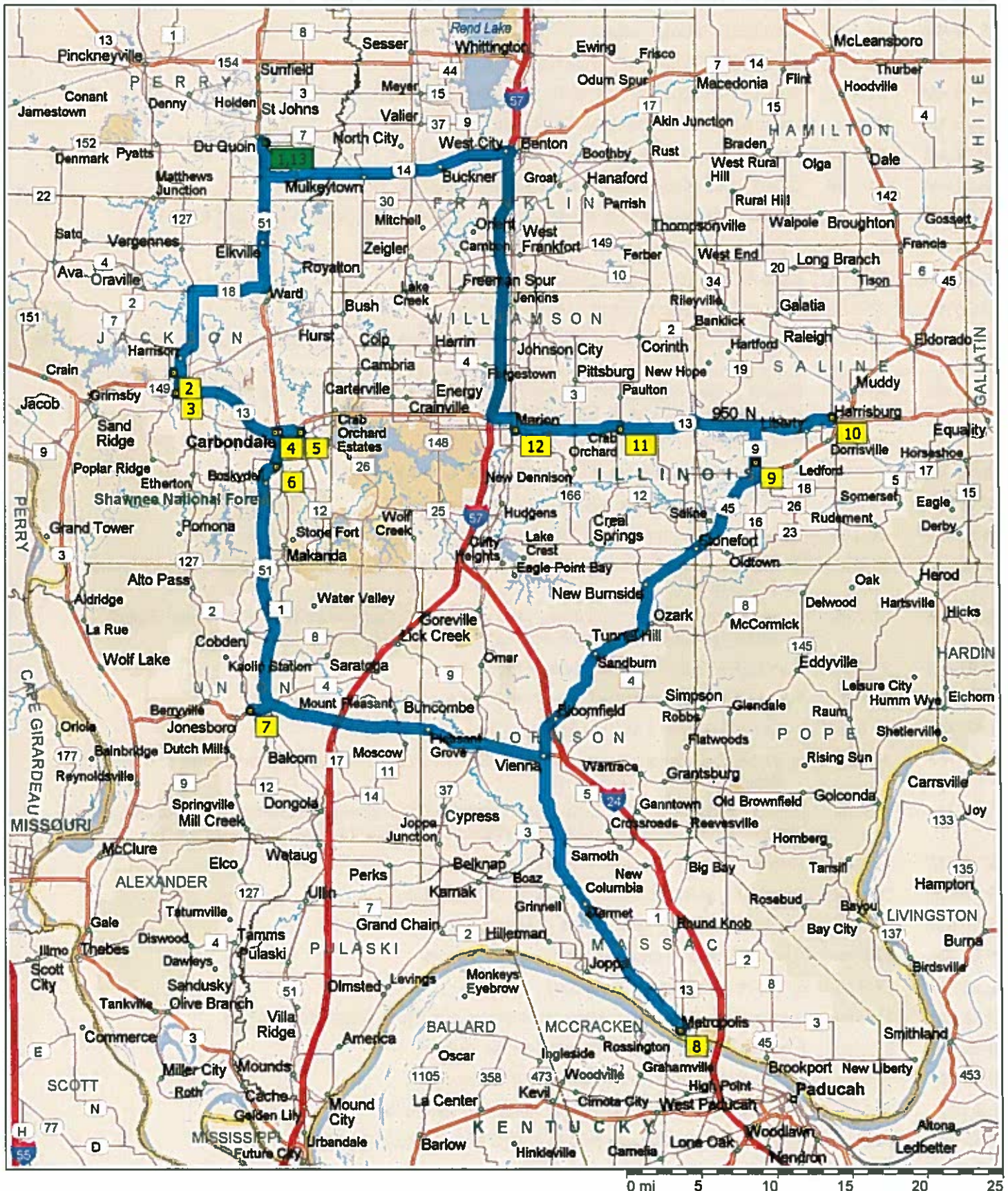
Monday - East Rt.

240.5 miles; 5 hours, 48 minutes



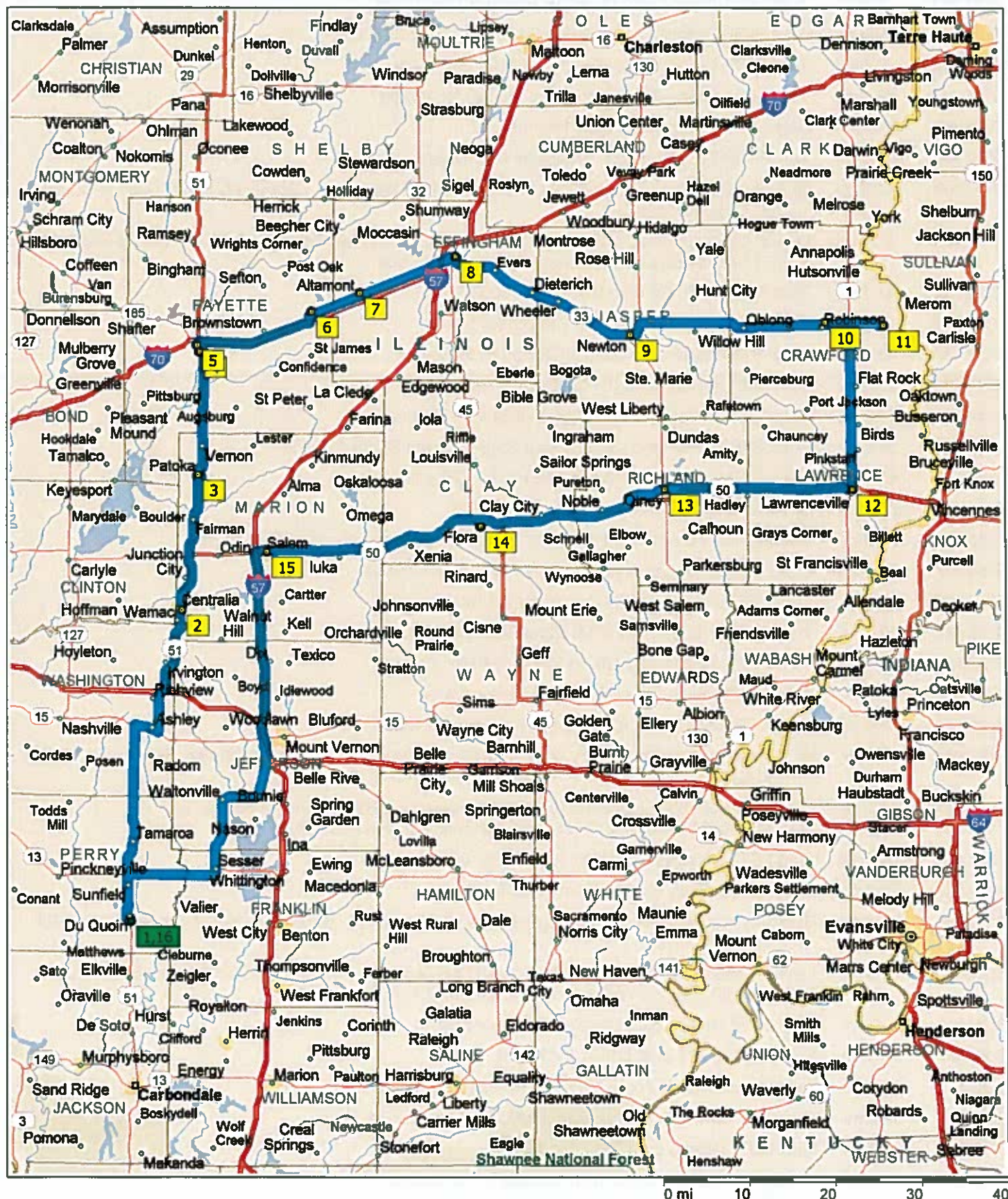
Monday South Rt.

215.6 miles; 6 hours, 26 minutes



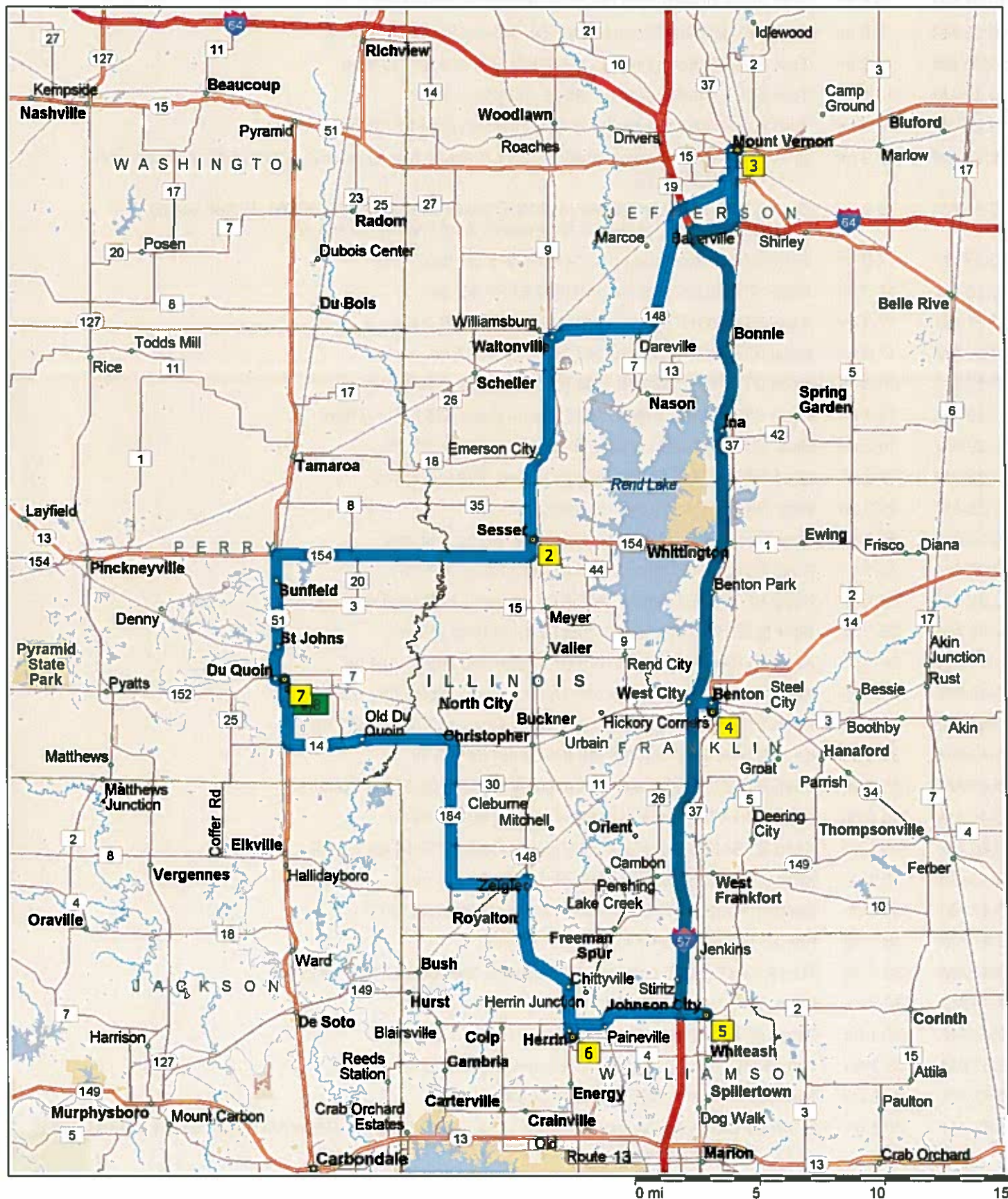
Monday- North Rt.

322.6 miles; 7 hours, 11 minutes



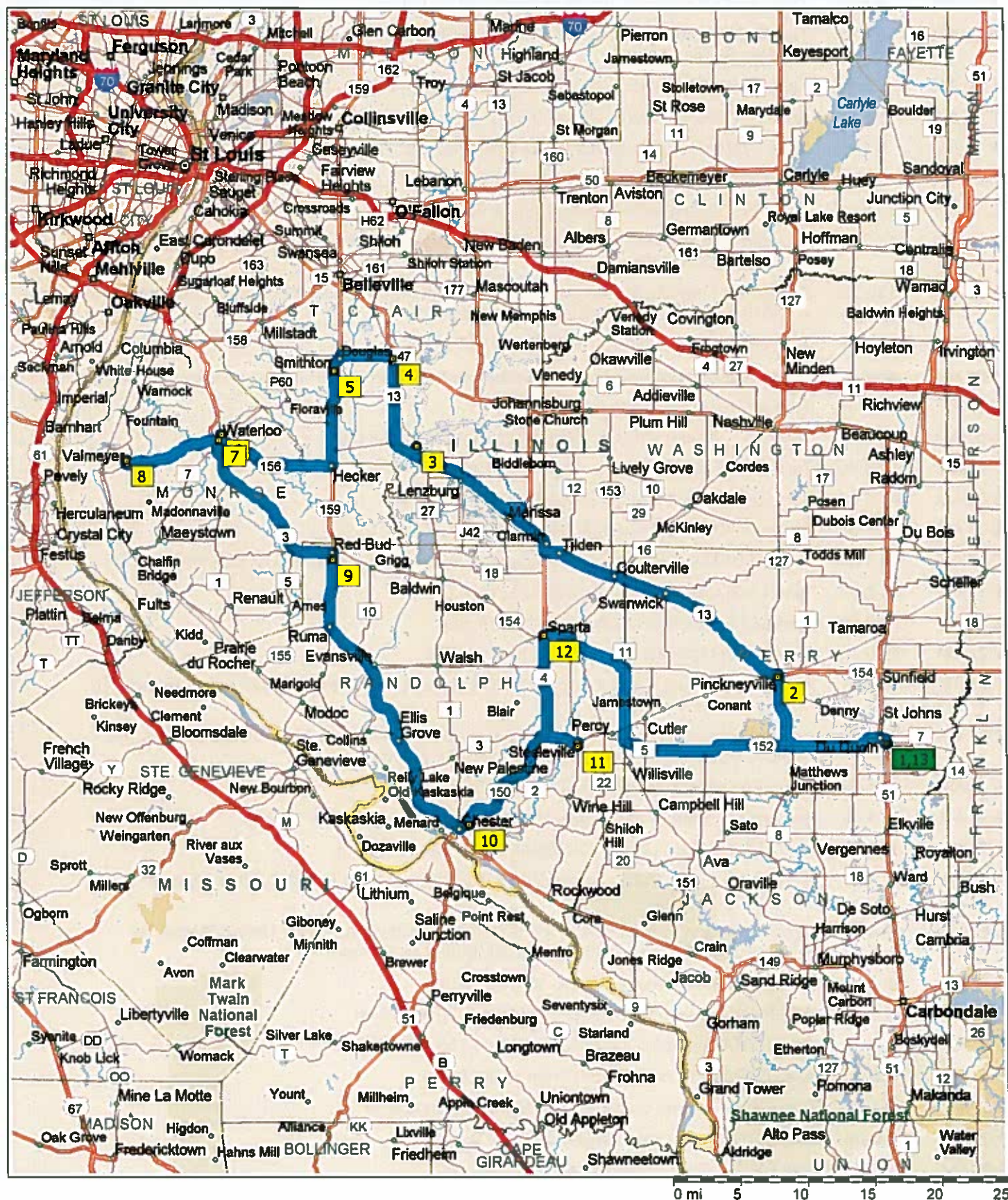
Friday - Core

112.2 miles, 2 hours, 58 minutes



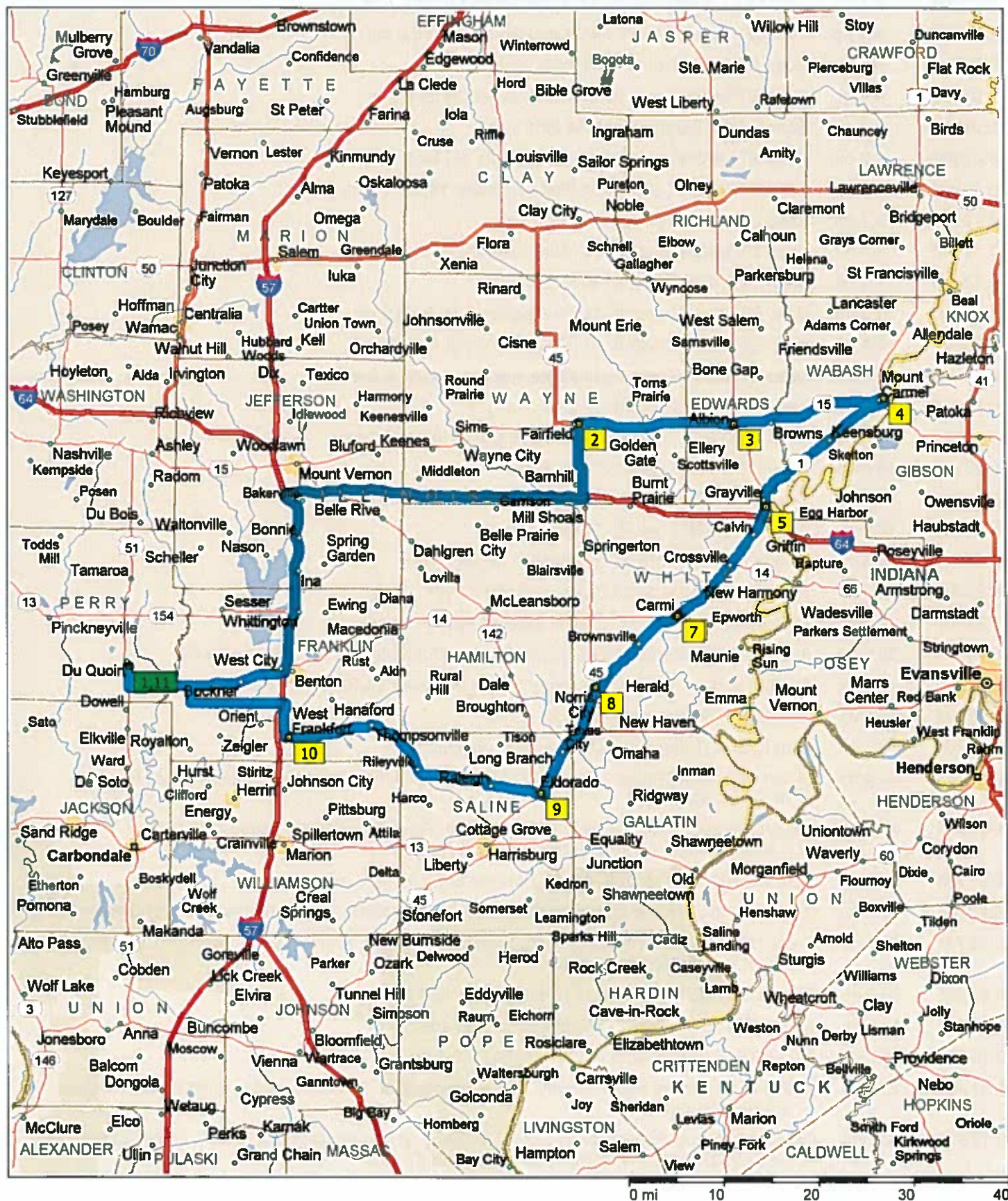
Friday - West Rt.

191.3 miles; 5 hours, 3 minutes



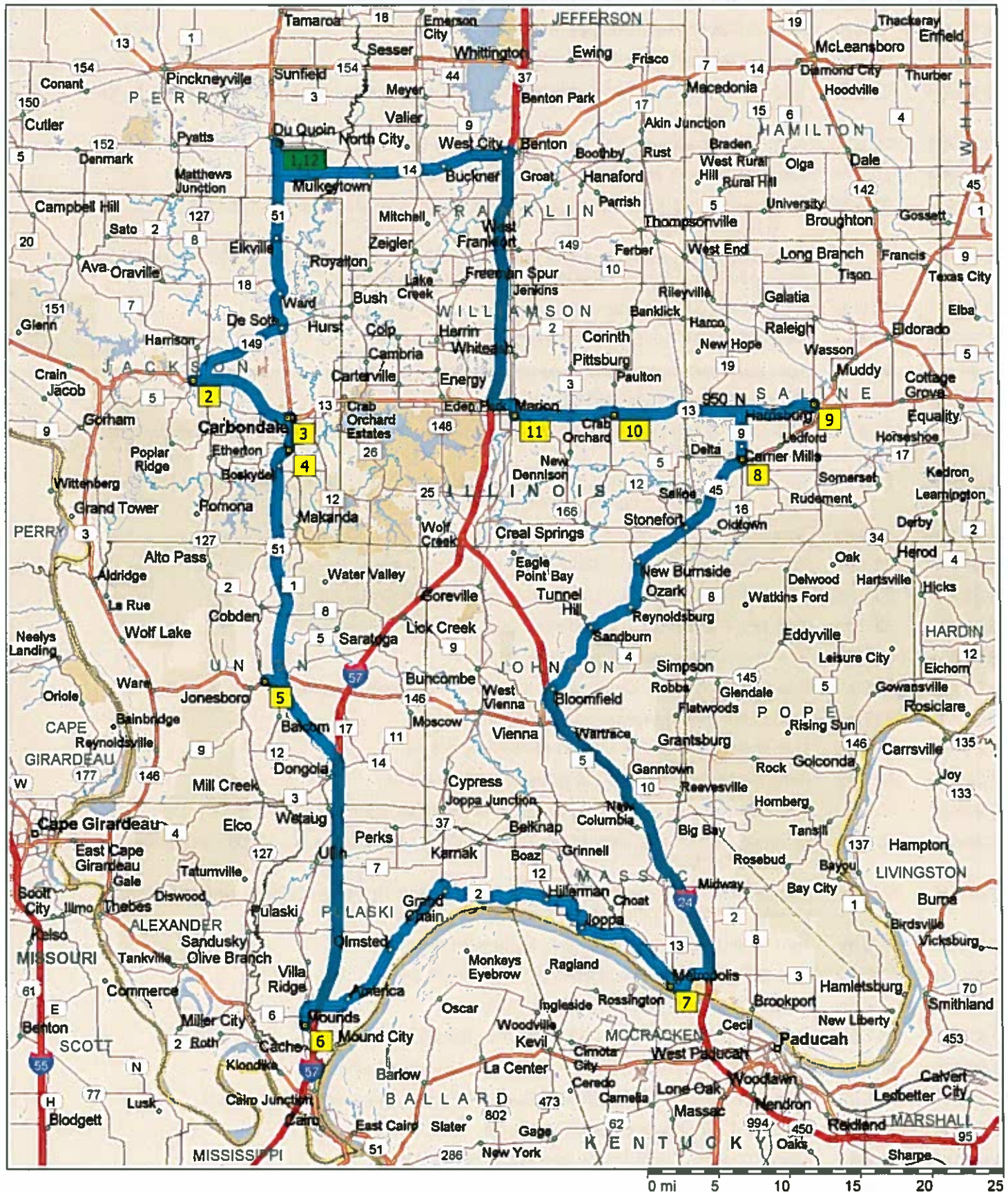
Friday - East RT.

229.1 miles; 5 hours, 31 minutes



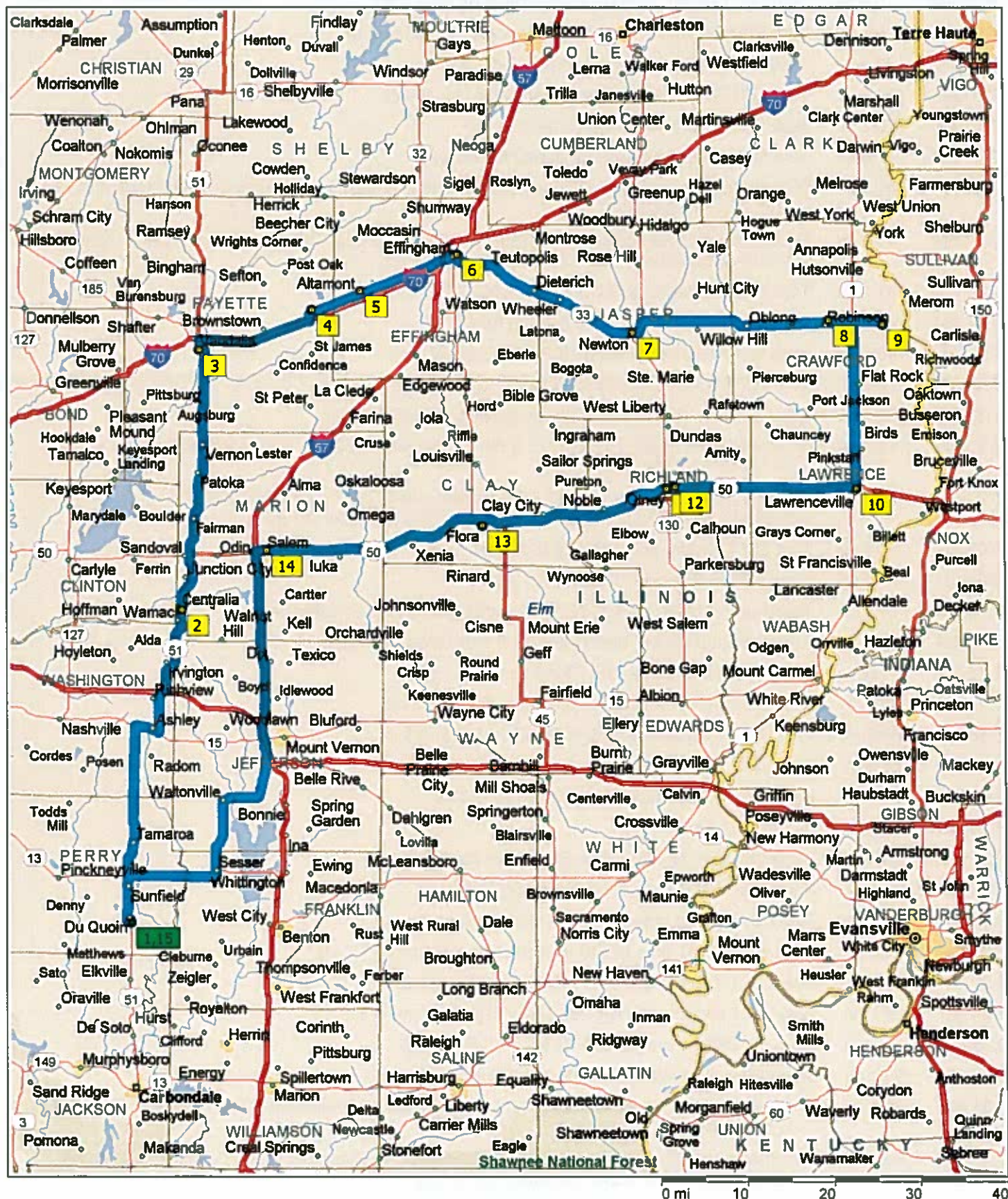
Friday- South

236.3 miles, 5 hours, 41 minutes



Friday-North Rt.

322.2 miles; 7 hours, 15 minutes



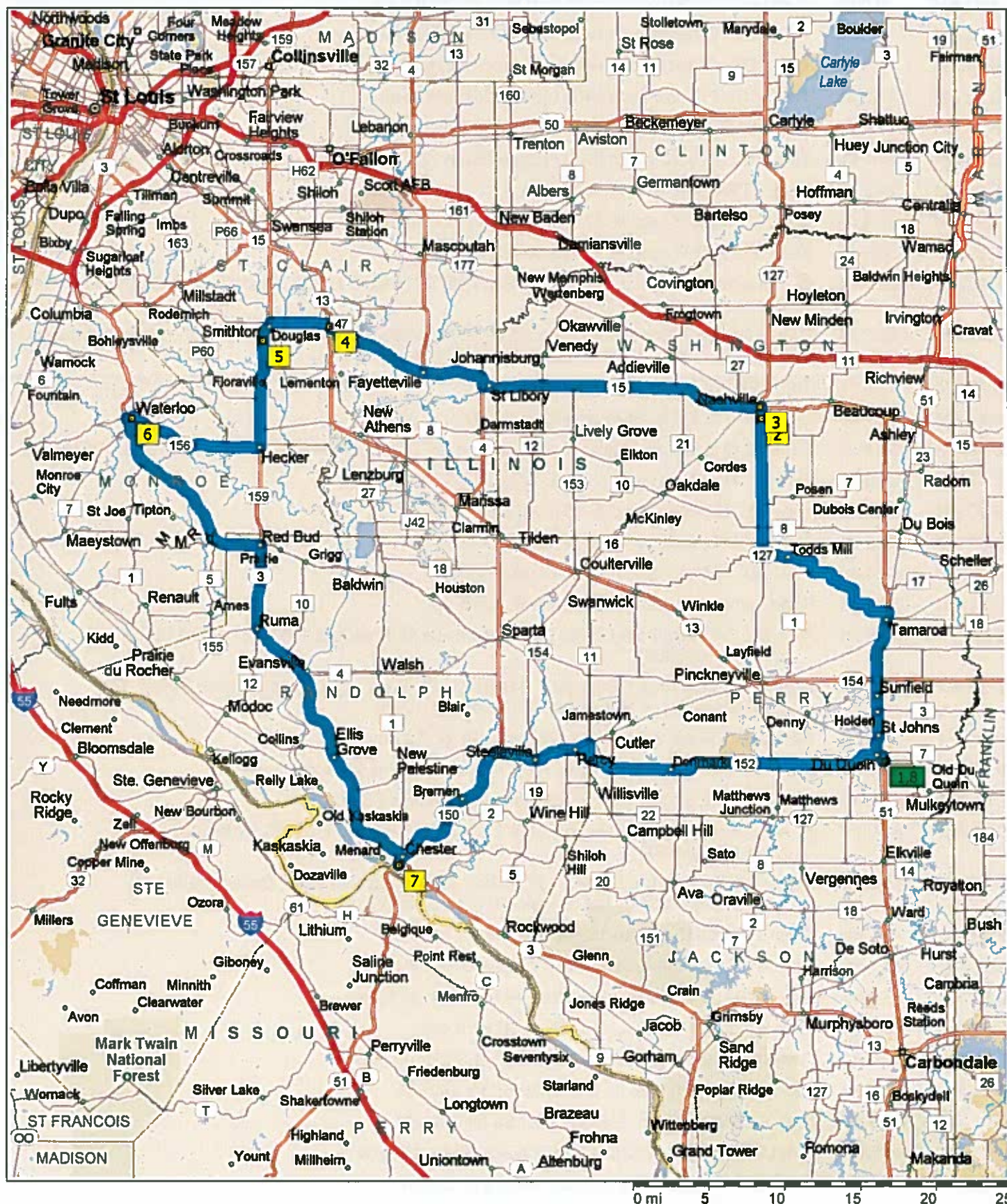
Thursday Core

121.9 miles; 3 hours, 28 minutes



Thursday - West Rt.

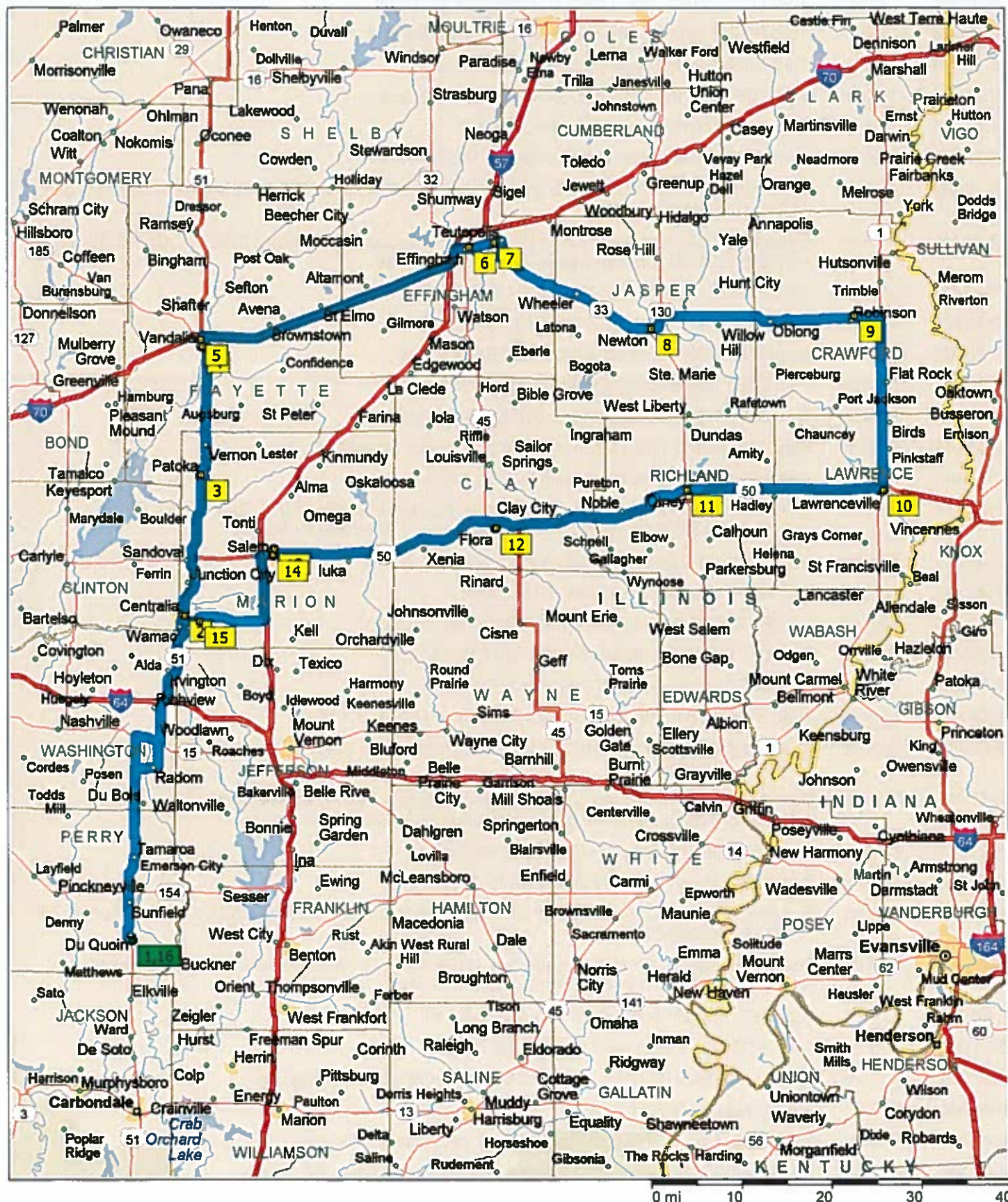
163.7 miles; 3 hours, 52 minutes



This map shows the Paducah, Kentucky area, including the Mississippi River and surrounding counties. The map features a blue line with yellow numbered markers (1-11) indicating a specific route. The route starts near the top left, passes through several towns, and ends near the bottom right. The map also shows major highways, cities, and towns in the region. The state boundaries of Kentucky, Tennessee, and Missouri are also visible.

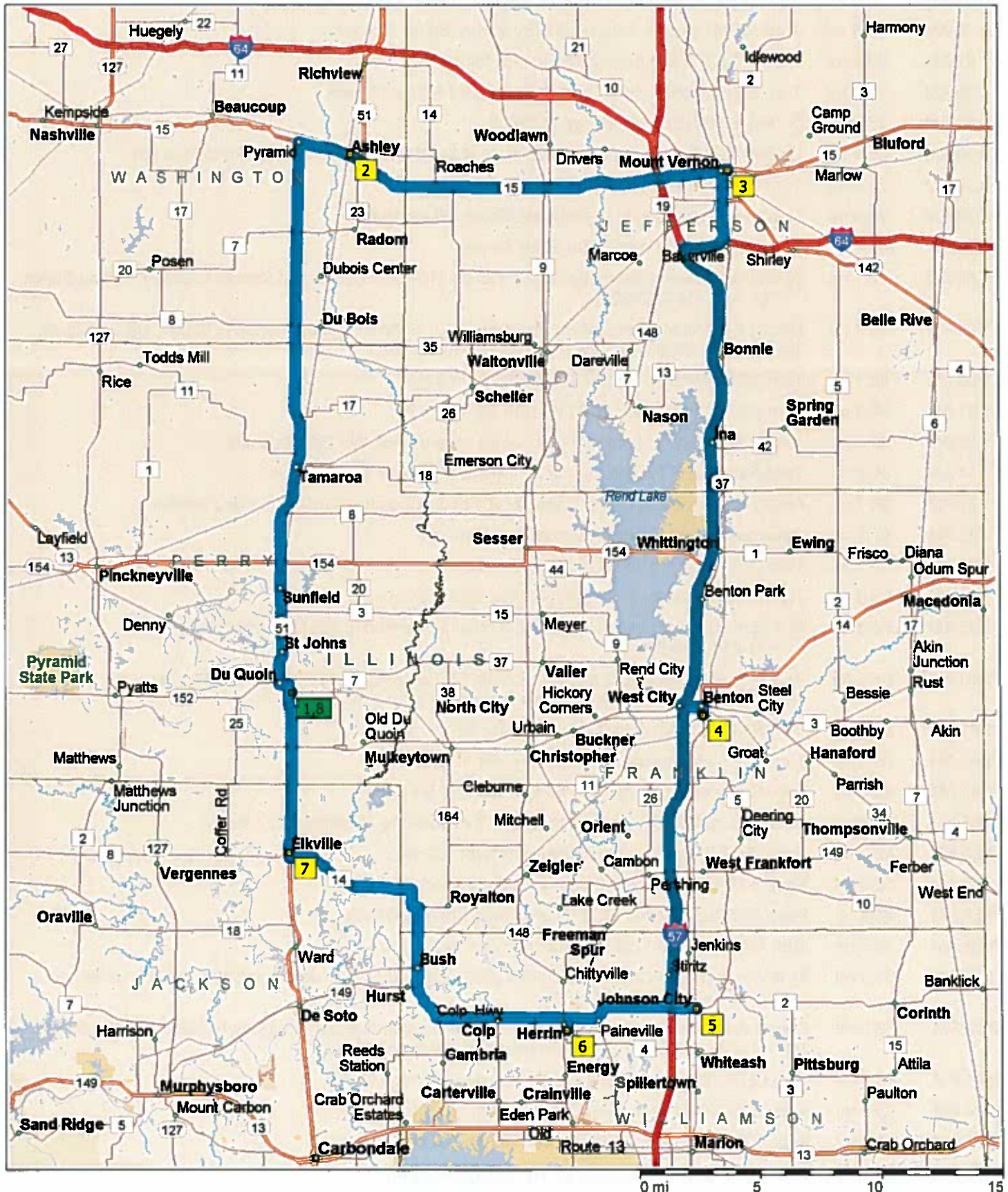
Thursday-North Rt

314.1 miles; 7 hours, 8 minutes



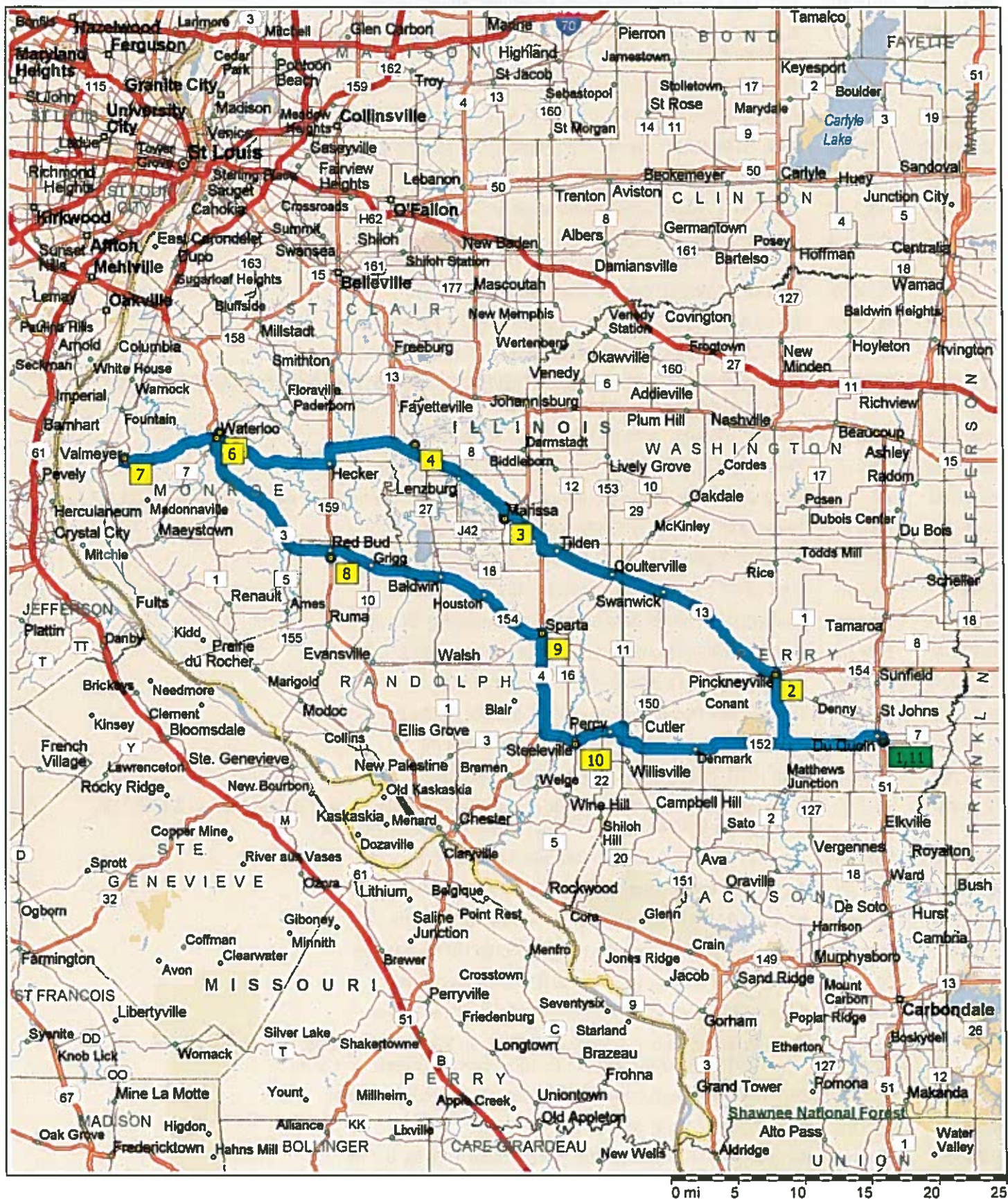
Wednesday Core

113.9 miles, 2 hours, 59 minutes



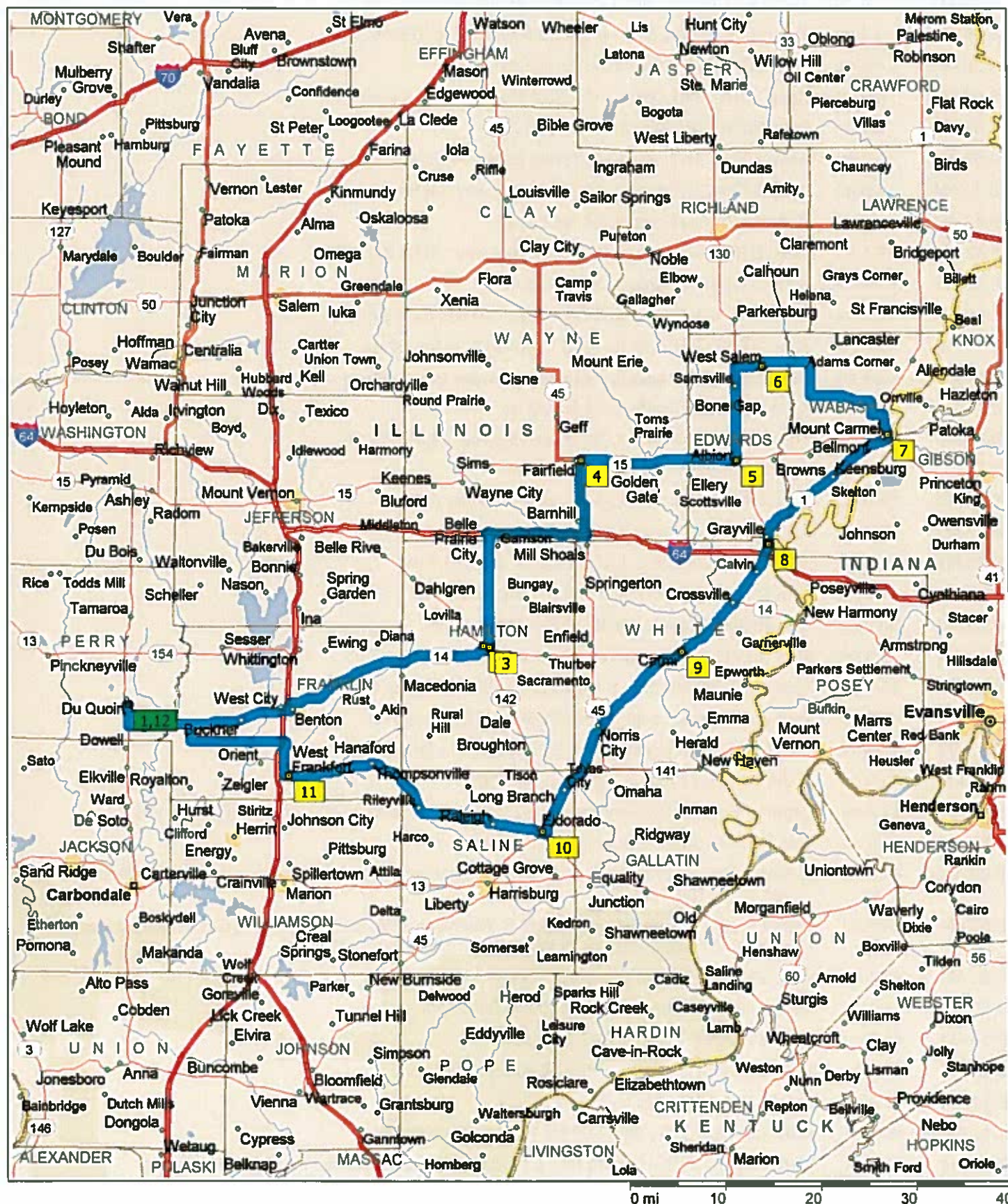
Wednesday - West Rt.

150.2 miles; 3 hours, 21 minutes



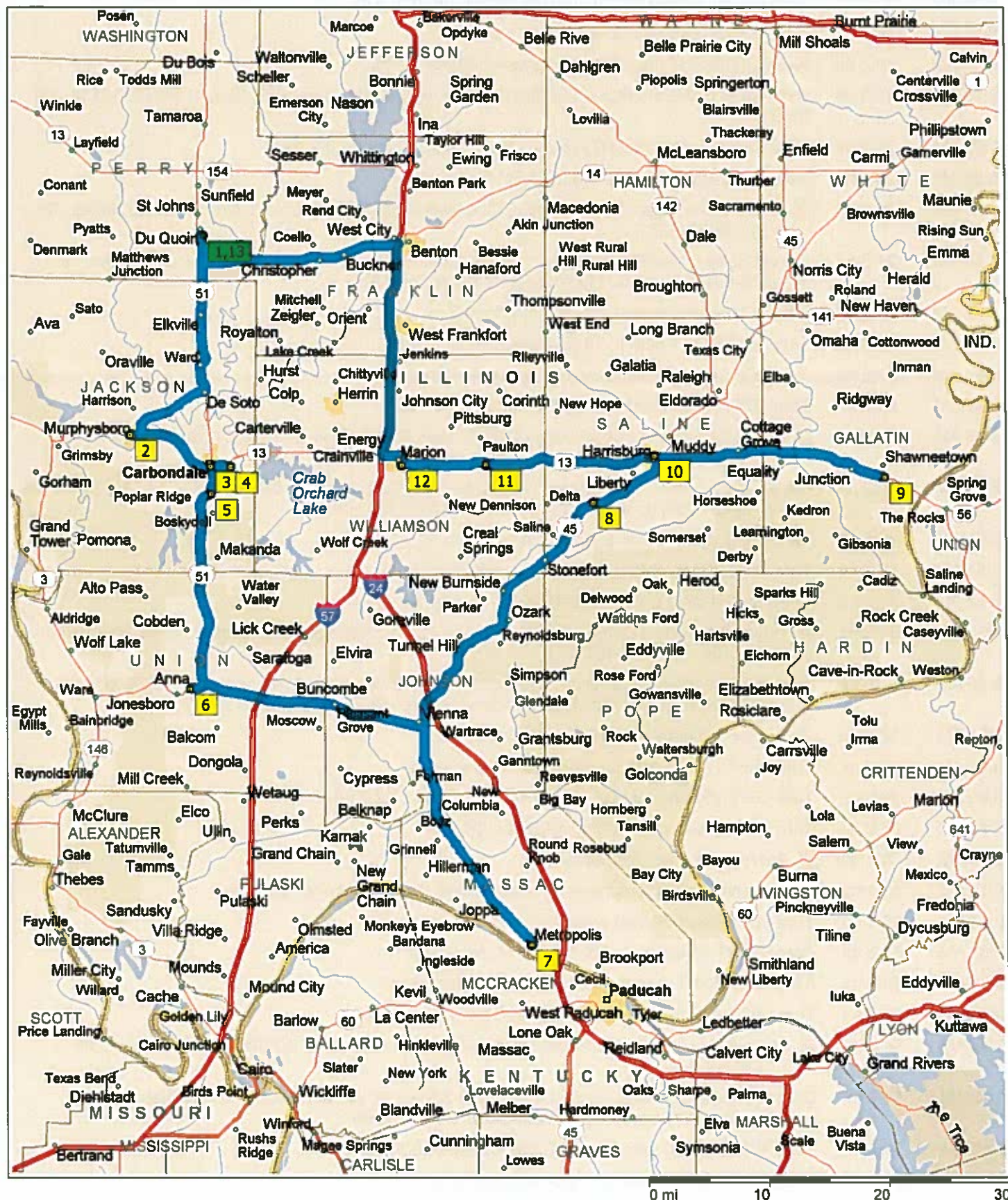
Wednesday - East Rt.

240.5 miles; 5 hours, 52 minutes



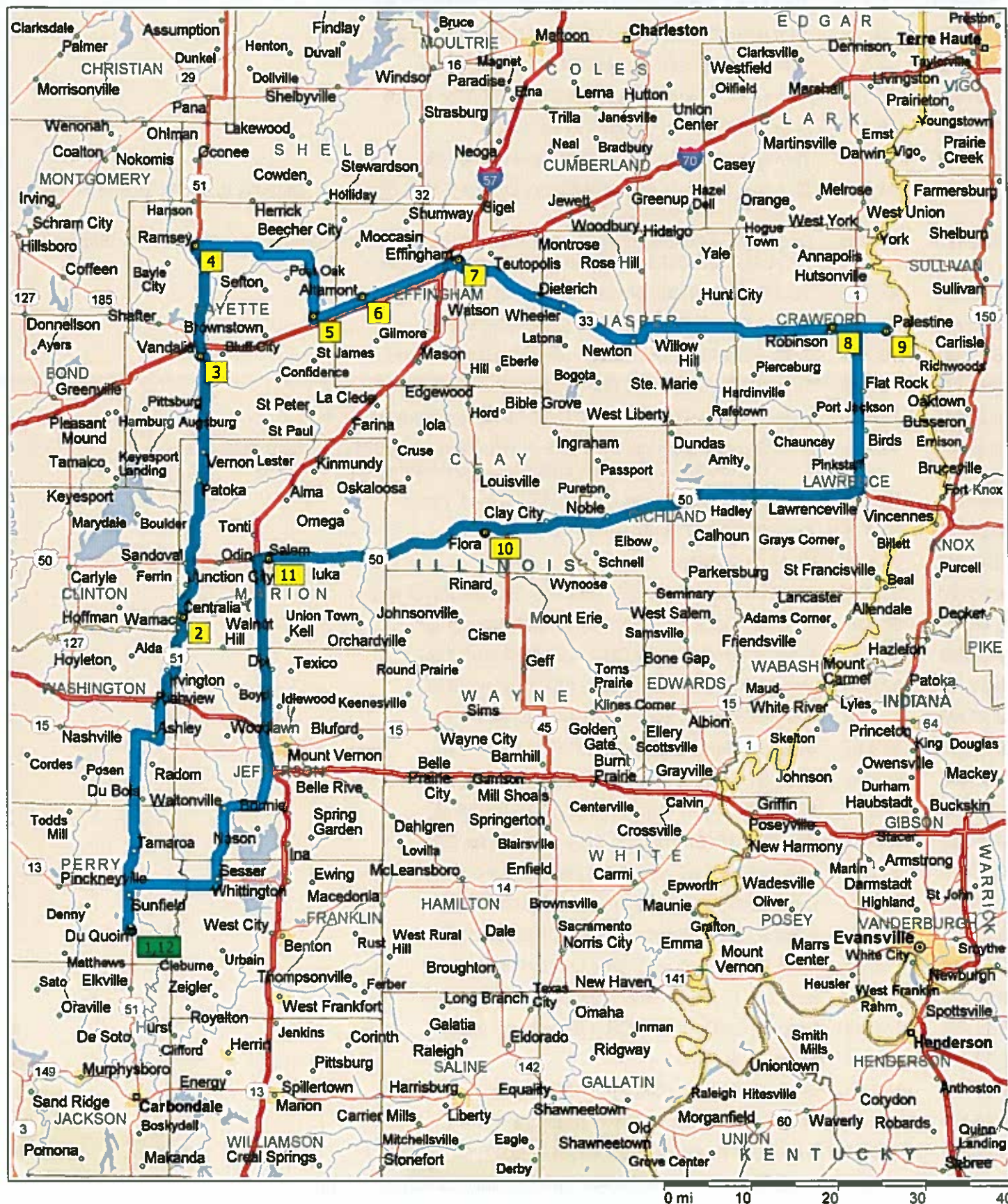
Wednesday - South Rt.

251.7 miles; 6 hours, 53 minutes



Wednesday-North Rt

337.2 miles; 7 hours, 16 minutes





FY2015 Library System Annual Report Components
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ILLINOIS HEARTLAND LIBRARY SYSTEM

3.1.5 Member Site Visits

In FY15, at least 111 site visits were conducted by the staff of IHLS. Of those visits:

84 were to Public Libraries

22 were to School Libraries

3 were to Special Libraries

The bulk of these visits focused on meeting new directors of public libraries and visiting with library directors and library boards to discuss the DREAM grant.



ILLINOIS HEARTLAND LIBRARY SYSTEM ANNUAL REPORT FY2015

3.1.6 Non-Resident Fee Participation

This is the URL for the listing of public libraries in IHLS with indication of whether they are or are not participants in the non-resident fee program.

<http://www.illinoisheartland.org/?q=content/page/non-resident-fee-program-information>



ILLINOIS HEARTLAND LIBRARY SYSTEM ANNUAL REPORT FY2015

3.2.1 Workweek Hours, Salary Schedule, Staffing Summary

Position specific information is available upon request.



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ILLINOIS HEARTLAND LIBRARY SYSTEM

3.2.2 System Fringe Benefits

Illinois Heartland Library System offered the following benefits for full-time employees:

Medical, Dental, Vision, Life, Critical Care, Major Medical, Accident, Vacation, Sick, Holiday, Personal, Bereavement, EAP, Wellness, Telecommuting and Retirement.

No unique benefits for Executive Director.



ILLINOIS HEARTLAND LIBRARY SYSTEM ANNUAL REPORT FY2015

ILLINOIS HEARTLAND STAFF DIRECTORY

8/25/2014

Department	Last Name	First Name	Title	Responsibility	Email Address	Phone/Ext
Executive & Administrative - Edwardsville	Bednar	Leslie	Executive Director	Serves as the chief administrative officer, responsible for implementing policies and programs and directs and leads all operations and activities.	lbednar@illinoisheartland.org	phone: 618-656-3216 ext.420
Executive & Administrative - Edwardsville	Townsend	Kimberly	Executive Assistant	Performs a variety of secretarial and administrative duties for the Executive Director and the Board of Directors in a professional and efficient manner.	ktownsend@illinoisheartland.org	phone: 217-352-0047 ext.706
Executive & Administrative - Champaign	Popit	Ellen	Membership and Grants Director	Initiates direct contact with members, gathering accurate contact data for members, and reviewing membership status.	epopit@illinoisheartland.org	phone: 618-985-3711 ext.624
Executive & Administrative - Edwardsville	Jackson	Kathy	Human Resources Director	Supports all aspects of human resources and ensuring compliance with all regulations, and the overall provision of human resource services, policies and programs.	kjackson@illinoisheartland.org	phone: 618-656-3216 ext.408
Executive & Administrative - Edwardsville	Knabe	Lori	Human Resources Assistant	performs a variety of administrative and clerical duties for the Human Resource department	lknabe@illinoisheartland.org	phone: 618-656-3216 ext.
Executive & Administrative	Pernicka	Julia	Communications Assistant	Coordinates and provides response to requests for information from media, provides information to member libraries, the public and IHLS staff through various communications media.	jpernicka@illinoisheartland.org	phone: 618-656-3216 ext.442
Executive & Administrative	Thompson	Angela	Administrative Assistant	Performs a variety of administrative and clerical duties for the IHLS staff.	athompson@illinoisheartland.org	phone: 217-352-0047 ext.720

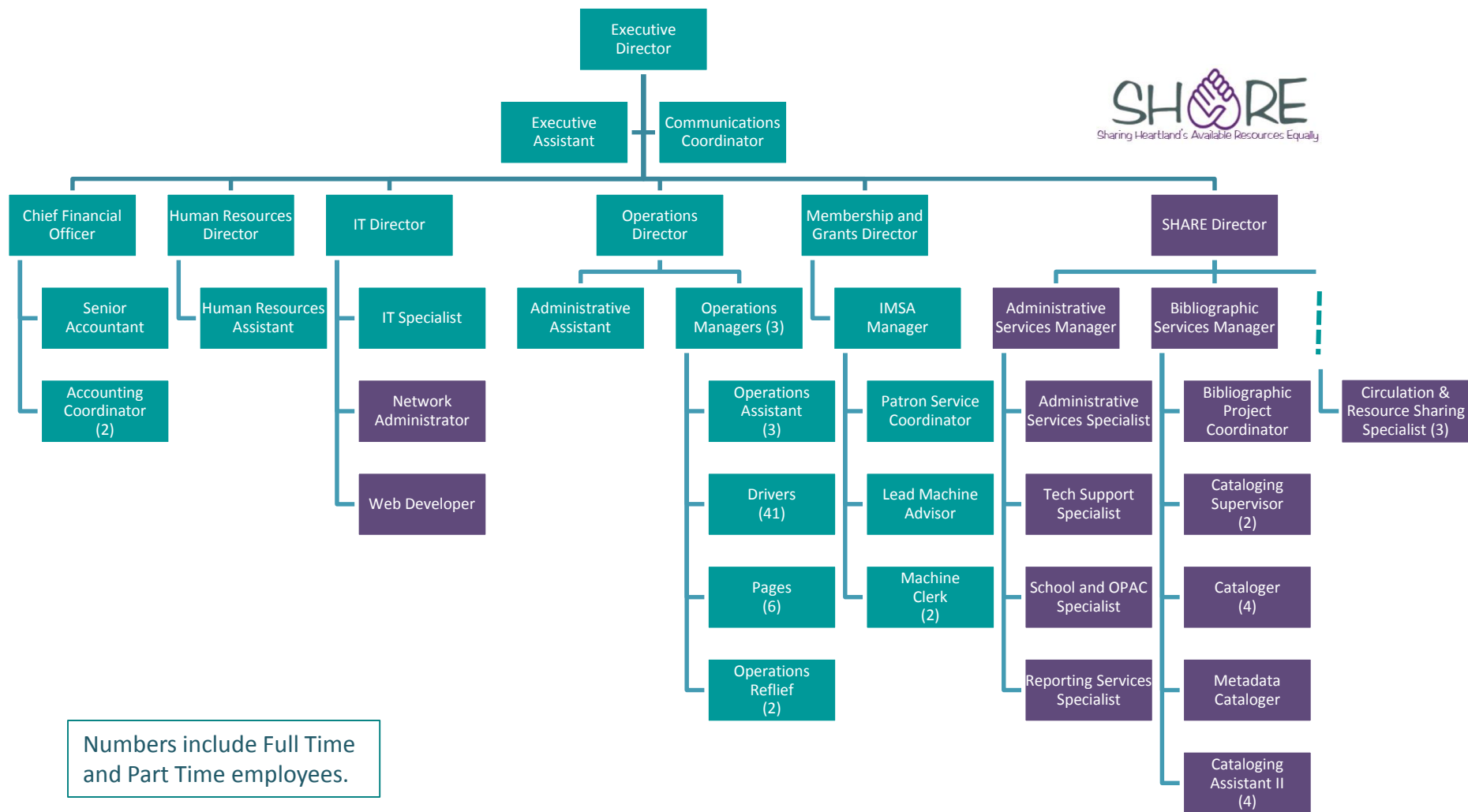
Department	Last Name	First Name	Title	Responsibility	Email Address	Phone/Ext
Financial	Elam	Adrienne	Chief Fiscal Officer	Responsible for the overall financial operations of IHLS including, budgeting, the general ledger, accounts payable and receivable and payroll functions, and manages the cash flow and investment of funds.	aelam@illinoisheartland.org	phone: 618-656-3216 ext.401
Financial	Dettenmeier	Colleen	Accounts Payable Coordinator	Oversees all aspects of IHLS Accounts Payable and Payroll for the four locations.	cdettenmeier@illinoisheartland.org	phone: 618-656-3216 ext.431
Financial	Johnisee	Rhonda	OCLC Billing AP Coordinator	Oversees all aspects of the ILUNET/OCLC Accounting Grant. The IHLS Accounts Payable Manager oversees all aspects of IHLS Accounts Payable for the four locations and oversees OCLC Billing/Account Receivables Specialist.	rjohnisee@illinoisheartland.org	phone: 618-656-3216 ext.418
Financial	Paden	Shirley	Accounts Receivable Coordinator	Oversees all aspects of IHLS Accounts Receivables for the four locations.	spaden@illinoisheartland.org	
IT	Brown	Troy	IT Director	Responsible for all development of computer information resources, providing for data security and control, strategic computing, and disaster recovery.	tbrown@illinoisheartland.org	phone: 618-985-3711 ext.621
IT	Chapman	Brandon	Network Administrator	Responsible for the installation and maintenance of computer information resources, providing for data security and control for SHARE.	bchapman@illinoisheartland.org	phone: 618-656-3216 ext.
IT	Greer	Hillary	ITSpecialist	Supports staff hardware and software. Works with the IT Director to implement and monitor the functions of the network and computer systems, as well as software.	hgreer@illinoisheartland.org	phone: 217-352-0047 ext.
IT	Wingerter	Brant	Web Developer	Responsible for the installation and maintenance of the websites, providing for data security and control for SHARE.	bwingerter@illinoisheartland.org	phone: 618-985-3711 ext.604
Share - Du Quoin	Edwards	Traci	SHARE Manager for Administrative Ser	Coordinates SHARE security and administrative module and troubleshooting and develops the fee formula and budget for SHARE.	tedwards@illinoisheartland.org	phone: 618-985-3711 ext.620
Share - Champaign	Ralston	Michelle	School and OPAC Specialist	Provides training on all modules used in the SHARE Software, delivery, Windows-based skills, IHLS and SHARE policy, and best practices for effective workflow. Also coordinates and provides support to others to assist in maintaining an effective and efficient SHARE platform.	mrалston@illinoisheartland.org	phone: 217-352-0047 ext.717
Share - Champaign	Johnston	Mary	Tech Support Specialist	Coordinates daily operation of the ILS software, runs reports and performs routine maintenance procedures and supports and trains library staff.	mjohnston@illinoisheartland.org	phone: 217-352-0047 ext.700

Department	Last Name	First Name	Title	Responsibility	Email Address	Phone/Ext
Share - Champaign	Moreland	Terry	Reporting Services Specialist	Coordinates daily operation of the ILS software, runs reports and performs routine maintenance procedures and supports and trains library staff.	tmoreland@illinoisheartland.org	
Share - Du Quoin	Sparks	Kim	Administrative Services Specialist	Coordinates daily operation of the ILS software, runs reports and performs routine maintenance procedures and supports and trains library staff.	ksparks@illinoisheartland.org	phone: 618-985-3711 ext.601
Share - Champaign	Bauer	Joan	SHARE Manager for Bibliographic Services	Coordinates SHARE cataloging services and database standards on behalf of member libraries.	jbauer@illinoisheartland.org	phone: 217-352-0047 ext.721
Share - Edwardsville	Bennyhoff	Nick	Bibliographic Project Coordinator	Responsible for planning and coordinating the work of the barcoding staff to facilitate the workflow and providing direction regarding adding collections to the database for new SHARE members, responding to inquiries or problems received primarily from Barcoding Buddies and barcoding SWAT team members, and providing training. Also responsible for maintaining and updating the SHARE website.	nbennyhoff@illinoisheartland.org	phone: 618-656-3216 ext.406
Share - Edwardsville	Elliott	Edie	Cataloging Supervisor	Supervises and plans the work of cataloging staff to facilitate the workflow and provide direction regarding cataloging, as well as performs original and copy cataloging.	ee Elliott@illinoisheartland.org	phone: 618-656-3216 ext.445
Share - Du Quoin	Stone	Shelley	Cataloging Supervisor	Supervises and plans the work of cataloging staff to facilitate the workflow and provide direction regarding cataloging, as well as performs original and copy cataloging.	sstone@illinoisheartland.org	phone: 618-985-3711 ext.608
Share - Edwardsville	Andrzejewski	Vince	Cataloger (CMC)	Performs original and copy cataloging based on current standards, database maintenance, authority control, and provides training and inventory support for libraries.	vandrzejewski@illinoisheartland.org	phone: 618-656-3216 ext.430
Share - Champaign	Brady	Robert	Cataloger	Performs original and copy cataloging based on current standards, performs database maintenance and authority control, assists in training and provides inventory support.	rbrady@illinoisheartland.org	phone: 217-352-0047 ext.708
Share - Champaign	Lottes	David	Cataloger	Performs original and copy cataloging based on current standards, performs database maintenance and authority control, assists in training and provides inventory support.	dlottes@illinoisheartland.org	phone: 217-352-0047 ext.727
Share - Edwardsville	Schuler-Faust	Cheri	Cataloger	Performs original and copy cataloging based on current standards, performs database maintenance and authority control, assists in training and provides inventory support.	cschulerfaust@illinoisheartland.org	phone: 618-656-3216 ext.407
Share - Du Quoin	Johnson	Steve	Cataloging Assistant II	Performs original and copy cataloging based on current standards, performs database maintenance and authority control, assists in training and provides inventory support.	sjohnson@illinoisheartland.org	phone: 618-985-3711 ext.626
Share - Champaign	Perkins	Liz	Cataloging Assistant II	Performs original and copy cataloging based on current standards, performs database maintenance and authority control, assists in training and provides inventory support	lperkins@illinoisheartland.org	phone: 217-352-0047 ext.715
Share - Champaign	Kates	Linda	Cataloging Assistant I	Performs copy cataloging based on current standards, database maintenance, assists in providing inventory support and may assist in providing training.	lkates@illinoisheartland.org	phone: 217-352-0047 ext.705
Staff- Edwardsville	Dawdy	Chris	SHARE Director	Coordinates and oversees all aspects of SHARE including but not limited to training and documentation, grant development and implementation, and third party product negotiation and implementation on behalf of member libraries.	cdawdy@illinoisheartland.org	phone: 618-656-3216 ext.443
Share -Staff Service Team - Edwardsville	Zavediuk	Lesley	E-book Trainer/Coordinator	Responsible for a project that increases access to e-books for Illinois residents and also increases e-book expertise among library staff, library system staff, and Illinois residents. Conducts training, develops a list of free e-book resources, develops a website and provides assistance to libraries in promoting the project to their patrons.	lzavediuk@illinoisheartland.org	phone: 618-656-3216 ext.424
Share -Staff Service Team - Champaign	DeViliez	Joe	Circulation Specialist	Provides training on all modules used in the SHARE Software, delivery, Windows-based skills, IHLS and SHARE policy, and best practices for effective workflow. Also coordinates and provides support to others to assist in maintaining an effective and efficient SHARE platform.	jdeviliez@illinoisheartland.org	phone: 618-985-3711 ext.611

Department	Last Name	First Name	Title	Responsibility	Email Address	Phone/Ext
Share -Staff Service Team - Edwardsville	Pearson	Sue	Circulation Specialist	Provides training on all modules used in the SHARE Software, delivery, Windows-based skills, IHLS and SHARE policy, and best practices for effective workflow. Also coordinates and provides support to others to assist in maintaining an effective and efficient SHARE platform.	spearson@illinoisheartland.org	phone: 618-656-3216 ext.421
Operations - Edwardsville	Palmer	Susan	Operations Director	Manages staff responsible for activities associated with all aspects of the delivery operations and the maintenance and repair of the physical buildings, mechanical equipment, and vehicles.	spalmer@illinoisheartland.org	phone: 618-656-3216 ext.409
Delivery - Champaign	Janvrin	Chris	Operations Manager	Plans, directs, and coordinates the staff and process of picking up, sorting, and delivering library materials, facilities and vehicle maintenance and repairs, custodial operations, and facility repair and maintenance.	cjanvrin@illinoisheartland.org	phone: 217-352-0047 ext.718
Operations - Champaign	McGonigle	Kathy	Operations Assistant	Supports the Operations Management by maintaining and recording statistical information and prepares library materials for delivery.	kmcgonigle@illinoisheartland.org	phone: 217-352-0047 ext.712
Operations - Champaign	Waisvisz	Catherine	Operations Relief	Cleans the building; sort and deliveries library items to member libraries.	cwaisvisz@illinoisheartland.org	
Operations - Champaign	Johnson	Ni'Shell	Page/Sorter	Assists in the daily sorting of books and other library materials transported by IHLS courier drivers, assists in the preparation of the delivery tubs and bags, shelves IHLS books, delivers library materials to IHLS staff, and performs other clerical duties.	njohnson@illinoisheartland.org	phone: 217-352-0047
Operations - Du Quoin	Miller	Beverly	Operations Manager	Plans, directs, and coordinates the staff and process of picking up, sorting, and delivering library materials, facilities and vehicle maintenance and repairs, custodial operations, and facility repair and maintenance.	bmiller@illinoisheartland.org	phone: 618-985-3711 ext.603
Operations - Du Quoin	Fries	Arlana	Operations Assistant	Supports the Operations Management by maintaining and recording statistical information and prepares library materials for delivery.	afries@illinoisheartland.org	phone: 618-985-3711 ext.602
Operations - Du Quoin	Schelper	Wanda	Operations Relief	Cleans the building; sort and deliveries library items to member libraries.		
Courier - Du Quoin	Bailey	Bill	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Du Quoin	Kipping	Kerry	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Du Quoin	Malone	John	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Du Quoin	Parr	Casey	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Du Quoin	Pfeiffer	Debra	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Du Quoin	Powell	Michael	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Du Quoin	Robinson	Earl	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Du Quoin	Sizemore	Galen	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Chmielewsky	Phillip	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Clinch	William	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Downes	Stephen	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Foutch	Timothy	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Fruhling	Terry	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Goodman	Steven	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Nichols	Clark	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Nichols	Thomas	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Perry	Roger	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Wetzel	Paul	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Champaign	Wollitz	Gary	Courier Driver	Sort and deliveries library items to member libraries.		
Delivery - Edwardsville	Petty	Linda	Operations Manager	Plans, directs, and coordinates the staff and process of picking up, sorting, and delivering library materials, facilities and vehicle maintenance and repairs, custodial operations, and facility repair and maintenance.	lpetty@illinoisheartland.org	phone: 618-656-3216 ext.412
Delivery - Edwardsville	Bushong	Stacie	Operations Assistant	Supports the Operations Management by maintaining and recording statistical information and prepares library materials for delivery.	sbushong@illinoisheartland.org	phone: 618-656-3216 ext.447
Delivery - Edwardsville	Sjursen	PJ	Page/Sorter	Assists in the daily sorting of books and other library materials transported by IHLS courier drivers, assists in the preparation of the delivery tubs and bags, shelves IHLS books, delivers library materials to IHLS staff, and performs other clerical duties.		phone: 618-656-3216
Courier - Edwardsville	Bienemann	Janice	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Burks	John	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Cline	Samuel	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Dickey	Orlanda	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Eilers	J.R.	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Isaak	Hank	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Johnson	John	Courier Driver	Sort and deliveries library items to member libraries.		

Department	Last Name	First Name	Title	Responsibility	Email Address	Phone/Ext
Courier - Edwardsville	Jones	Larry	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Landolt	Dale	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Munson	Harry	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Palmer	Rhonda	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Ramey	Michael	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Voyles	David	Courier Driver	Sort and deliveries library items to member libraries.		
Courier - Edwardsville	Woosley	Steve	Courier Driver	Sort and deliveries library items to member libraries.		
Illinois Machine Sublending Agency - Du Quion	Varner	Sarah	IMSA Manager	Prepares and implements the annual plan of service and oversees daily operations, staff, and expenses.	svarner@imsa.lib.il.us	phone: 618-985-8375
Illinois Machine Sublending Agency - Du Quion	West	Melissa	Lead Machine Advisor	Sorts incoming machines and maintains the inventory of machines, equipment and accessories. Provides assistance and oversees workflow to IMSA staff in the absence of the IMSA Manager.	mcrites@imsa.lib.il.us	phone: 618-985-8375
Illinois Machine Sublending Agency - Du Quion	Frailey	Valerie	IMSA Machine Clerk	Ensures that audio playback machines and equipment are clean and in good working order before being sent to the next user.	vfrailey@imsa.lib.il.us	
Illinois Machine Sublending Agency - Du Quion	Nelson	Cindy	Machine Clerk	Ensures that audio playback machines and equipment are clean and in good working order before being sent to the next user.	cnelson@imsa.lib.il.us	phone: 618-985-8375

3.2.4 IHLS Organizational Chart





ILLINOIS HEARTLAND LIBRARY SYSTEM ANNUAL REPORT FY2015

3.3.1 Dates

FY2015 Board Meetings Held:

The regular meetings of the Board of Directors of the Illinois Heartland Library System were held on the following dates at 5:00 p.m. at Helen Matthes Public Library, 100 East market Avenue, Effingham, Illinois, unless otherwise indicated.

Board Meeting - June 23, 2015 (@ Champaign)

Special Board Meeting - June 11, 2015 (@ Knights of Columbus Hall-Effingham)

Board Meeting - May 26, 2015

Board Meeting - April 28, 2015

Board Meeting - Special Budget Review - April 20, 2015 (@ Champaign)

Board Meeting (February) - March 5, 2015 (@ Decatur Public Library)

Board Meeting - January 27, 2015

Special Board Meeting - January 09, 2015 (@ Edwardsville)

Board Meeting - October 28, 2014

Board Meeting - September 23, 2014

Board Meeting - August 26, 2014

Board Meeting July 22, 2014



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3.3.2a Board Members List

Illinois Heartland Library System – FY2015 Board of Directors

Karen Bounds

111 Country Club Road
Centralia, IL 62801
618-532-5146 (h)
618-532-7391, ext. 3086 (w)
618-267-1776 (c)
kbounds@centraliahs.org
School Library Representative—Centralia HS
Term ends 7/15

Lynda Clemmons

6 Dogwood Place
Harrisburg, IL 62946
618-252-3685
lbclemm@gmail.com
Public Library Trustee—Harrisburg Public
Library District
Term ends 7/16

Gary Denué

215 Commercial Street
Edwardsville, IL 62025
618-656-4941
gdenué@siue.edu
Public Library Trustee – Edwardsville
Term ends 7/17

James Fenton

1102 South Locust Street, Apt. C
Carlinville, IL 62626
217-854-4072
fentonj@frontiernet.net
Public Library Trustee—Carlinville Public Library
Term ends 7/16

Rachel Fuller

Rochester Community Unit School District 3A
3 Rocket Drive
Rochester, Illinois 62563.
Home:

117 Willow Road
Rochester, IL 62563
Cell: 309-221-9629 (preferred)
Work: 217-498-9761 ext. 1031
rfuller@rochester3a.net
School Library Representative
Term ends 7/17

Valerie Green

210 N. Washington
Warrensburg, IL 62573
217-672-3397
csvert@yahoo.com
valerie.green@scouting.org
Public Library Trustee—Barclay Public
Library District, Warrensburg
Term ends 7/17

Nancy Huntley

Lincoln Library
326 South 7th Street
Springfield, IL 62701
Phone: 217-753-4921
Fax: 217-753-4905
Email: Nancy.Huntley@lincolnlibrary.info
Public Library Representative—Lincoln Library
(Springfield)
Term ends 7/15

Sarah Isaacs

Illinois Intervention Clearinghouse
51 Gerty Drive,
Children's Research Center, Room 20
Work: 217-268-6875 (call first)
Cell: 217-714-0086 (call second)
isaacs@illinois.edu
Special Librarian
Term ends 7/17



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Susan Justice

1810 4th Street
 Eldorado, IL 62960-1739
 Phone: 618-273-9858 (h)
 618-926-7057 (c)
 Email: csjust@clearwave.com
 Public Library Trustee – Eldorado Memorial PLD
 Term ends 7/16

James Matthews

504 W. Dunbar
 Mahomet IL 61853
 217-590-4008 (h)
 309-556-3571 (w)
 217-390-8649 (c)
 *Use work phone August-May, otherwise cell.
 Email: frelnich@gmail.com
 Public Library Trustee—Mahomet Public Library
 District
 Term ends 7/15

Susan Mendelsohn

302 Sierra Court
 Glen Carbon, IL 62034
 Phone: 618-288-5863 (h)
 618-920-3641 (c)
 Email: mendelsohn323@gmail.com
 Public Library Trustee—Glen Carbon Centennial
 Library
 Term ends 7/15

Jacob Roskovensky

PO Box 104
 Newman, IL 61942-9417
 Phone: 217-639-5012 (w)
 217-251-5815 (c)
 Email: roscoihls@gmail.com
 School Library Representative—Charleston
 CUSD #1
 Term ends 7/15

Lender Spearman

Phone: 618-234-0441 ext. 13
 Email:
 Leander.Spearman@bellevillepubliclibrary.org
 Public Library Representative—Belleville PL
 Term ends 7/16

George Trammell

200 Westernaire Drive
 Marion, IL 62959
 Phone: 618-993-6313 (h)
 618-925-4057 (c)
 Email: grtram106@gmail.com
 Trustee—Marion Carnegie Library
 Term ends 7/16

Sandra West

Rend Lake College Learning Resource Center
 468 N. Ken Gray Parkway
 Ina, IL 62846
 Home:
 4083 Private Road 25
 Pinckneyville, IL 62274
 (618)437.5321 x1249 (Preferred)
 Cell: 618-559-1033
 wests@rlc.edu
 Academic Library Representative
 Term ends 7/17



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3.3.2b: Assessment that the Board meets Policy requirements in 23 ILAC 3030.255

The Board of Directors of the Illinois Heartland Library System does have policies in place to meet compliance regulations with 23 ILAC 3030.255.

Specific information can be found at:

<http://www.illinoisheartland.org/?q=about/policies>: Policies and Bylaws

<http://www.illinoisheartland.org/sites/default/files/FinProcPolicy.pdf>: Contracts and Purchasing

<http://www.illinoisheartland.org/sites/default/files/IHLS%20Empl%20Code%20amendedMay2015.pdf>: Personnel Code covers Conflict of Interest, Travel Expenditures and Secondary Employment.



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3.3.3 System Ethics Officer

The Ethics Officer for the Illinois Heartland Library System is

Ellen Popit
Membership and Grants Director
IHLS - DuQuoin Office



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3.3.4 System FOIA Officer

The FY2015 FOIA Officer for the Illinois Heartland Library System is

Gary Denué
215 Commercial Street
Edwardsville, IL 62025
618-656-4941
gdenué@siue.edu



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3.4.1 Summary Appraisal of System Real Estate

Property Description	Own or Rent?	Value of Property	Plans for Property
Champaign Hub 1704 Interstate Drive Champaign, IL	Own	\$620,000 as of 2015	Roof replacement and parking lot replacement needed. Roof has been patched.
Edwardsville Hub 6725 Goshen Road Edwardsville, IL	Own	\$1,575,000 as of 2010	Needs current appraisal.
Du Quoin Hub 500 South Madison Du Quoin, IL	Rent	\$4500 a month (\$54,000 yearly)	Considering relocation.

APPRAISAL REPORT OF:

1704 W. Interstate Drive
Champaign, Illinois 61822

CLIENT:

Ms. Susan Palmer
Illinois Heartland Library System
6725 Goshen Road
Edwardsville, Illinois 62025

EFFECTIVE DATE OF VALUE:

May 15, 2015

DATE OF REPORT:

June 8, 2015

PREPARED BY:

Joseph M. Webster, MAI
Webster & Associates, Inc.
235 S. Main Street
Decatur, Illinois 62523
(217) 330-6214

E-mail: joe@websterappraisals.com

Webster & Associates, Inc.

2

Webster & Associates, Inc.

104 West University Avenue
Urbana, Illinois 61801-1723
Phone (217) 344-0973

Fax (217) 344-7506
E-mail: office@websterappraisals.com
Website: <http://www.websterappraisals.com>

235 South Main Street
Decatur, Illinois 62523-1401
Phone (217) 330-6214

June 8, 2015

Ms. Susan Palmer
Illinois Heartland Library System
6725 Goshen Road
Edwardsville, Illinois 62025

RE: Appraisal of 1704 W. Interstate Drive, Champaign, Illinois.

Dear Ms. Palmer:

Per your request, I have personally inspected the property located at 1704 W. Interstate Drive, Champaign, Illinois. This report is intended for use only by the client, Illinois Heartland Library System, for planning purposes. Use of this report by others is not intended by the appraiser. The client has requested an opinion of the market value of the fee simple estate of the subject real property. An exterior and interior examination of the subject was made on May 15, 2015, which is the effective date of the opinion of value.

This transmittal letter is followed by the appraisal report further describing the subject property and containing the reasoning and pertinent data leading to the opinion of value. Also attached are the certification of the appraisal, limiting conditions, photographs, and other addenda that are considered relevant to the appraisal. This letter and all attachments are integral parts of the appraisal report, and the entire document must be considered as a whole.

The property was appraised based on fee simple ownership and unencumbered, subject to the contingent and limiting conditions outlined herein.

Webster & Associates, Inc.

3

Illinois Heartland Library System
June 8, 2015

Appraisal of 1704 W. Interstate Drive, Champaign, Illinois.

It is my opinion that the market value of the fee simple estate of the subject real property, as of May 15, 2015, was:

SIX HUNDRED TWENTY THOUSAND (\$620,000) DOLLARS.

Respectfully submitted,

Joseph M. Webster, MAI
Illinois certified general
Real estate appraiser # 553.002003

F:\15-01528

DEFINING THE PROBLEM TO BE SOLVED:**IDENTIFICATION OF THE CLIENT AND OTHER INTENDED USERS:**

The appraisal was ordered by Susan Palmer of Illinois Heartland Library System, which is the client for this assignment. The appraiser-client relationship is subject to the confidentiality section of the Ethics Rule of the *Uniform Standards of Professional Appraisal Practice* (USPAP), which states that an appraiser must not disclose confidential information, or assignment results prepared for a client to anyone other than the client, or persons specifically authorized by the client. The client has not identified any additional intended users, and therefore, the client is the sole intended user of the appraisal.

INTENDED USE OF THE APPRAISER'S OPINIONS AND CONCLUSIONS:

The intended use of the opinions and conclusions derived from this appraisal assignment is to evaluate the property that is the subject of this appraisal for planning purposes, subject to the stated scope of work, problem to be solved, reporting requirements of this appraisal report type, and definition of value. No additional intended uses are identified by the client, and the opinions and conclusions can not be used for any other purpose without prior written authorization from Webster & Associates, Inc.

TYPE AND DEFINITION OF VALUE TO BE DETERMINED:

The client has requested an opinion of the current market value of the subject real property.

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

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Source: 12 C.F.R. Part 34.42(g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994]

Real property is defined as:

All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed.¹

No personal property or intangible assets have been included in the opinion of value.

EFFECTIVE DATE OF THE APPRAISER'S OPINIONS AND CONCLUSIONS:

An exterior and interior examination of the subject property was made on May 15, 2015, which is the effective date of the opinion of value.

¹ The Dictionary of Real Estate Appraisal, 4th Edition, by the Appraisal Institute, 2002.

IDENTIFICATION OF THE SUBJECT PROPERTY:**Property type and location.**

The subject represents a one-story, masonry building that is utilized as an office. The property is located at 1704 W. Interstate Drive, Champaign, Illinois.

Ownership history.

The subject property is currently in the name of Illinois Heartland Library System. There has been no transfer of ownership on record over the past three years, and the property is not formally available for sale at this time.

Legal description.

A formal legal description was not provided. However, according to the Champaign County Plat Book, the subject property may be legally described as:

A 1.96-acre tract of land located in the West ½ of Section 35, Township 20 North, Range 8 East in the Third Principal Meridian, Champaign County, Illinois.

Tax and assessment data.

The subject's tax and assessment information is as follows:

<u>Permanent parcel number</u>	<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Tax</u>
12-14-35-100-007	\$0	\$0	\$0	\$0
41-14-35-302-001	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

The parcels shown above are owned by a non-for-profit entity, and therefore, lack an assessed value or tax amount. Taxes for the parcel denoted as 12-14-35-100-007 were based on a rate of \$7.3913/ \$100 of assessed value for fiscal year 2014, payable in 2015. Taxes for the parcel denoted as 41-14-35-302-001 were based on a rate of \$8.4125/ \$100 of assessed value for fiscal year 2014, payable in 2015.

PROPERTY RIGHTS TO BE VALUED:

The property rights being valued are a *fee simple estate*, which is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

The subject property is owner occupied, and therefore, the use of fee simple property rights is most appropriate, with no allocation of partial interests warranted.

EXTRAORDINARY ASSUMPTIONS:

An *extraordinary assumption* is defined as:

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.³

There were no extraordinary assumptions used in the analysis leading to the opinion of value for the subject property.

HYPOTHETICAL CONDITIONS:

A *hypothetical condition* is defined as:

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.⁴

There were no hypothetical conditions used in the analysis.

²Ibid.

³2014 – 2015 Uniform Standards of Professional Appraisal Practice.

⁴2014 – 2015 Uniform Standards of Professional Appraisal Practice.

EXPOSURE TIME:

Exposure time may be defined as:

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (Source: 2014-2015 Uniform Standards of Professional Appraisal Practice).

The exposure time analysis considers the liquidity characteristics of the subject property. It is based on data retained in file, along with external sources, such as brokers and MLS. Based on the characteristics of the subject property, the opinion of market value derived in this report is based on an exposure time estimated to be between 0 and 36-months, with 12-months considered typical. This represents the average time on the market for recent sales of properties of this type actively listed for sale at a reasonable price. Sales 2, 4, 5, and 6 had marketing times of 637, 19, 873, and 1,054-days, respectively. The typical purchaser is an owner occupant.

SCOPE OF WORK:

The development and reporting of a real property appraisal must be done in compliance with Standards 1 and 2 of the *Uniform Standards of Professional Appraisal Practice* (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. Standard 1 contains requirements that deal with the procedures to be followed in developing the appraisal in a manner that will result in a credible assignment result. *Credible* is defined in the 2014 edition of USPAP as “worthy of belief.” The scope of work necessary to produce a credible appraisal is determined by the appraiser based on the problem to be solved and the intended use. This appraisal has been developed in conformity with the requirements of Standard 1 of the 2014 edition of USPAP.

Standard 2 requires that the appraiser’s conclusions must be communicated in a manner that is not misleading. It provides two reporting options with significantly different levels of content and information. An appraisal report provides a summary of the appraiser’s research and analysis used to arrive at an opinion of value. The amount of detail provided is dependent upon the intended user and intended use of the appraisal. A restricted report is limited to use solely by the client and provides only the appraiser’s conclusions. This option is not appropriate for most appraisal assignments that are typically shared with other parties or read by users unfamiliar with the appraisal process. Therefore, the results of the analysis have been compiled into an appraisal report that is intended to comply with Standard 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*. Additional support is retained in your appraiser’s files.

Demographic and economic data have been collected from the Illinois Department of Commerce and Economic Opportunity, the Illinois Department of Employment Security, the U. S. Census Bureau, and the Illinois Business Review. Furthermore, reference has been made with the Champaign County assessor’s and treasurer’s offices, Champaign County tax maps, City of Champaign zoning maps, and Champaign County zoning maps. Data applicable to the appraisal assignment has been gathered, confirmed, and analyzed to determine trends in the marketplace that would have an effect on the marketability of the subject and on its market value.

Joseph M. Webster made an exterior and interior examination of the subject property on May 15, 2015. He observed the site and site improvements, the exterior of the building, and the interior of all areas of the building. Photographs of the property were also taken on that date.

The income capitalization and sales comparison approaches were determined to be applicable in valuing the subject property, and summaries of each approach are included in the report. It is your appraiser’s opinion that the cost approach is not relevant, and has thus been omitted from the analysis. The subjectivity involved in estimating depreciation would limit the reliability of the value derived from the cost approach, and the completion of the cost approach is not necessary to achieve a credible assignment result. Market data, including land sales, and supply and demand forces in the area are collected, presented, and analyzed. The data is used to determine the highest and best use of the subject property. Land sales were examined as part of the highest and best use analysis and are retained in your appraiser’s files. Data on comparable rentals and expense ratios were gathered and examined for use in the income capitalization approach. The overall capitalization rate was derived from the band of investment technique, but was also compared to rates extracted from sales and with rates quoted in recent investor surveys. Improved sales were obtained from declarations filed with

the recorder's office for the respective counties, along with internal files and previous appraisals. Additional data regarding the sales was obtained from Realtors, parties to the transaction, loan officers, and public records. An exterior examination was made of all the comparables considered. Additional sources of data used in the appraisal process include your appraiser's internal files, Realtors, property managers, professional publications, and Internet sites.

The reconciliation is the final step in the appraisal process, at which time the relevancy and reliability of the approaches used are considered in determining a final opinion of value.

COMPETENCY STATEMENT:

Joseph M. Webster is an Illinois certified general appraiser and a designated member of the Appraisal Institute. He has eight years of experience involved in the appraisal of single family, multi-family, commercial, and industrial properties in Central Illinois. His experience includes appraisals of professional offices in Champaign-Urbana. Mr. Webster is in compliance with the Competency Provision of the *Uniform Standards of Professional Appraisal Practice* (USPAP) with respect to this assignment.

CERTIFICATION

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

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the clause 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.
7. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and with our interpretation of the guidelines and recommendations set forth in the Title XI Regulations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
8. the appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
9. I have made a personal inspection of the property that is the subject of this report.
10. no one provided significant professional assistance to the persons signing this report.
11. this appraisal has been developed and the report has been prepared in conformity with, and is subject to the requirements of, the Code of Ethics and Standards of Professional Practice and Conduct of the Appraisal Institute.
12. As of the date of this report, I, Joseph M. Webster, have completed the education, experience, and examination requirements for the Illinois state certified general real estate appraiser license.

13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its authorized representative.
14. I have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
15. As of the date of this report, I have completed the continuing education program for designated members of the Appraisal Institute.

RESTRICTION UPON DISCLOSURE AND USE

Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication, without prior written consent and approval of the undersigned.

Joseph M. Webster, MAI
Illinois certified general
Real estate appraiser # 553.002003

LIMITING CONDITIONS

This appraisal is subject to the following limiting conditions:

1. The legal description furnished is assumed to be correct.
2. I assume no responsibility for matters in character, nor do I render any opinion as to title, which is assumed to be marketable. All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear under responsible ownership and competent management.
3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning violations or restrictions existing in the subject property.
4. Information, estimates, and opinions contained in this report are obtained from sources considered reliable; however, no liability for them can be assumed by the appraiser.
5. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the applicant, without the previous written consent of the appraiser or the applicant, and in any event, only with the proper qualifications.
6. I am not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been made previously.
7. It is assumed that improvements contain no hazardous materials, such as urea-formaldehyde insulation, asbestos, or lead-based paint. Furthermore, it is assumed that there are no hidden soil or sub-soil conditions that have been determined to be hazardous, such as an underground gasoline storage tank, radon, or toxic or hazardous wastes.

8. The distribution of land and improvements is applicable only as a part of the whole property. The land or improvement values must not be used in conjunction with any other appraisal, and are invalid if so used.
9. I have made no compliance survey or analysis to determine if the property is in compliance with the American's with Disabilities Act (ADA). It is possible that a survey could reveal the property is not in compliance with ADA, which might have a negative effect on value.
10. This appraisal is intended solely for use by the client and for the purpose stated in the report. Use of this report by others or for any other purpose is not intended by the appraiser.
11. This appraisal assignment was developed in a manner consistent with the requirements of Standards Rule 1 of the 2014 edition of the *Uniform Standards of Professional Appraisal Practice*.
12. This is an appraisal report designed to comply with Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*.

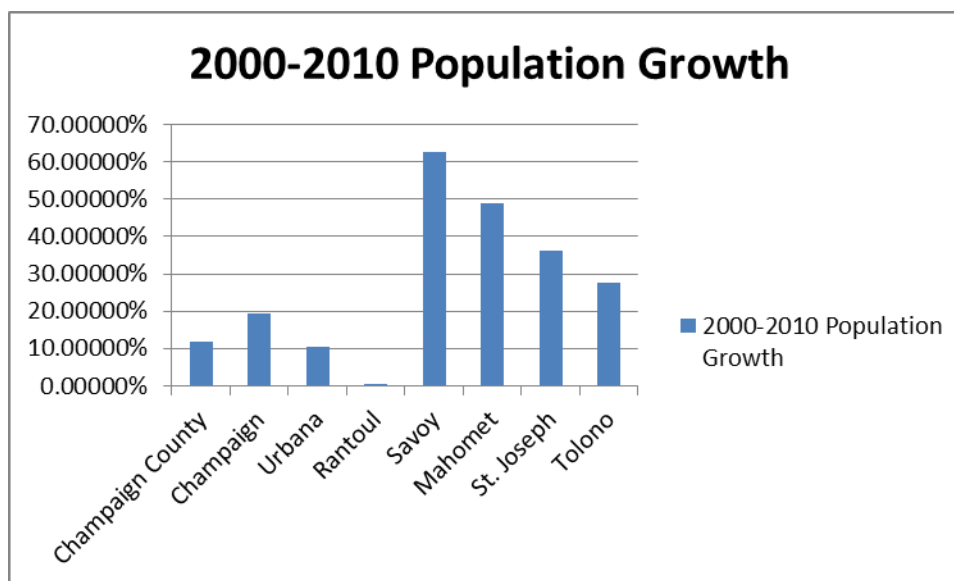
DESCRIPTION OF REAL ESTATE APPRAISED:**Area data.**

Champaign County is located in East Central Illinois. Logistically, the community is 136 miles south of Chicago, 120 miles west of Indianapolis, and 165 miles northeast of St. Louis. Further, the county is located between 35 and 50 miles from three other mid-sized Central Illinois communities, which include Decatur, Bloomington-Normal, and Danville. The county lies in the heart of some of the world's richest agricultural regions, which is the area's key economic resource. This factor has had an effect on the land use patterns of the county, with an average population density of 206-people per square mile, which compares to 32-people per square mile for the State of Illinois as a whole. Champaign County encompasses 996 square miles.

The most recent estimate taken in the year 2013 for Champaign County's population is 204,897 residents. Shown below is data regarding the population trends for Champaign County, as well as some of the largest communities in the county.

1990 – 2010 population

Year	<u>1990</u>	<u>2000</u>	<u>2010</u>
Champaign County	173,025	179,669	201,081
Champaign	63,502	67,959	81,055
Urbana	36,344	37,362	41,250
Rantoul	17,212	12,918	12,941
Savoy	2,674	4,476	7,280
Mahomet	3,103	4,877	7,258
St. Joseph	2,052	2,912	3,967
Tolono	2,605	2,700	3,447



As shown by this data, Champaign County, along with six of its seven largest communities, have experienced population growth between 2000 and 2010. Much of this growth has been in spite of an “out-migration” from the Midwest to other regions, in particular, the South and West. Savoy, Mahomet, St. Joseph, and Tolono have experienced the strongest growth between 2000 and 2010, with each of these communities also experiencing population increases between 1990 and 2000. The substantial decrease in Rantoul’s population from 1990 to 2000 is primarily attributable to the closure of the Chanute Air Force Base, which took place in the early 1990’s. Initial attempts at redevelopment were successful in Rantoul, although conditions have deteriorated in the past few years, particularly due to nearby plant closures, including Rantoul Products and Vesuvius. However, there was a pork processing plant, along with a manufacturing facility for Bell Sports, constructed in the past few years. Population losses appear to have moderated in Rantoul, as evidenced by the increase of 23 residents between 2000 and 2010. Populations of smaller communities in Champaign County were mostly stable or increasing in population between 2000 and 2010, although a five communities experienced slight or moderate decreases in population.

The University of Illinois, located in Champaign-Urbana, is the largest employer in the County. The presence of the university has had an effect on the demographics, with 42% of the county’s residents over 25 years of age having a bachelor’s degree or greater, which compares to the national average of 31.4%. Further, the median age of Champaign County residents is 28.6 years, which compares to the national median age of 37.2 years. Residents between 20 and 24 years of age make up the largest portion of the county, comprising 17.3% of the population. Shown below is the enrollment for the fall of each year since 2007.

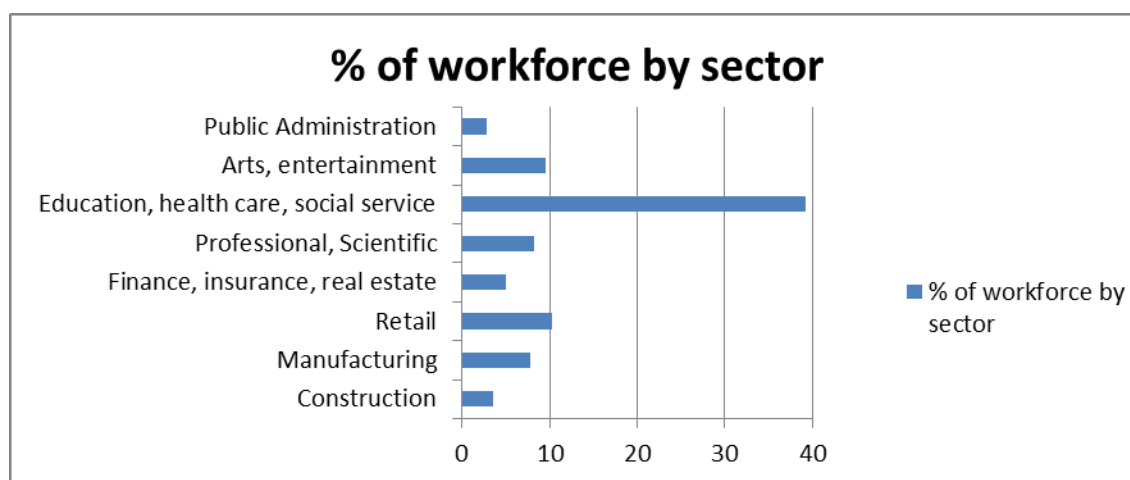
Year	2008	2009	2010	2011	2012	2013	2014
Number of Students	41,495	41,918	41,949	42,606	42,883	43,398	43,603

Although enrollment has increased slightly in the past few years, a more significant increase has taken place since 2000, when enrollment was 36,936 students. There have been numerous construction projects taking place on the University of Illinois campus in the past few years, which may be primarily attributable to this increase in enrollment. The University of Illinois research park has also expanded, with occupants including Yahoo, Qualcomm, Abbott Laboratories, and iCyt. The I Hotel and Convention Center is also located in this park. However, there has been a financial shortfall in the University during the past couple of years, due to the current fiscal condition of the State of Illinois, which has led to furloughs for a substantial number of employees.

As of 2014, the labor force in Champaign County comprised 102,958 workers. A summary of largest employers in the county as of April 2014 has been shown below:

<u>Employer</u>	<u>Industry</u>	<u># of workers</u>
University of Illinois	Education	10,349
Carle	Health Care	5,623
Champaign Unit 4 Schools	Education	1,814
Kraft Foods, Inc.	Manufacturing	1,350
Parkland Community College	Education	950
Champaign County	Administration	910
Urbana Unit 116 Schools	Education	832
Plastipak	Manufacturing	810
Presence Covenant Medical Center	Health Care	774
Christie Clinic Association	Health Care	750
Hobbico	Manufacturing	700
Busey Bank	Banking	524
City of Champaign	Government	475
Jeld-Wen	Manufacturing	414
Mahomet-Seymour CSD #3	Education	405
US Postal Service	Postal Service	400
Guardian West	Manufacturing	400
Horizon Hobby	Manufacturing	396
Rantoul Foods	Manufacturing	370
Wolfram Research	Technology	366
Champaign Park District	Park District	345
Amdocs	Business technology	340
Champaign-Urbana MTD	Transportation	303
Eaton-Bell Sports	Manufacturing	300

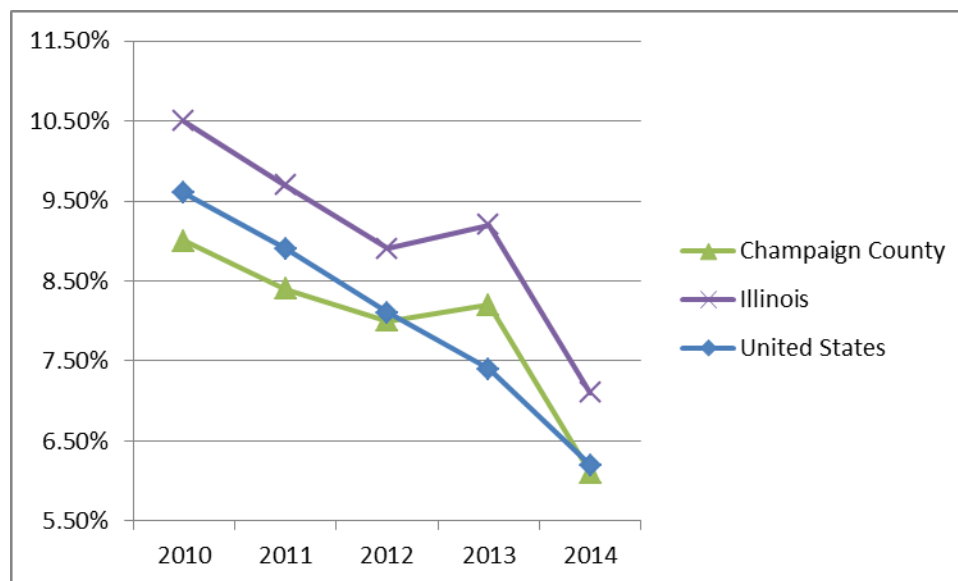
Shown below is a graph indicating the industries employing Champaign County's workforce:



The prominence of the education and health care in the workforce is illustrated by both charts shown above, with six of the seven largest employers in the county being in one of the two aforementioned sectors. Champaign County's per capita income was \$25,713, which compares to \$29,666 for the

State of Illinois and \$28,184 for the nation. Additionally, Champaign County's median household income as of 2013 is \$45,808, which compares to \$56,797 for the State of Illinois. However, much of the discrepancy in both the per capita and household incomes relative to the State of Illinois and the nation is due to the presence of the University of Illinois. A summary of Champaign County's unemployment rate relative to that of the State of Illinois and the nation has been shown below.

2010 – 2014 unemployment rate



As shown by this data, unemployment rates have decreased from 2010 levels. This trend is reasonably consistent with the State of Illinois and the United States. The April 2015 unemployment rate for Champaign County was 4.1%, which represents a 1.1% decrease from the rate taken one year prior. Champaign County's April 2015 unemployment rate is slightly lower than that of the State of Illinois (5.5%) and the nation (5.1%) for the same time period. Champaign and Urbana's April 2015 unemployment rate was 4.0% and 4.3%, respectively.

The transportation infrastructure is a key factor for the area's economy. There are two federal highways, Routes 150 and 45, and two state highways, Routes 130 and 10 located in Champaign-Urbana. Additionally, there are interchanges for Interstates 72, 57, and 74 throughout the county, as well. This factor has allowed for the relocation of several distribution companies, particularly food-related, in the area. The number of interchanges in Champaign-Urbana is a particularly positive factor, with four interchanges from Interstate 57 and five interchanges from Interstate 74. There is also commercial rail service available via seven rail companies. Passenger service is available through Amtrak, with ridership increasing moderately in the past few years. Intra-city bus service is through Greyhound and Illini Swallow, while inter-city bus service is available through the Champaign-Urbana Mass Transit District. Ridership has been increasing in the past several years on the MTD lines, and was most recently 13.28-million passengers per year. Willard Airport is located in the south section of Savoy, with American Airlines operating out of this facility. This airport provides direct service to Chicago and Dallas. Enplanements at this airport have decreased to some extent over the past few years. There is a smaller, private airport known as Frasca Field located in north Urbana.

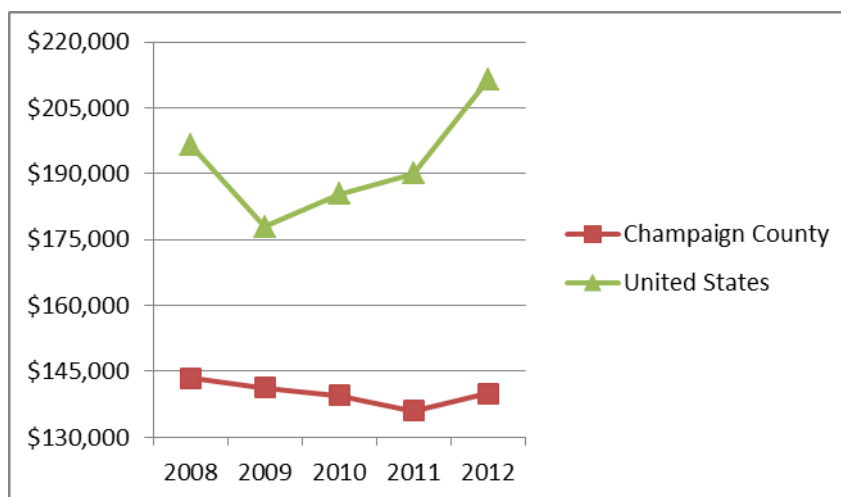
There were 88,527 housing units in Champaign County, which is a 4.63% increase from 88,119 housing units in 2011. The presence of the University of Illinois has had an effect on owner occupancy rates in Champaign County, which comprises 54.6% of the housing units. This compares to 68.7% of housing units being owner occupied in the State of Illinois. Vacancy rates for housing units in Champaign County are 9.2%, which compares to a state average of 9.7%. The average household size in Champaign County is 2.3-persons, which compares to a national average of 2.58-persons.

Shown below is the number of residential sales in Champaign County for each year, followed by a graph illustrating the median selling price for each year for the County and the United States.

NUMBER OF HOME SALES IN EACH YEAR

Year	2008	2009	2010	2011	2012	2013	2014
Sales	1,848	1,927	2,207	1,966	2,383	2,933	2,996

MEDIAN HOME PRICE IN EACH YEAR



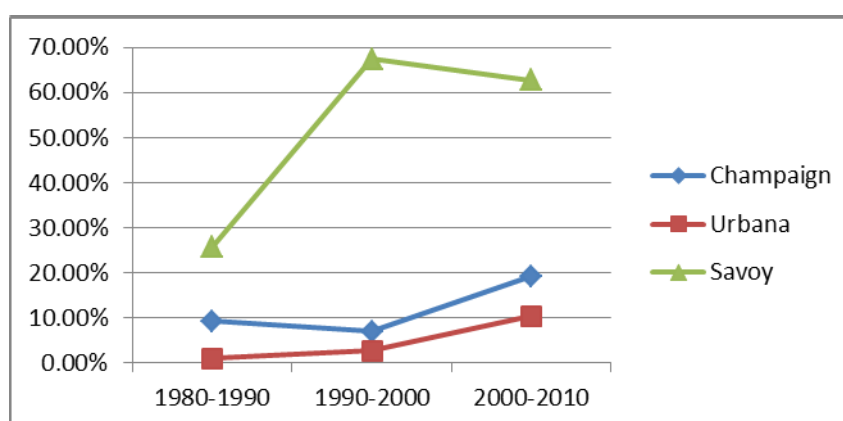
As shown by this data, Champaign County has experienced a recent increase in the level of activity. Property valuations experienced slight decreases from 2008 – 2011, but have recovered somewhat in 2012. The median price of homes nationally has rebounded from lows in 2009. Although the local decline in values is less than the national average, construction activity has declined from a peak in 2008, as illustrated by the building permits and respective costs shown below. It should be noted that the total building permits and costs also include single-family residential permits and costs. However, the single-family residential permits and costs were listed separately to illustrate trends in multi-family and commercial activity.

Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Building permits issued	219	202	131	382	435
Total Costs	\$84,961,113	\$46,519,231	\$47,317,774	\$40,745,405	\$50,908,324
Single-family residential building permits issued	188	182	116	90	113
Total single-family residential costs	\$39,225,540	\$32,278,859	\$26,700,493	\$20,545,455	\$25,658,414

The employment base for the County is highly concentrated in the education and health care sectors. In the past, this has allowed for greater resilience and stability towards economic fluctuations. However, the State of Illinois' current budget deficit has caused furloughs and some layoffs at the University of Illinois. Social service agencies, municipalities, and public schools have experienced layoffs. Additionally, there has been a delay in state payments towards medical plans, which has strained the financial reserves of multiple health care institutions. Therefore, the future economic recovery of the County is highly dependent upon the fiscal condition of the State of Illinois.

Champaign, Urbana, and Savoy are adjoining communities which share an array of supporting facilities, including employment, schools, and shopping. These three communities had a 2010 population of 129,585 residents, which represents 64.4% of the Champaign County population of 201,081 residents for the same time period. The size of the incorporated limits of these three communities is 29.04-miles, indicating the relatively high density levels, relative to that of the County. Shown below is the percentage growth in population that has taken place since 1980.

POPULATION GROWTH SINCE 1980



As shown above, the population growth in Savoy has significantly outpaced that of Champaign and Urbana, which is consistent with trends in nearby communities, including Mahomet and St. Joseph. Much of the population growth in Champaign and Urbana may be attributable to the increase in enrollment at the University of Illinois, which has campus facilities in both communities.

The presence of the University of Illinois has had a substantial impact on the demographics of each of the three communities. The median age in Champaign, Urbana, and Savoy is 25.4-years, 24.0-

years, and 32.6-years, respectively. Further, the percentage of the residents over 25-years of age which have a bachelor's degree or higher in Champaign, Urbana, and Savoy is 49.8%, 55.4%, and 64.8%, respectively. The average household size in Champaign, Urbana, and Savoy are 2.3, 2.0, and 2.2-persons, respectively. Shown below is a breakdown of household and per capita income for Champaign, Urbana, and Savoy.

<u>Area</u>	<u>Household Income</u>	<u>Per Capita Income</u>
Champaign	\$38,348	\$24,200
Urbana	\$32,808	\$19,587
Savoy	\$54,100	\$30,252

Household and per capita incomes have decreases slightly for Champaign and Urbana over the past few years, with a significant increase in Savoy.

Similar to that of Champaign County, Champaign and Urbana have a lower than typical level of owner occupancy. Champaign has 34,716 housing units, of which 8.4% are vacant. Of the occupied units, 47.1% are owner occupied. Urbana has 17,977 housing units, of which 12% are vacant. Of the occupied units, 88% are owner occupied. There are 2,865 housing units in Savoy, of which 4.3% are vacant. Of the occupied units, 95.7% are owner occupied. Urbana has a high level of multi-family housing targeted towards University of Illinois students, which accounts for their lower rate as compared to Champaign and Savoy. According to MLS statistics, the 2012 median house price for each of the three communities has been shown below:

<u>City</u>	<u>Median House Price</u>
Champaign	\$142,700
Urbana	\$119,800
Savoy	\$219,900

The greatest level of residential growth has occurred in southwest Champaign during the past +/- 25 years. A few subdivisions have reached nearly full development during this time frame, with multiple subdivisions also being recently developed. The majority of the subdivisions in southwest Champaign which have been developed in the past five years have targeted higher priced housing, and have experienced relatively low levels of activity to date. The northwest section of Champaign has also experienced substantial residential growth, with the development of the Sawgrass and Boulder Ridge subdivisions. These subdivisions are typically median priced, and have a mix of condominium, zero-lot line, and detached single-family residences. There is also a newer residential development known as Ashland Park in the north section of Champaign.

Residential growth in Savoy has been most significant to the south, with Prairie Fields and Prairie Meadows generally containing residences between \$175,000 and \$275,000. Lake Falls and Fieldstone are two newer subdivisions located near Airport Road, and consist of higher priced residences. Urbana has not experienced the residential development of Champaign or Savoy, although two subdivisions known as Landis Farms and Somerset have been developed in the past fifteen years. These subdivisions are located in northeast Urbana and consist of median priced residences. There has also been some activity in southeast Urbana, with the Savannah Green subdivision and the continued development of Stone Creek. Shown below are the building permits and respective costs for Champaign and Urbana since 2006. No data is available regarding building

costs in Savoy.

Champaign Building Permits and Costs

Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Single-Family Units	97	98	63	54	50
	\$20,999,02	\$20,657,46	\$15,254,19	\$13,498,31	\$12,628,63
Single-Family Cost	2	3	3	0	3
Multiple-Family Units	327	45	266	289	290
	\$37,985,53	\$10,304,22	\$20,504,96	\$19,736,45	\$22,957,36
Multiple-Family Cost	3	0	1	0	0

Urbana Housing Starts and Costs

Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Single-Family Units	50	57	28	15	24
	\$7,403,17	\$6,606,31	\$4,973,80	\$2,351,34	\$5,612,21
Single-Family Cost	5	6	0	5	9
Multiple-Family Units	176	102	2	0	22
	\$7,750,04	\$3,936,15			
Multiple-Family Cost	0	2	\$112,320	\$0	\$862,500

- Source: Champaign County Regional Planning Commission

There has been some commercial development in the past fifteen years in southwest Champaign, which is primarily related to the population growth in these areas. The greatest level of development in this section of the community has been in the office sector, although there has also been some retail development. The North Prospect corridor, west of Market Place Mall, experienced a substantial level of commercial growth between 1995 and 2005, with the development of multiple big-box retail, restaurants, and strip centers. However, construction activity has moderated in this area over the past five years. Downtown Champaign has been in a stage of re-development over the past decade, with multiple large-scale projects including One Main and Two Main, as well as the recent construction of a multi-story parking garage. M2, which is located immediately west of One Main, is oriented towards retail and office on the lower levels and condominium units above. A hotel is currently under construction to the south of M2.

Southeast Urbana has experienced some development activity during the past decade, with a Wal-Mart Supercenter at the corner of University and Route 130, along with an Aldi's and office/industrial park. A development known as The Pines is located at the corner of Philo and Windsor, which has a mix of office and retail occupants. A Meijer was also constructed near this intersection. Facilities for Blain's Farm n Fleet and O'Brien Auto Park were constructed immediately north of Interstate 74 on Cunningham in the past ten years, with the former O'Brien automotive dealership

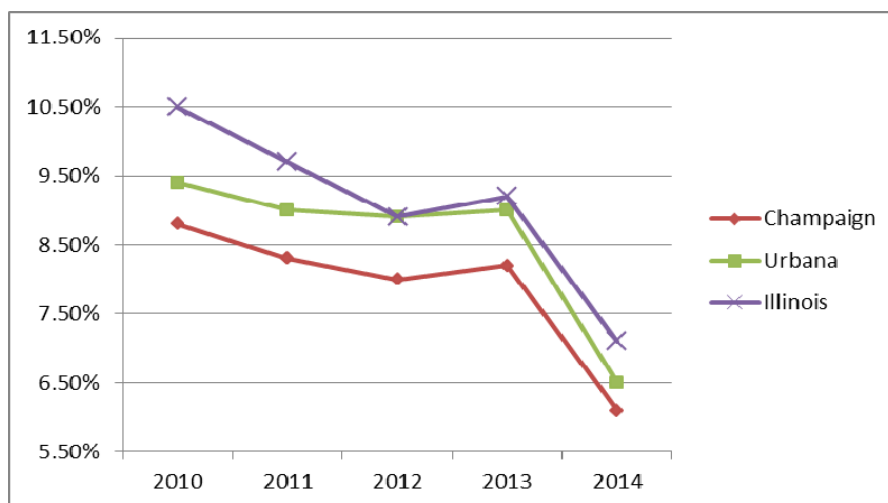
located at Cunningham and University subsequently razed. This area has been targeted for re-development, with recent construction including a credit union, retail strip center, and two-unit restaurant.

The primary area of commercial growth in Savoy has been near the intersection of Dunlap and Curtis Road, which was recently widened. There has been a grocery store, pharmacy, and two restaurants constructed near this intersection in the past three years. A fast food restaurant and grocery store are planned for construction adjacent to this pharmacy. There has also been some construction activity along Dunlap to the south, including a multi-family project and offices. Two retail buildings have also been recently constructed on Calvin Street to the south, with tenants including a Goodwill Express and a restaurant.

The neighborhoods near the University of Illinois campus have experienced some of the most significant levels of development. There have been numerous multi-family projects constructed in the past few years to accommodate the increase in enrollment, including an 18-story building at the site of the former Burnham Hospital, which has 259 apartment units and a grocery store on the first floor. A 25-story building was constructed at the corner of Green and Fourth Street which has 110 apartment units. There are four projects planned on Green Street, with several smaller apartments planned for construction in the adjoining neighborhood.

Similar to that of Champaign County, there is a diverse employment base in Champaign County, with a high concentration in education and health care. In 2010, Champaign's labor force was 43,032 workers, while Urbana had a labor force of 21,322 workers. There has been a moderate increase in unemployment, which may be partially attributable to a previous hiring freeze at the University of Illinois, as well as a regional economic downturn having an adverse effect on the manufacturing sector. No unemployment data is available for Savoy. Shown below are the unemployment rates for Urbana and Champaign since 2008, as compared to the State of Illinois.

UNEMPLOYMENT RATES



Urbana has six public elementary schools, one middle school, and one senior high school, with a total enrollment of 3,773 students. Champaign has eleven elementary schools, three middle schools,

and two high schools, with an enrollment of 9,751 students. There are presently no public schools in Savoy, with students attending facilities in Champaign. There are also numerous private schools for all grades in both Champaign and Urbana. Parkland College, which is located in Champaign, has an enrollment of 9,633 students, and offers an array of associate degree and occupational certificate programs.

The employment base for each of the three communities is highly concentrated in the education and health care sectors. In the past, this has allowed for greater resilience and stability towards economic fluctuations. However, the State of Illinois' current budget deficit has caused furloughs and some layoffs at the University of Illinois. Social service agencies, municipalities, and public schools have experienced layoffs. Additionally, there has been a delay in state payments towards medical plans, which has strained the financial reserves of multiple health care institutions. Therefore, the future economic recovery is highly dependent upon the fiscal condition of the State of Illinois.

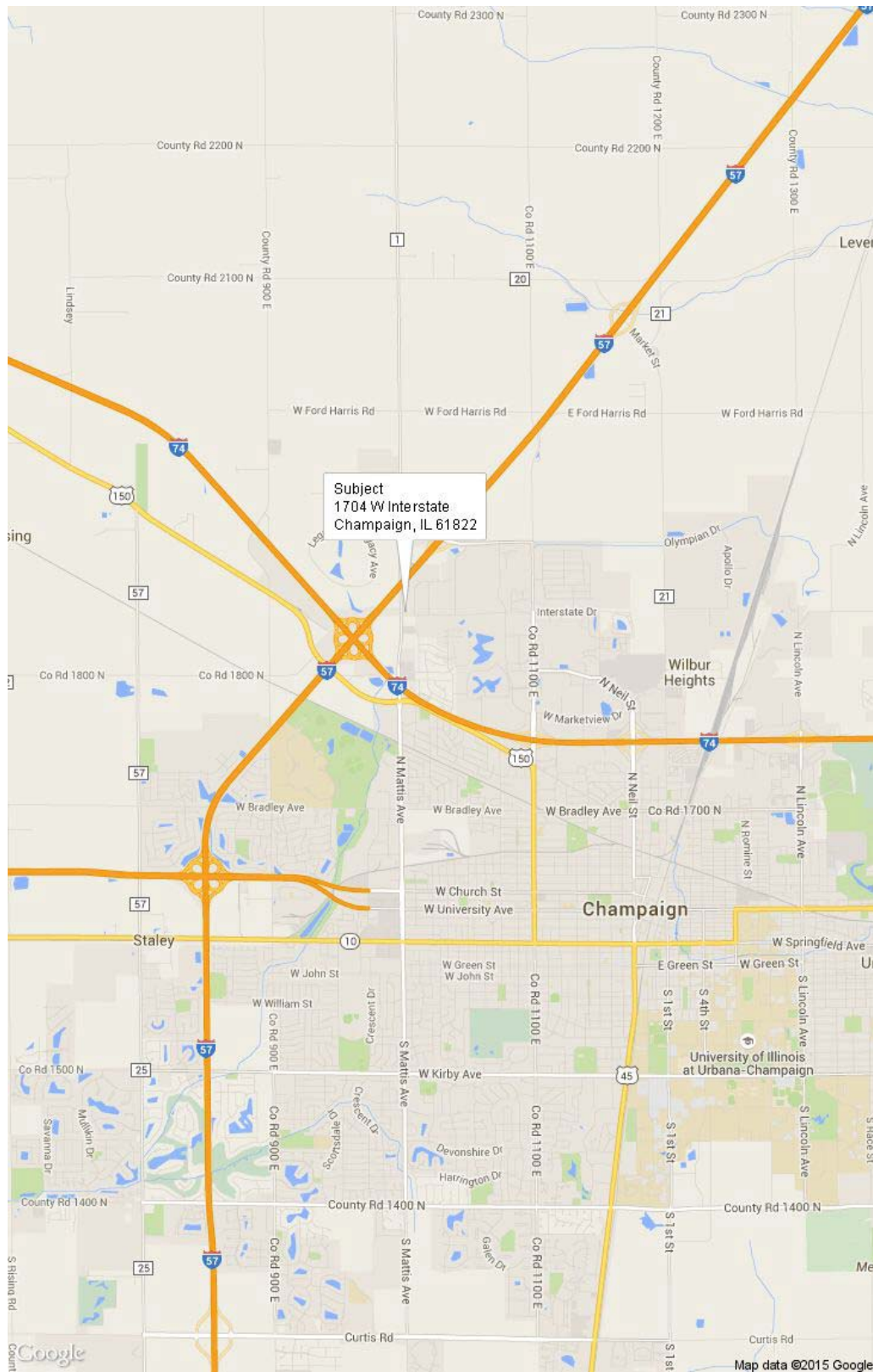
Neighborhood description.

The subject is in the Interstate Research Park in northwest Champaign. It is located approximately four miles northwest of Downtown Champaign and approximately 0.75-miles south of an interchange with Interstate 57. There is a mix of office, warehouse, and manufacturing facilities in the Interstate Research Park. It was developed in 1967 and is nearly fully developed. The majority of the buildings in the neighborhood are single-user, owner occupied facilities, although there are some multiple-user properties, as well as tenant-occupied properties nearby. Some of the larger employers in the area are located in this park, including Hobbico, Silgan White Cap, Vesuvius, Advanced Filtration, and the U.S. Army Construction Engineering Research Laboratory.

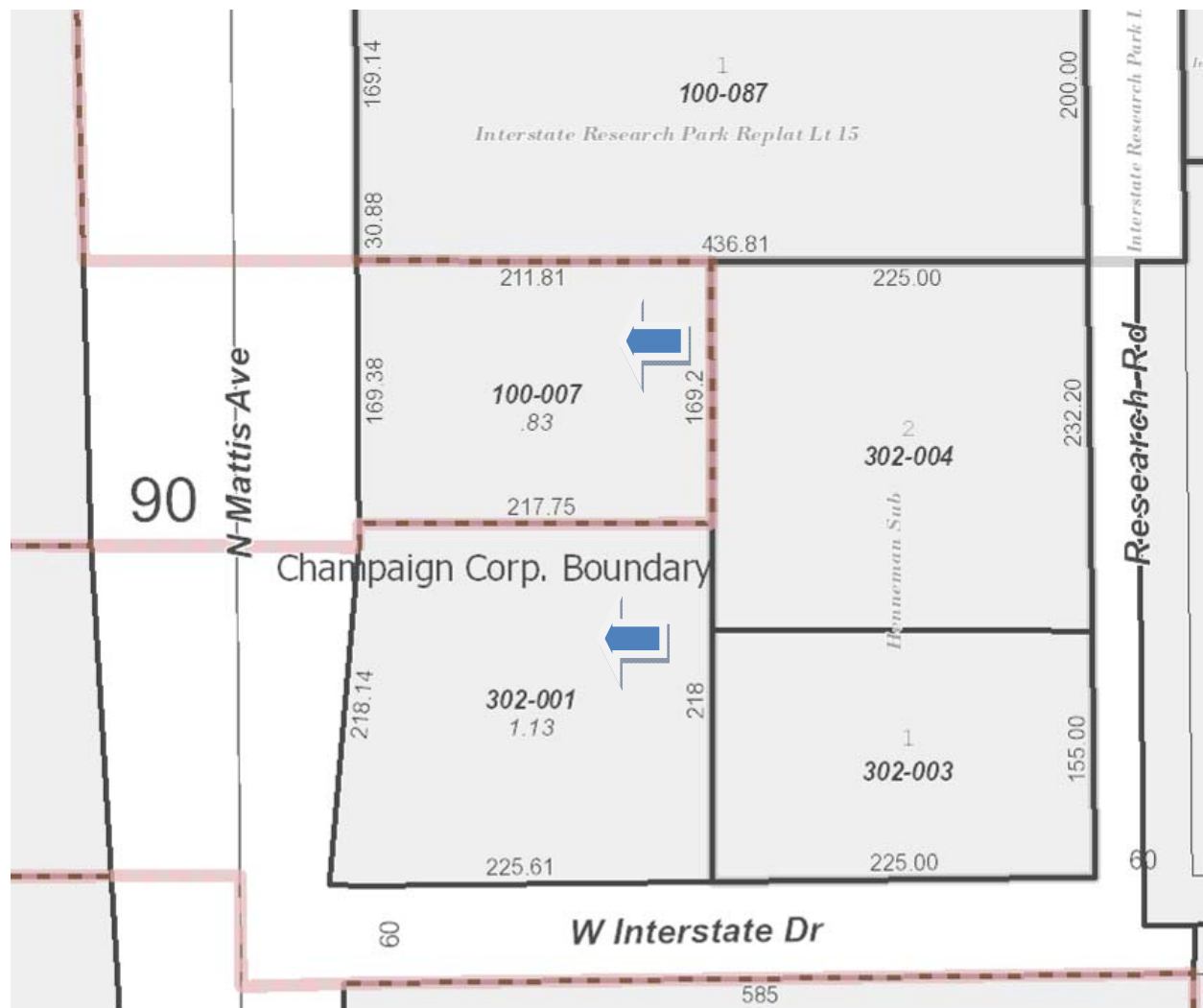
Multiple offices are located east of the Interstate Research Park, which were constructed in the past five years. There are several commercial and warehouse uses along Mattis to the south of the subject, including automotive repair facilities, printing facility, equipment rental, and retail store. There are also several commercial uses to the north, including a hospitality facility, light manufacturing, and gas station. A high school is located to the north, as well.

Occupancy and maintenance levels in the neighborhood are reasonably high. There is land available for development to the north, east, and west of the Interstate Research Park. There are plans to extend Olympian Drive to the east, which may increase traffic in this location. The neighborhood is considered stable, and mild growth is anticipated.

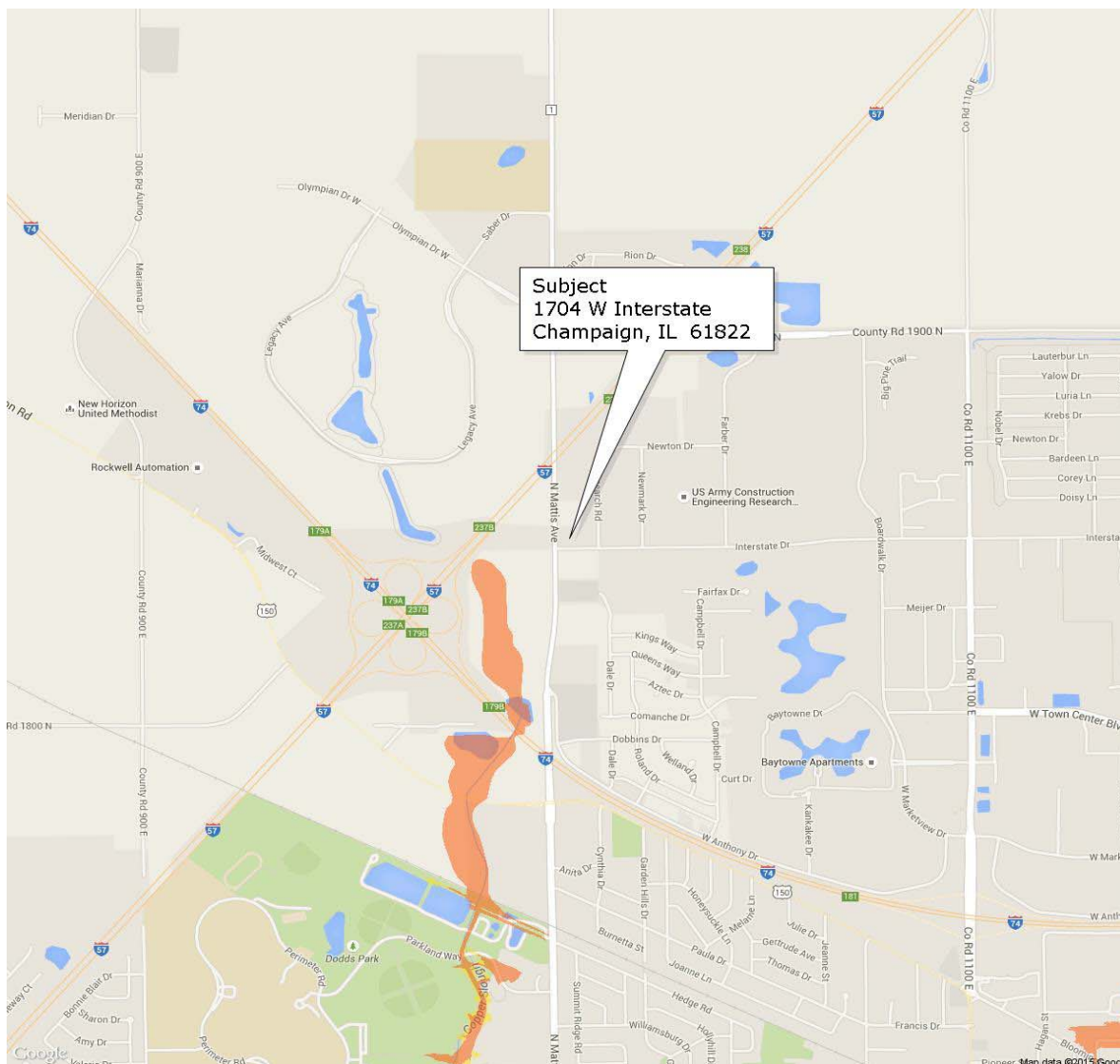
LOCATION MAP



PLAT MAP



FLOOD MAP



FLOOD INFORMATION

Community: City of Champaign

Property is NOT in a FEMA Special Flood Hazard Area

Map Number: 17019C0294D

Panel: 0294D

Zone: X

Map Date: 10-02-2013

FIPS: 17019


Source: FEMA DFIRM

LEGEND

 = FEMA Special Flood Hazard Area – High Risk

 = Moderate and Minimal Risk Areas

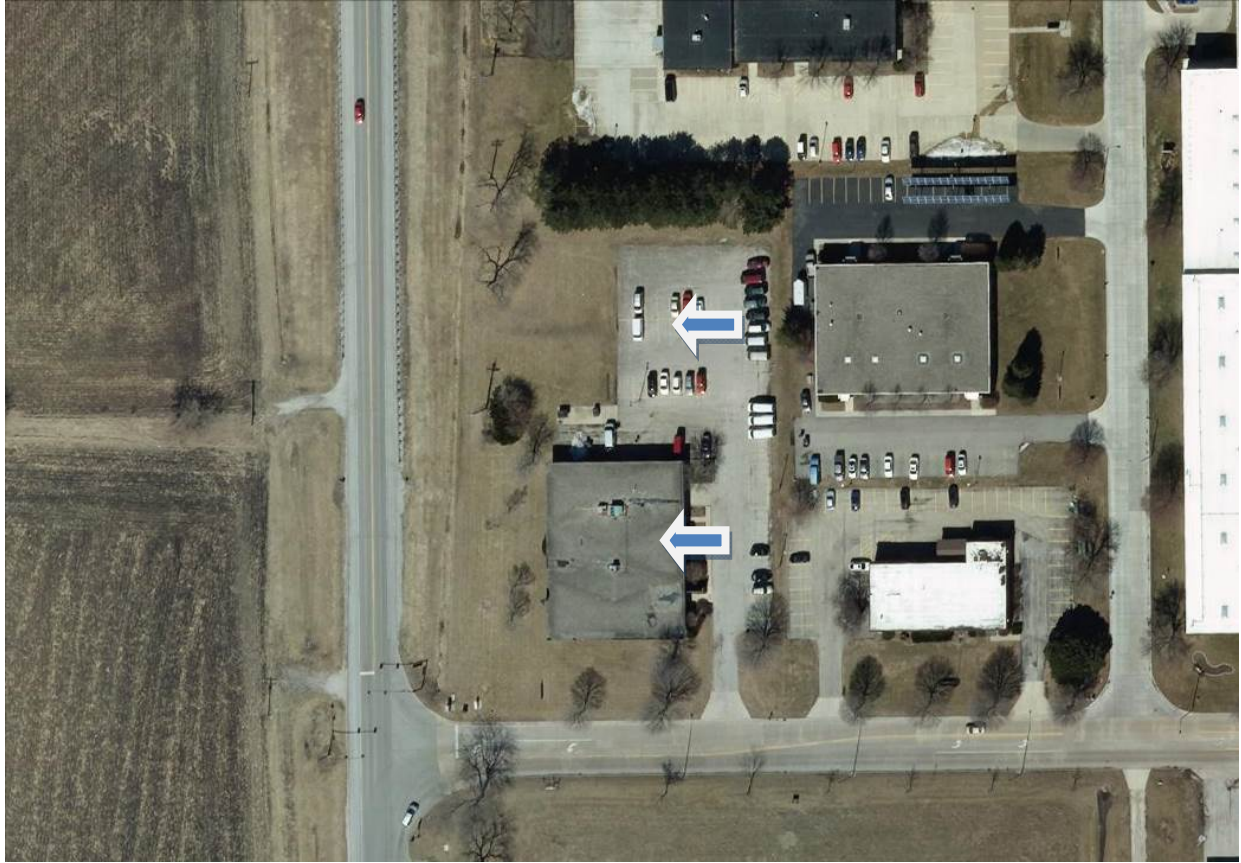
Road View:

 = Forest

 = Water

Sky Flood™

No representations or warranties to any party concerning the content, accuracy or completeness of this flood report, including any warranty of merchantability or fitness for a particular purpose is implied or provided. Visual scaling factors differ between map layers and are separate from flood zone information at marker location. No liability is accepted to any third party for any use or misuse of this flood map or its data.

AERIAL VIEW

TRAFFIC COUNT MAP

Site description.

The site being appraised consists of two adjoining parcels. The south parcel, which is denoted as 41-14-35-302-001 has measurements of 225.16 by 218 by 217.75 by 218.14-feet, or containing a total of 48,326-square feet/1.11-acres. The parcel to the north is denoted as 12-14-35-100-007, and it is nearly rectangular in configuration, with measurements of 217.75 by 169.2 by 211.81 by 169.38-feet, or containing a total of 36,360-square feet/ 0.83-acres. Therefore, there are a total of 84,686-square feet/ 1.94-acres.

The site is located on the northeast corner of Mattis Avenue and Interstate Drive. Interstate is a two-way, two-lane concrete covered street with a third turn lane, along with curbs, gutters, and overhead lighting. Mattis is a two-way, two-lane asphalt covered street lacking curbs, gutters, sidewalks, or overhead lighting. There is a stoplight at the intersection of Mattis and Interstate, and there is one curb cut access from Interstate. According to a survey by the Illinois Department of Transportation, the average daily traffic count near the site on Interstate Drive is approximately 4,000-vehicles, and it is approximately 5,800-vehicles on Mattis. Topography of the site is mostly level, and nearly at the grade of Interstate, although slightly below the grade of Mattis, due to a manmade berm as a result of an overpass to the north. Drainage appears to be adequate, and the site is not located in a flood hazard area, according to FEMA Map 17019C0294D, dated October 2, 2013. Gas, electricity, water, and sewer are all available to the site.

Improvement description.

The site has been improved with signage, landscaping, concrete sidewalks, and asphalt driveways/ parking areas, with space for 62-vehicles, of which one space is handicap-accessible. The parking lot is in below average condition, while the remaining site improvements are in average condition.

The site has also been improved with a one-story, masonry building that was constructed in 1971. It was constructed on a slab, with a concrete block foundation, brick exterior walls, a flat membrane roof over a steel deck, and awning windows. The building contains 11,255-square feet of gross building area.

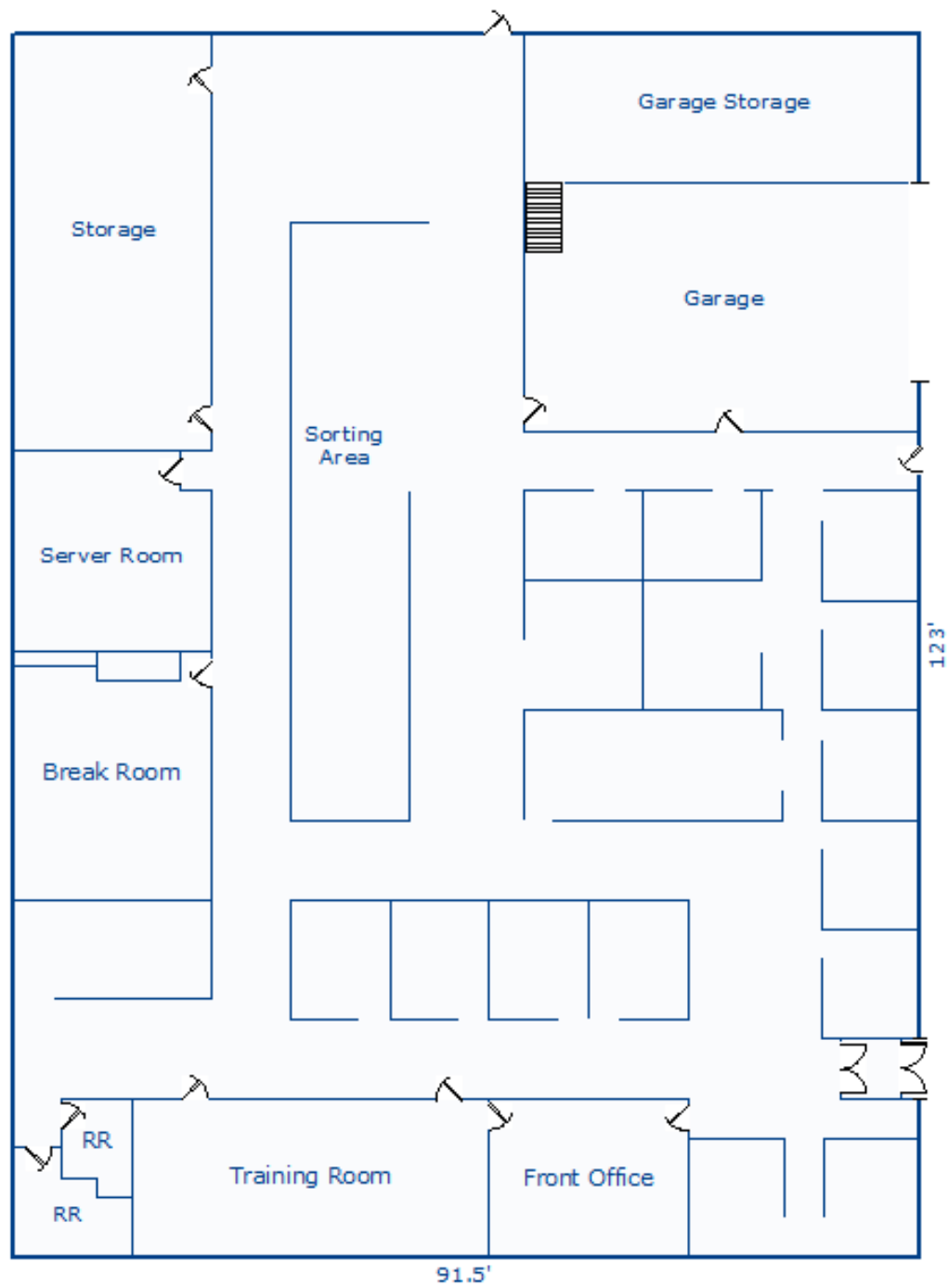
The building was constructed for its current use as an office and storage facility for a library services company. The primary entrance to the building is from the east, which adjoins a receptionist area, office, and conference/ training room. The west end of the building consists of two restrooms, a break room, server room, and storage area. The central section of the building is bullpen office space, along with a sorting area. These sections of the building have been finished with drywall and wood panel walls, fluorescent lighting, rubber base trim, metal door trim, solid core doors, casement windows, and recessed tile ceilings. There is a mix of carpet, vinyl, and linoleum tile flooring, while the server room has raised flooring.

The remainder of the building is garage/ warehouse space. It has concrete flooring, drywall walls and ceilings, fluorescent lighting, and an 8 by 20-foot overhead door. The ceiling height is 9-feet, although there is a section which is at a lower elevation and has a higher ceiling height. This area contains approximately 1,360-square feet.

Electrical service to the building is three-phase, 400-amperes. The majority of the building is heated and cooled, with three roof-top, forced-air furnaces, along with central air-conditioning. There is a radiant overhead heater in the garage. The overall condition of the building is average, and the lighting was replaced approximately seven years ago. However, the property is dated and lacks significant updating. There were multiple stained ceiling tiles noted, and the roof is believed to be nearing the end of its useful life. However, it was reportedly patched recently, such that no deduction is being made for deferred maintenance.

The property functions adequately for its use, and could be utilized for office users requiring a higher than typical level of storage area. The land to building ratio is 7.52: 1, while there is one parking space per 182-square feet of gross building area, both of which are adequate for this use.

SKETCH



HIGHEST AND BEST USE:

Physically possible. The site contains no soil or sub-soil characteristics that would make it unsuitable for building. Furthermore, the majority of the site's topography is mostly level and suitable for building. The shape of the site is also conducive to development. Therefore, the primary physical limitation of the site is its size. The site is suitable for residential

Legally permissible. The current zoning classification of the south parcel is I-1, Light Industrial (City of Champaign). This classification allows for a wide array of special purpose and office uses. Some light industrial uses, such as warehouse and automotive repair, are also allowed under this classification. Provisional uses include day care, hotel, restaurant, and financial institutions. It should be noted that mini-warehouse uses are identified as both a permissible and provisional use under this classification. Therefore, heavy industrial, residential, and some retail uses have been eliminated from the analysis, due to being prohibited from this classification. Additional restrictions under this classification include the following:

Minimum lot area:	10,000 Square Feet
Maximum floor area ratio:	1.00

The north parcel has a zoning classification of I-1, Light Industry (Champaign County). This classification allows for office, warehouse/ light industrial, light manufacturing/ assembly, agricultural and agri-business uses, and some special purpose uses, including governmental, police/ fire station, and park. Provisional uses include, but are not limited to, utility substation, fair grounds, airport, wind turbine, and fuel storage. Additional restrictions under this classification include the following:

Minimum lot size:	10,000-squarefeet
Maximum building height:	75-feet
Maximum lot coverage:	50%
Minimum building setbacks:	Front – 85/ 75/ 55-feet*
	Side – 10-feet
	Rear – 20-feet

* For major, minor, and collector streets, respectively

The site adjoins I-1 zoning to the east and MF-3 zoning to the west, with unincorporated areas adjoining to the north and south.

Financially feasible. There is a mix of commercial, warehouse, office, agricultural, and institutional uses in the subject's neighborhood. Each of the aforementioned uses which is legally permissible is also financially feasible.

Maximally productive. The site is located on the corner of two streets, and there is a traffic signal at this intersection. Warehouse or light industrial uses which benefit from elevated exposure levels are maximally productive.

Highest and best use as vacant. The highest and best use of the site, as vacant, is for warehouse or light industrial uses.

Highest and best use as improved. The site has been improved with a building which is utilized as an office. The current improvements result in a higher return than that of the site, as vacant, and no conversion in uses is feasible at this time. Therefore, the highest and best use of the subject property, as improved, is its current use.

INCOME CAPITALIZATION APPROACH

The income capitalization approach is based on the understanding that there is present worth to future rights of income. Operating expenses are deducted from the gross operating income to determine a net operating income, which is capitalized into value. The capitalization rate is market oriented, and takes into consideration the return on and return of the capital expenditure.

Shown below are comparable rentals used to determine an opinion of market rent. The information is confidential, and therefore, the names and addresses of the tenants have not been disclosed.

SUMMARY OF COMPARABLE RENTALS

Rental	Rent/ SF	Size (SF)	Age/ condition	Land: bldg ratio	Terms
1 – Office	\$13.00	10,800	25/ Average	3.89: 1	Gross
2 – Office	\$8.47	10,149	28/ Avg/ Fair	4.34: 1	Gross
3 – Office	\$13.71	13,500	20/ Good	3.25: 1	Modified gross
4 –Office	\$7.67	7,200	35/ Good	3.86: 1	Gross
5 – Office	\$8.33	37,028	48/ Good	2.32: 1	Gross
Offering 1 – Office	\$14.00	6,000	27/ Good	+/- 2.65: 1	Full-service

ADJUSTMENT GRID

Rental	1	2	3	4	5	Offering 1
Rent/ SF	\$13.00	\$8.47	\$13.71	\$7.67	\$8.33	\$14.00
Location	Similar	Superior	Similar	Inferior	Inferior	Superior
Size	Similar	Similar	Similar	Slightly superior	Inferior	Superior
Age/ condition	Superior	Similar	Superior	Superior	Superior	Superior
Quality/ finish	Slightly superior	Slightly superior	Slightly superior	Slightly superior	Inferior	Slightly superior
Parking	Slightly inferior	Slightly inferior	Slightly inferior	Slightly inferior	Inferior	Inferior
Terms	Similar	Similar	Slightly inferior	Similar	Similar	Superior
Net	Superior	Similar	Superior	Inferior	Inferior	Superior

Prior to adjustment, the rentals shown above result in a range of rents per square foot between \$7.67 and \$14.00. Due to the wide range of rents, qualitative adjustments were made between the subject and the comparable rentals in respect to location, size, age/ condition, quality/ finish, parking, and lease terms. It should be noted that the adjustments made are not offsetting. A brief discussion of the adjustments made has been shown below.

Location. Rental 2 and Offering 1 are in a section of Champaign which is superior for office space. Rental 3 is in closest proximity, while Rental 1 is in Urbana, although no upward or downward adjustments were made. Rentals 4 and 5 are both in inferior locations.

Size. There is an inverse relationship between size and price, with smaller properties typically renting for a higher unit cost. Rental 4 and Offering 1, are smaller than the subject, and were rated as slightly superior and superior, respectively. Rental 5 is larger than the subject, and was rated as inferior.

Age/ condition. Rental 2 is the most comparable in condition. The remaining rentals are superior to the subject in respect to condition.

Quality/ finish. Rental 5 has a lower percentage of finish than the subject, and was rated as inferior. The remaining rentals were rated as slightly superior to account for the subject's garage space.

Parking. The subject has a superior degree of parking and a higher land to building ratio than each of the rentals. Therefore, a slightly inferior or inferior rating was made to each rental.

Lease term. The subject is being analyzed on a gross basis, which is similar to four of the six rentals. The majority of the operating expenses for Rental 3 are paid by the lessor, although the lessee reimburses for real estate taxes, and a slightly inferior rating was made. Offering 1 is based on a full-service lease, which includes utilities and janitorial services in the rent, with a superior rating made.

After making the adjustments, the rentals may be arrayed as follows:

Rental 4 –	\$7.67/ SF – Inferior
Rental 5 –	\$8.33/ SF – Inferior
Rental 2 –	\$8.47/ SF – Similar
Rental 1 –	\$13.00/ SF – Superior
Rental 3 –	\$13.71/ SF – Superior
Offering 1 –	\$14.00/ SF – Superior

With consideration given to each of the rentals, a market rent of \$8.50 per square foot on a gross basis is reasonable for the subject property.

RECONSTRUCTED INCOME STATEMENT

Potential gross operating income	\$95,668
Less: Vacancy and collection losses – 7%	<u>\$6,697</u>
Effective gross income	\$88,981

Less expenses:

Insurance	\$3,100
Repairs & maintenance	\$4,449
Management	\$4,449
Professional	\$1,000
Miscellaneous	\$1,000
Reserves for replacement	\$3,634
Total expenses	\$17,632
Net operating income	\$71,349

ANALYSIS OF INCOME AND EXPENSES

POTENTIAL GROSS OPERATING INCOME was based on the opinion of market rent. No ancillary income was recognized.

VACANCY LOSSES were estimated at 7% of the gross operating income, which also includes collection expenses. This vacancy loss is typical for this market area, and considers the property type, age/ condition, and functional utility of the subject property.

EFFECTIVE GROSS INCOME was derived by subtracting the vacancy and collection losses from the gross operating income.

EXPENSES:

Real estate taxes: The subject lacks an assessed value, and therefore, the taxes were loaded into the capitalization rate. However, the implied real estate tax expense is \$18,089.

Insurance was limited to the coverage of real property, and was stabilized at \$3,100 per year, which is reasonable for this type of property. According to the Marshall & Swift cost handbook, the replacement cost new for this property is approximately \$1,036,811, and insurance expenses are commonly 0.3% of replacement cost new.

Maintenance & repairs were estimated to be 5% of the effective gross income, which is consistent with this type of property, and accounts for minor items of wear and tear, as well as lawn care/snow removal.

Management was estimated to be 5% of effective gross income, which is consistent with that of similar properties in this market area.

Professional fees were estimated to be \$1,000, and accounts for items such as legal and accounting expenses.

Miscellaneous was estimated to be \$1,000, and primarily accounts for expenses incurred to the owner during vacancy, such as utilities.

RESERVES FOR REPLACEMENT accounts for the replacement of long-lived items such as the furnace and roof. It was based on a sinking fund factor at a rate of 5% per year. A schedule for determining the reserves for replacement has been shown below:

<u>Item</u>	<u>Cost/ SF</u>	<u>Cost</u>	<u>Useful life</u>	<u>Annual cost</u>
Roof	\$4.00	\$45,020	20 years	\$1,362
Parking lot	\$2.00	\$47,000	20 years	\$1,421
Furnace	\$2.50	\$28,138	20 years	\$851

OPERATING EXPENSES totaled \$17,632, which is 19.82% of effective gross income. Including the implied real estate tax expense, this expense ratio is 40.14%, which is consistent with that of similar properties with gross lease structures.

NET OPERATING INCOME was in the amount of \$71,349, which represents 80.18% of effective gross income.

Capitalization process:

Based upon the property's location and age, as well as prevailing market conditions, typical mortgage terms would be as follows:

Ym (Mortgage interest rate)	= 4.25%
M (Loan-value ratio)	= 80%
Amortization period	= 20 years
(Balloon)	= 5 years
Rm (Mortgage constant)	= .0743

Capitalization rate calculation using the band of investment technique:

Loan & equity			Rm		
M		X	Re	=	<u>Weighted rate</u>
Mortgage	.80	X	.0743	=	.0594
Equity	.20	X	.12	=	<u>.024</u>

Ro = .0834

Plus: real estate tax load-in: 33.33% * 8.4125% .02804

Equals .11144

Rounded .1114

An equity dividend rate of 12% is considered to be appropriate for the subject based upon rate expectations for a property of this type. This results in an overall rate of 8.34%, which is consistent with rates taken directly from the marketplace and with rates quoted in investor surveys. A 2nd Quarter 2015 survey by Realty Rates quoted capitalization rates for suburban offices between 4.30% and 11.96%, with an average of 8.99%. These rates do not include reserves for replacement. In the case of the subject, the average capitalization rate implied by this survey, including reserves for replacement, is 8.55%. Comparable Sales 2 and 3 had capitalization rates of 9.93% and 9.61%, respectively. Another 2014 sale of an office building in Champaign took place at a capitalization rate of 7.90%. Sale 2 was a multiple-tenant office building, which has higher average capitalization rates than that of single-tenant spaces. The property with a 7.90% capitalization rate was leased to a strong tenant. Therefore, a capitalization rate between these levels is appropriate.

Due to the subject lacking an assessed value, the taxes were loaded into the capitalization rate. The overall rate, subsequent to loading in real estate taxes, is 11.14%.

Webster & Associates, Inc.

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Capitalization process and value by the income capitalization approach:

$$V_o = \frac{\text{NOI}}{R_o} = \frac{\$71,349}{.1114} = \$640,475$$

Rounded \$640,000

VALUE BY THE INCOME CAPITALIZATION APPROACH \$640,000

SALES COMPARISON APPROACH

The sales comparison approach, or market data approach, is based on the principle of substitution, which states that a typical buyer or investor would pay no more for a property than what he or she could purchase a similar property for. This approach is most effective in an active market.

Sales of properties that contain the same salient features as the subject property have been collected. The comparable sales have been analyzed and market extracted adjustments can be made for those significant differences that exist between the subject and the comparable. The sales are adjusted for property rights conveyed, conditions in the market, terms of financing, unusual conditions of sale, physical characteristics, and location. The adjusted price represents what the property would have sold for if it contained the same characteristics as the subject.

The data shown on the following pages represent the most comparable sales available in the market.

IMPROVED PROPERTY SALE #1

LOCATION	2102 West Park Court Champaign, Illinois
GRANTOR	State Farm Mutual Automobile Company
GRANTEE	BFS Properties, LLC
DATE OF SALE	February 2013
RECORDING	Document 2013R05153
SALE PRICE	\$685,000/ \$894,500*
BUILDING SIZE	9,385 SF
LAND AREA	57,500 SF
LAND: BLDG RATIO	6.13: 1
SALE PRICE/ SF	\$72.99/ \$95.31*
COMMENTS	<p>This is a one-story masonry office building constructed in 1987. The majority is open bullpen office space with private offices along the west and south perimeters. There is also a conference room, and multi-fixture rest rooms and a reception/waiting area. It has utilitarian office finish with some temporary room dividers. The north 20% of the building area is unfinished garage space. The property was in average condition at the time of sale.</p> <p>* After the sale, there were five building permits taken out, including for office remodel, HVAC, plumbing, and electrical. The improvement cost listed on the building permits were \$209,500. The unfinished garage area was converted to office space.</p>

IMPROVED PROPERTY SALE #2

LOCATION	510 Devonshire Champaign, Illinois
GRANTOR	Illinois Land Trust #030-361-000 d/b/a 510 Devonshire Building
GRANTEE	CMH Properties, LLC
DATE OF SALE	September 2014
RECORDING	Document 2014R17162
SALE PRICE	\$1,270,000
BUILDING SIZE	20,076 SF
LOT SIZE	2.64-Acres
LAND: BLDG RATIO	4.34: 1
SALE PRICE/ SF	\$63.26
COMMENTS	This represents the sale of one-story, masonry building that was constructed in 1987. There are three units, of which two are in average condition and the remaining unit in relatively good condition. The property was listed for 637-days, with a final offering price of \$1,650,000. The capitalization rate from this sale is 9.93%.

IMPROVED PROPERTY SALE #3

LOCATION	508 South Race Street Urbana, Illinois
GRANTOR	508 Race Partners, LLC
GRANTEE	CMH Properties, LLC
DATE OF SALE	December 2013
RECORDING	Document 2013R28855
SALE PRICE	\$770,000
BUILDING SIZE	10,800 SF
LAND AREA	21,000 SF
LAND: BLDG RATIO	3.89: 1
SALE PRICE/ SF	\$71.30
OAR	9.61%*

COMMENTS	<p>This is a two-story masonry office building with a brick veneer exterior situated on the south edge of Downtown Urbana. It was constructed in 1989 and in average to good condition at the time of sale. There are two stairways and an elevator. It has been occupied by the State of Illinois Department of Children and Family Services since construction. This transaction was part of a portfolio sale that included this property, another office building in Urbana, and an office building in Champaign. A 5-year renewal option was exercised in the same month that the property sold.</p> <p>* A 10% vacancy loss and an assumed reassessment were considered in determining a capitalization rate.</p>
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IMPROVED PROPERTY SALE #4

LOCATION	206 Burwash Avenue Savoy, Illinois
GRANTOR	Kristin Q. Coe Trust dated July 19, 1991
GRANTEE	Bayview Family Clinic, Ltd.
DATE OF SALE	August 2014
RECORDING	Document 2014R14557
SALE PRICE	\$450,000/ \$672,000*
BUILDING SIZE	5,921 SF
LOT SIZE	32,000 SF
LAND: BLDG RATIO	5.40: 1
SALE PRICE/ SF	\$76.00/ \$113.49*
COMMENTS	<p>This represents the sale of a one-story, frame building that has previously been used as a professional office. It was constructed in 1981 and in below average condition at the time of sale. The property was listed for 19-days, with a final offering price of \$549,900.</p> <p>* The buyer will spend approximately \$222,000 to remodel the property into a medical clinic. The property will be remodeled and there will be multiple examination rooms with built-in cabinetry and sinks.</p>

IMPROVED PROPERTY SALE #5

LOCATION	801 North Walnut Champaign, Illinois
GRANTOR	801 Partners, LLC
GRANTEE	Community Elements
DATE OF SALE	June 2013
RECORDING	Document 2013R15591
SALE PRICE	\$670,000
BUILDING SIZE	16,500 SF
LOT SIZE	63,108 SF
LAND: BLDG RATIO	3.82: 1
SALE PRICE/ SF	\$40.60

COMMENTS	This is a one-story masonry office building that was constructed in 1986 for the Illinois Department of Human Services. It has a concrete block and brick exterior and a built up roof. The building was remodeled in 2001 including new floor coverings, ceiling tiles, baseboards, bathroom fixtures and window repair and replacement. The tenant did not renew the lease in 2011 and the property was vacant for two years prior to the more recent sale. There was a prior sale in in August 2007 for \$1,225,000 when the property was fully leased. It was listed for 873-days, with a final offering price of \$990,000.
----------	--

IMPROVED PROPERTY SALE #6

LOCATION	2601 W. Forrest Hill Avenue Peoria, Illinois
GRANTOR	State Farm Mutual Auto Insurance Company
GRANTEE	Sterling Assets, LLC
DATE OF SALE	October 2014
RECORDING	Document 14-21879
SALE PRICE	\$500,000
BUILDING SIZE	10,919 SF
LOT SIZE	74,923 SF
LAND: BLDG RATIO	6.86: 1
SALE PRICE/ SF	\$45.79

COMMENTS	This is a one-story building that has previously been utilized as an office by State Farm. It was listed for 1,054-days, with a final offering price of \$660,000. The building was constructed in 1993 and believed to be in average condition at the time of sale. There are three garage bays. It was purchased for use as a call center.
----------	--

SUMMARY OF IMPROVED SALES

Sale	SP/ SF	Date of sale	Size (SF)	Land: bldg ratio
1	\$72.99	February 2013	9,385	6.13: 1
2	\$63.26	September 2014	20,076	4.34: 1
3	\$71.30	December 2013	10,080	3.89: 1
4	\$76.00	August 2014	5,921	5.40: 1
5	\$40.60	June 2013	16,500	3.82: 1
6	\$45.79	October 2014	10,919	6.86: 1

ADJUSTMENT GRID

Sale	1	2	3	4	5	6
SP/ SF	\$72.99	\$63.26	\$71.30	\$76.00	\$40.60	\$45.79
Conditions of sale	Similar	Similar	Similar	Similar	Inferior 10%	Inferior 10%
Adj SP/ SF	\$72.99	\$63.26	\$71.30	\$76.00	\$44.66	\$50.37
Date of sale	Similar	Similar	Similar	Similar	Similar	Similar
Adj SP/ SF	\$72.99	\$63.26	\$71.30	\$76.00	\$44.66	\$50.37
Location	Superior -10%	Superior -10%	Similar	Superior -10%	Inferior 20%	Similar
Size	Slightly superior -5%	Inferior 10%	Similar	Superior -10%	Slightly inferior 5%	Similar
Age/ condition	Slightly superior -10%	Superior -15%	Superior -15%	Similar	Slightly superior -10%	Slightly superior -10%
Quality/ finish	Similar	Slightly superior -5%	Slightly superior -5%	Slightly superior -5%	Slightly superior -5%	Similar
Land: bldg ratio	Similar	Slightly inferior 5%	Slightly inferior 5%	Similar	Slightly inferior 5%	Similar
Net	-25%	-15%	-15%	-25%	15%	-10%
Adj SP/ SF	\$54.74	\$53.77	\$60.61	\$57.00	\$51.36	\$45.33

Prior to adjustment, the comparable sales shown above result in a range of sale prices per square foot between \$40.60 and \$76.00. The improvements made to Sales 1 and 4 was not reflected in the unit price for comparability purposes. An initial adjustment was made for conditions of sale, with Sales 5 and 6 adjusted upwards by 10% to reflect the discrepancy between the motivations of the grantor, as evidenced by the discrepancy between the sales and asking price. No adjustment was made to Sale 2, although it is recognized that this grantor was motivated, as well. There was no adjustment made for date of sale, due to each sale taking place in 2013 – 2014, during which time, market conditions have

been stable. Subsequent adjustments, including location, size, age/ condition, quality/ finish, and land to building ratio, were made on a quantitative and cumulative basis. A brief discussion of the adjustments made has been shown below.

Location. Sales 1, 2, and 4 are in locations in Champaign or Savoy that is superior for office space, with a 10% downward adjustment made. Sale 5 is in an inferior location in Champaign, and a 20% upward adjustment was made. Sale 3 is in Downtown Urbana, which is a different location, but was not adjusted. Sale 6 is in furthest proximity in a different location, but was also not adjusted.

Size. There is an inverse relationship between size and price, with smaller properties typically selling for a higher unit cost. Sales 1 and 4 are smaller, or superior, than the subject, with a 5% and 10% downward adjustment made, respectively. Sales 2 and 5 had a 10% and 5% upward adjustment, respectively, as a result of being larger than the subject property.

Age/ condition. Sale 4 is the most comparable in condition. The remaining sales are superior in this respect, with a 10% - 15% downward adjustment corresponding to the respective differences.

Quality/ finish. Sales 1 and 6 have garage space included in the gross building area, and were not adjusted. Sales 2 – 5 are nearly fully finished, and had a 5% downward adjustment to reflect the lower contributory value of the subject's garage area. This adjustment was made based on approximately 50% of the difference in finish between the subject and the comparable sales.

Land: building ratio. Sales 2, 3, and 5 have a lower land to building ratio, which was reflected by a 5% downward adjustment. Sales 1, 4, and 6 are similar in this respect.

After making the adjustments, the sales may be arrayed as follows:

Sale 6 –	\$45.33/ SF
Sale 5 –	\$51.36/ SF
Sale 2 –	\$53.77/ SF
Sale 1 –	\$54.74/ SF
Sale 4 –	\$57.00/ SF
Sale 3 –	\$60.61/ SF
Average –	\$53.80/ SF
Median –	\$54.26/ SF

The adjusted range of sale prices is wide, although Sale 6, which is also the sole comparable located outside of Champaign County, is an outlier. This sale, and Sale 5, which set the low end of the adjusted range, required adjustments for conditions of sale. With consideration given to each of the sales, a unit value of \$54.00 per square foot is reasonable for the subject property.

Webster & Associates, Inc.**53**

Therefore,

11,255-square feet @ \$54.00/ SF	=	\$607,770
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Rounded	\$610,000
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VALUE BY THE SALES COMPARISON APPROACH	\$610,000
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RECONCILIATION

Cost approach	N/A
Income capitalization approach	\$640,000
Sales comparison approach	\$610,000

The cost approach was not included in the appraisal process due to the age of the building improvements. The subjectivity involved in estimating depreciation would limit the reliability of the value derived from the cost approach, and the completion of the cost approach is not necessary to achieve a credible assignment result.

The income capitalization approach is generally considered the most reliable method of valuing income producing properties. However, the subject is owner occupied, with market rent used in the analysis. Operating expenses were deducted, and the net operating income was capitalized by an overall rate that was derived from the band of investment technique. The rate is also consistent with rates taken directly from the marketplace, and the value is considered to be reliable, despite the required estimates.

The sales comparison approach is the more straightforward of the approaches to value. Six sales were gathered and analyzed, with adjustments made for significant differences between the subject and the comparables. The primary limitation of this approach is the subjectivity involved in the adjustment process. All of the sales required some judgment, and the adjusted range of unit prices is fairly wide.

The two approaches result in a reasonable range of values. Both approaches are considered to be good indicators of value for the subject, although the sales comparison approach is regarded as being slightly more reliable. Therefore, it is my opinion that the market value of the subject property, as of May 15, 2015, was SIX HUNDRED TWENTY THOUSAND (\$620,000) DOLLARS.

QUALIFICATIONS OF THE APPRAISER

Joseph M. Webster

Education

2004	Southern Illinois University, B.S. degree in finance
2005	Southern Illinois University, Master's degree in business administration
2006	Chicago Association of Realtors, National USPAP course
2006	Appraisal Institute, Basic appraisal principles
2006	Appraisal Institute, Basic appraisal procedures
2007	Appraisal Institute, Basic income capitalization – part 1
2007	Appraisal Institute, Basic income capitalization – part 2
2007	Appraisal Institute, Real estate finance and statistics
2007	Appraisal Institute, General site valuation and cost approach
2008	Appraisal Institute, General market analysis and highest & best use
2008	Appraisal Institute, General appraiser sales comparison approach
2008	Appraisal Institute, General appraiser report writing & case studies
2009	Appraisal Institute, Residential site valuation and cost approach
2009	Appraisal Institute, Residential appraiser report writing & case studies
2010	Appraisal Institute, Advanced sales comparison & cost approaches
2011	Appraisal Institute, Advanced income capitalization approach
2012	Appraisal Institute, Advanced concepts and case studies
2013	International Right of Way Association, Easement valuation
2014	International Right of Way Association, The valuation of partial acquisitions

Experience

1997 – 2000	Webster & Associates, Administrative assistant
2004 – 2005	SIU Department of Finance, Research assistant
2006	Chicago Board of Trade, Staff investigator
2006 – Present	Webster & Associates, Staff appraiser

Certificate

Illinois state certified general real estate appraiser
 Appraiser # 553.002003
 Expires: 09/30/2015

Approvals/ Designations

MAI – Designated member of the Appraisal Institute
 Illinois Department of Transportation approved appraiser

CLIENTS

BANKS

Arcola First National Bank
 Bank of America
 BankChampaign
 Bank of Illinois in Normal
 Buena Vista National Bank
 Busey Bank
 Casey State Bank
 CEFCU
 Centru Bank
 CIB
 Citibank
 Citizen's National Bank- Paris
 Effingham State Bank
 First Bank & Trust
 First Federal of Champaign-Urbana
 First Financial Bank
 First Mid-Illinois Bank & Trust
 First Midwest Bank
 First National Bank-Ogden
 First National Bank-Pana
 First State Bank-Monticello
 First State Bank-Tuscola
 Heartland Bank & Trust
 Hickory Point Bank & Trust
 JP Morgan Chase
 Longview State Bank
 Midland States Bank
 Peoples Bank & Trust
 Prairie State Bank & Trust
 Soy Capital Bank & Trust
 The Gifford State Bank
 Town & Country Bank
 Tuscola National Bank
 Villa Grove State Bank

GOVERNMENTAL AGENCIES

Champaign County
 Champaign Park District
 Champaign Urbana Mass Transit District
 City of Champaign
 City of Danville
 City of Decatur
 City of Mattoon
 City of Monticello
 City of Rantoul
 City of Tuscola
 Coles County Assessor
 Community First Bank
 Cunningham Township Assessor
 Champaign County Housing Development
 Authority
 IDOT
 Mental Health Center Of Champ. County
 Moultrie County Assessment Office
 Piatt County Board
 United States Postal Service
 Urbana Park District
 Village of Tilton

INSTITUTIONAL

Hospital Sisters Health Systems
 Advocate Health
 McKinley College
 University of Illinois

MISCELLANEOUS

Attorneys
 Blue Cross Blue Shield
 State Farm
 Foth Engineering
 Terra Engineering
 DLJ Real Estate Investment Partners
 GE Capital
 GMAC Commercial
 Merrill Lynch

FRONT VIEW OF SUBJECT



REAR VIEW OF SUBJECT



VIEW OF PARKING LOT



LOOKING EAST ON INTERSTATE DRIVE



LOOKING WEST ON INTERSTATE DRIVE



LOOKING NORTH ON MATTIS AVENUE



INTERIOR – OFFICE



INTERIOR – OFFICE



INTERIOR – OFFICE



INTERIOR – BREAK ROOM



INTERIOR – GARAGE



INTERIOR – GARAGE



INTERIOR – RESTROOM



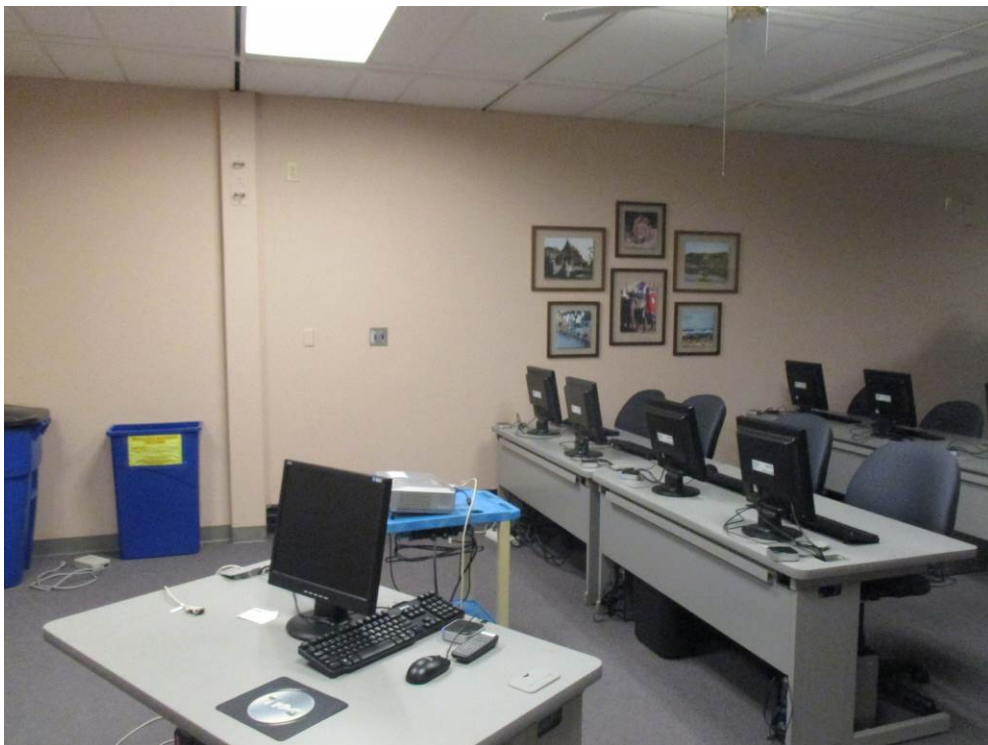
INTERIOR – SERVER ROOM



INTERIOR – SORTING AREA



INTERIOR – TRAINING/ CONFERENCE ROOM



INTERIOR – STORAGE



SUMMARY APPRAISAL REPORT

Lewis and Clark Library System
6725 Goshen Road and Excess Land
Edwardsville, Illinois

PREPARED FOR

Ms. Juliette E. Douglas; MHR, MLS
Business Manager/Workforce Development Consultant
Lewis and Clark Library System
6725 Goshen Road
Edwardsville, Illinois 62025

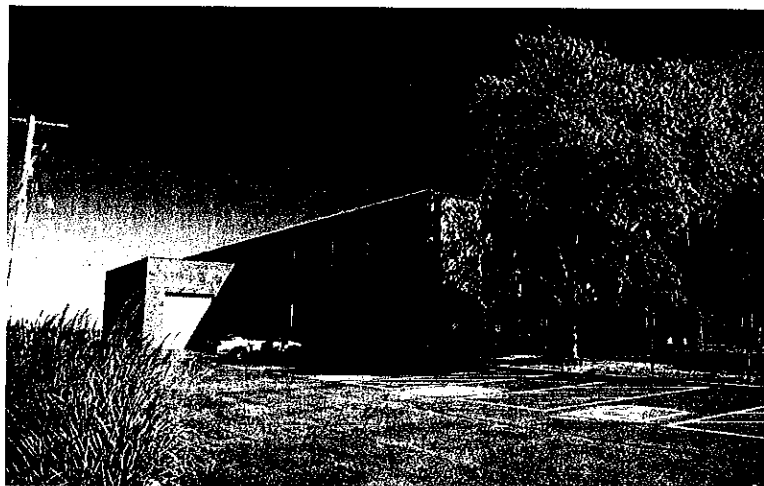
PREPARED BY

Collier Appraisers, Ltd.
226 West Main Street
Collinsville, Illinois 62234

EFFECTIVE DATE

October 21, 2010

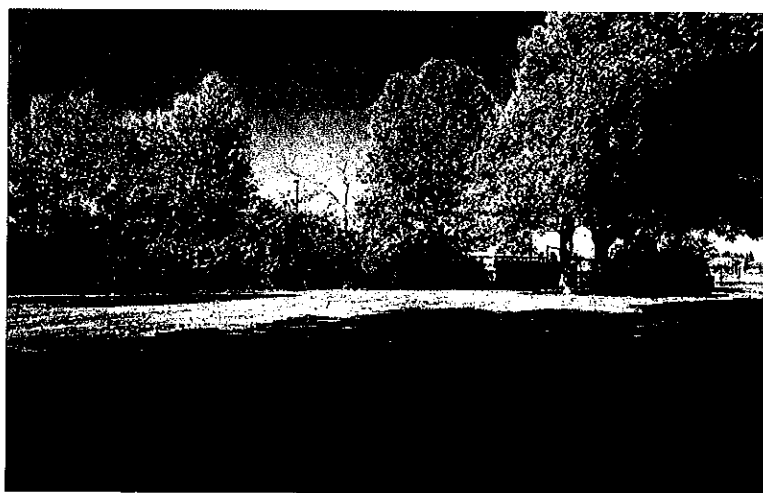
Subject Properties
Photographs taken October 21, 2010



View of Library (Parcel A)



View of Small Tract (Parcel B)



View of Large Tract (Parcel C)

226 West Main Street • Collinsville, Illinois 62234 • (618) 344-4811 • Fax (618) 344-4831
www.collierappraisers.com

November 5, 2010

Ms. Juliette E. Douglas, MHR, MLS
Business Manager/Workforce Development Consultant
Lewis and Clark Library System
6725 Goshen Road
Edwardsville, Illinois 62025

Re: Lewis and Clark Library System
6725 Goshen Road and Excess Land
Edwardsville, Illinois

Dear Ms. Douglas:

At your request, we appraised the referenced properties. This appraisal reflects our "as is" opinion of market value estimates of the fee simple estate (interest) in the properties, as of October 21, 2010. We understand that this report will be used for accounting purposes.

This appraisal, presented in a summary narrative report format, contains the results of our research, analysis, opinions and conclusions. To the best of our knowledge, this report conforms to Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

Page Two
Ms. Juliette E. Douglas
November 5, 2010

Our market value estimates are based on the presented facts and rationale and are subject to the limiting conditions and assumptions contained in this report.

Upon a thorough investigation of the market and taking into consideration all factors which affect value, it is our opinion that the market values of the subject properties as of the 21st Day of October 2010 are as follows:

Value of Parcel A

ONE MILLION FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$1,575,000)

Value of Parcel B

ONE HUNDRED SEVENTY-EIGHT THOUSAND DOLLARS (\$178,000)

Value of Parcel C

THREE HUNDRED TWENTY-SIX THOUSAND DOLLARS (\$326,000)

Total Value of All Properties

TWO MILLION SEVENTY-NINE THOUSAND DOLLARS (\$2,079,000)

If you have any questions, please contact us. Thank you for contacting our firm regarding this assignment.

Sincerely,



James F. Collier
Certified General Appraiser
Illinois License No. 553.000106
Expiration Date: Sept. 30, 2011

JFC/skc
Enclosures

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ADDENDUM

General Area Map
 Subject Location Map
 Listing Sheet
 Traffic Count Map
 Zoning Map
 Zoning Regulations
 Qualifications of Appraiser

SUMMARY

Assignment	As determined by the appraiser, with input from the client, the valuation assignment is to estimate the "as is" market values of the fee simple estate (interest) in the properties, as of October 21, 2010, as encumbered by easements of record, all municipal building codes and ordinances, zoning restrictions, and subject to the limiting conditions and assumptions stated in this report.
Property Location	Appraisal of Lewis and Clark Library System 6725 Goshen Road and Excess Land Edwardsville, Illinois
	Property Type: The appraised property consists of a 2-story, masonry, commercial building and excess land.
	Total: 20,694 square feet ± (GBA)
Zoning	B-2, Commercial/Business
Census Tract	4030.02
Assessment and Taxes	Inasmuch as the subject is a library, there are no taxes assessed on these parcels.
Current Use	Parcel A is improved with a 2-story, masonry, commercial building utilized as a library, as of the effective valuation date. Parcels B and C consist of vacant lots.
Highest and Best Use	
As Vacant	The Highest and Best Use of the sites, as if vacant and available for development to its Highest and Best Use, is for commercial purposes.
As Improved	The Highest and Best Use of the properties, as improved, is for their current or similar use.

Value Indications

Cost Approach	\$1,608,000
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Direct Sales Comparison Approach	\$1,552,000
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Income Capitalization Approach	\$1,610,000
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Value Conclusions	Value of Parcel A	\$1,575,000
	Value of Parcel B	\$178,000
	Value of Parcel C	\$326,000
	Total Value of All Properties	\$2,079,000

Exposure Period	18 to 24 months
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Marketing Period	18 to 24 months
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Valuation Date	October 21, 2010
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Inspection Date	October 21, 2010
------------------------	------------------

Report Date	November 5, 2010
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ASSUMPTIONS AND LIMITING CONDITIONS

1. That the term "Market Value" as herein used, is defined as "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus." Defined as stated in Uniform Standards of Professional Appraisal Practice.
2. That the date to which the opinions expressed in this report applies is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
3. That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
4. That no opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The properties are appraised assuming it to be under responsible ownership and competent management and available for its Highest and Best Use.
5. That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area was taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
6. That maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes.
7. That no opinion is expressed as to the value of subsurface oil, gas or mineral rights, and that the properties are not subject to surface entry for the exploration or removal of such materials except as is expressly stated.
8. That testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.
9. The appraiser assumes no responsibility for such items of record not disclosed by his normal investigation.

10. That no detailed soil studies covering the subject properties were available to the appraiser. Therefore, premises as to soil qualities employed in this report are not conclusive but have been considered consistent with information available to the appraiser.
11. That no responsibility is assumed due to the possible effects of earthquakes on individual properties unless detailed geologic reports are made available.
12. That the appraiser has personally inspected the subject properties and finds no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific government requirements, such as fire, building and safety, earthquake, or occupancy codes can be assumed without provision of specific professional or governmental inspection.
13. That the leases, if any, as provided are correct and the subject is not encumbered by long term leases.
14. That no consideration has been given in this appraisal to personal property located on the premises, or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, ureaformaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
16. The appraiser did not conduct a termite inspection. In the event there is damage from termites or other pests, the appraiser reserves the right to update the value estimates accordingly without penalty.

INTRODUCTION

IDENTITY OF THE CLIENT AND ANY INTENDED USERS

The client of this report is Ms. Juliette E. Douglas of Lewis and Clark Library System, the intended user of this document. It is intended for your use only and those parties authorized by your permission.

INTENDED USE

The intended use of this report is to provide opinions of market values for accounting purposes.

INTEREST VALUED

The property rights appraised are fee simple, that is, an

"absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

PURPOSE OF THE ASSIGNMENT

The purpose of this assignment is to develop opinions of market values of the interest stated above.

¹Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th Edition (2002), p. 113.

MARKET VALUE

The definition of Market Value pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) is as follows:

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

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

EFFECTIVE DATE OF THE OPINION

October 21, 2010

²Appraisal Institute, Appraisal Regulations of the Federal Banking Agencies (1992), p. 21.

ADDITIONAL APPRAISER'S CERTIFICATION

Pursuant to the Conduct Section of the Ethics Rule of USPAP, "If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in the subsequent report certification any services regarding the subject property performed by the appraiser within the three-year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity."

We have not provided any previous services regarding the subject properties, including an appraisal, within the three years prior to this assignment.

EXTRAORDINARY ASSUMPTIONS

The definition of Extraordinary Assumption is furnished below.

"An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions."

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.³

It is assumed the mine subsidence damage which has occurred will be repaired and that Mine Subsidence Insurance remains in effect regarding the subject building.

³ Appraisal Institute, Standards of Professional Appraisal Practice of the Appraisal Institute (2000), p. 11.

HYPOTHETICAL CONDITION

Hypothetical Condition is defined as follows:

"that which is contrary to what exists, but is supposed for the purpose of analysis."

Comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.⁴

There are no Hypothetical Conditions which apply to this assignment.

⁴ Appraisal Standards Board, The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice 2000 Edition (2000), p. 11.

SCOPE OF WORK

The Scope of Work involves stating the research and analyses that are necessary to develop a credible opinion of value. In preparing the report, the following steps were taken:

1. Conducted a visual inspection of the subject properties to note the characteristics of the property relevant to its valuation;
2. Investigated available market data for use in a Direct Sales Comparison Approach to value and if applicable, the Cost and Income Capitalization Approaches. The investigation will include a search of public records such as printed comparable data services and computerized databases from which we subscribe. Search parameters such as dates of sales, leases, locations, sizes, types of properties, and distances from the subject will start with relatively narrow constraints and, if necessary, be expanded until the appraiser has either retrieved data sufficient (in the appraiser's opinion) to estimate market value, or until the appraiser believes that he or she has reasonably exhausted the available pool of data. Researched sales data will be viewed and, if found to be appropriate, efforts will be made to verify the data with persons directly involved in the transactions such as buyers, seller, brokers, or agents. At the appraiser's discretion, some data will be used without personal verification if, in the appraiser's opinion, the data appears to be correct. In addition, the appraiser will consider any appropriate listings or properties found through observation during the appraiser's data collection process. The appraiser will report only the data deemed to be pertinent to the valuation problem;
3. Investigated and analyzed any pertinent easements or restrictions relating to the ownership of the subject properties. It is the client's responsibility to supply the appraiser with a title report. If a title report is not available, the appraiser will rely on a visual inspection and identify any readily apparent easements or restrictions;
4. Analyzed the data derived and reach conclusions regarding market value, as defined in the report, of the subject properties as of the date of value using appropriate valuation approach(es) identified above;
5. Prepared the appraisal in compliance with the Uniform Standards of Professional Appraisal Practice as promulgated by The Appraisal Foundation and the Code of Professional Ethics and Certification Standards of the Appraisal Institute;

6. Will not be responsible for ascertaining the existence of any toxic waste or other contamination present on or off the sites. The appraiser will, however, report any indications of toxic waste or contaminants that may affect value if they are readily apparent during the appraiser's investigations. The appraiser cautions the users of the report that the appraiser is not an expert in such matters and that the appraiser may overlook contamination that might be readily apparent to parties who are experts in such matters;
7. Prepared a Summary Appraisal Report, as defined in USPAP, which will include photographs of the subject properties, descriptions of the subject neighborhood, the site, a description of the zoning, a Highest and Best Use analysis, a summary of the most important sales used in the appraiser's valuation, a reconciliation and conclusion, and other data deemed by the appraiser to be relevant to the assignment. Pertinent data and analyses not included in the report may be retained in the appraiser's files;
8. Identified the objective of the assignment;
9. Identified the assignment elements, including identifying the client and the intended users, the intended use of the opinions and conclusions, the type and definition of value, the effective date of value, and the property appraised and its relevant characteristics;
10. Identified the specific assignment as acceptable under the ETHICS RULE, the COMPETENCY RULE, the SCOPE OF WORK RULE, the JURISDICTIONAL EXCEPTION RULE, and the SUPPLEMENTAL STANDARDS RULE of the Uniform Standards of Professional Appraisal practice (USPAP), as adopted by The Appraisal Foundation, and effective January 1, 2010;
11. Identified the properties by address and parcel identification numbers and described its location and neighborhood;
12. Conducted an overview and analysis of the properties' market and legal environment;
13. Identified all sales of the properties during the prior three years;
14. Inspected the real estate on **October 21, 2010**;
15. Identified the current use and the Highest and Best Use of the properties as vacant and as improved;
16. Conducted a Cost Approach by estimating the land value and depreciated cost of the improvements;

17. Conducted a Direct Sales Comparison Approach valuation by researching and analyzing sales of similar properties and then comparing them to the subject properties to support a value indication;
18. Conducted an Income Capitalization Approach;
19. Reconciled the valuation approaches to reach a final value conclusion.

Market research of national, regional and local economic and market conditions was prepared from our analysis of public and private data sources. Comparable sales information was gathered from both public and private sources, including Multiple Listing Service (MLS), research data companies to which we subscribe, county courthouses, and information within our data bank.

MARKET AREA DATA

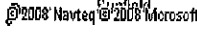
REGIONAL

The subject is located in Edwardsville, Illinois, within a general area often referred to as the "Metro-East" portion of the Greater Metropolitan St. Louis Area. Nearby cities and towns include Glen Carbon, Collinsville, Maryville, Granite City, Troy, and others. Downtown St. Louis, the nearest major metropolitan area, is located approximately 20 miles to the southwest.

"Metro-East" is a term often used to identify that portion of the Greater Metropolitan St. Louis Area which lies east of the Mississippi River. The entire Metropolitan St. Louis Area has a population in excess of 2.5 million. "Metro-East" has a population of about 600,000; thus, it is a significant portion of the region. Most of the geographic area and population in the "Metro-East" are concentrated in St. Clair and Madison Counties, each with a population of about 260,000. Other counties including Monroe, Clinton, Jersey, and Bond comprise the remainder.

A Regional Map is furnished on the following page.

REGIONAL MAP



CITY

According to the 2000 Census, Edwardsville's population was estimated at 21,491 which was up from the 1990 figure of 14,579. According to www.census.gov, the population of Edwardsville for 2009 was estimated at 24,475. Edwardsville is the county seat of Madison County.

Edwardsville has a Mayor/Council/City form of government. There are 10 banks located in the community. The police department employs 53 full-time people and 1 part-time person, and the fire department employs 25 full-time people and has 10 volunteers. There is 1 hospital, Anderson Hospital, located in nearby Maryville approximately 10 miles to the south (210 beds). There are 41 doctors and 40 dentists in the community. There are 2 Illinois designated trauma centers within 10 miles. A rehabilitation center is also available. Local Emergency Medical Treatment (E.M.T.) is available, and an Emergency 911 System is in place.

Southern Illinois University Edwardsville, which employs 2,296 people, is the community's major employer. Other major employers include Madison County Government (1,066 employees), Edwardsville School District #7 (840 employees), The Bank of Edwardsville (400 employees), Madison County Transit (250 employees), and Hortica (230 employees).

Highway transportation facilities are considered excellent. Major highways within a 5-mile radius include Interstates 270, 55, 70, and 255; Illinois Routes 157, 159, 162, and 111; and many secondary routes. Governor's Parkway, a 4-lane highway, connects Illinois Route 157 at the eastern edge of the Southern Illinois University Edwardsville campus to the Illinois Route 143/Interstate 255 interchange.

Commercial bus and package delivery services are available. Rail service is provided by Norfolk Southern and Chicago Northwestern. The nearest commercial airport is St. Louis Lambert International Airport, and the nearest public airport is St. Louis Regional.

There are 12 elementary schools, 2 junior high schools, 3 high schools, 2 trade and technical schools, 1 community college, and 1 university located in the community (including private schools). There are 60 special education teachers in School District #7 and over 400 part-time teachers in the community colleges.

Community facilities available within 10 miles include 32 Protestant churches, 3 Catholic churches, 1 Jewish synagogue, 1 country club, 4 health clubs, 2 public swimming pools, 41 motels/hotels (3,500 rooms), 335 restaurants, 5 public golf courses, and 11 public tennis courts. Edwardsville is located within ½-hour drive of the Mississippi River and 1½ hours of Carlyle Lake, Alton Lake, and others.

The above information was obtained from a Community Profile published by the Department of Commerce and Community Affairs (publication date July 14, 2010).

NEIGHBORHOOD

The subject is located along the north side of Goshen Road approximately 500 feet east of Illinois Route 159. The immediate area to the south and west and immediately north of the subject is heavily commercialized and consists of numerous commercial establishments along the Illinois Route 159 corridor. The area generally east of the subject consists of single-family residential properties. There is convenient linkage to Illinois Route 159.

MARKET TRENDS AND MARKETING PERIOD

Real estate market conditions in the "Metro-East" region have slowed following a national trend due to factors relating to the recession including rising unemployment and a general slow down in the U.S. economy. As a result, estimated marketing periods are 18 to 24 months or more.

EXPOSURE TIME

The definition of Exposure Time is furnished below.

"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")."⁵

The estimated Exposure Time for the subject property is 18 to 24 months.

⁵ Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th Edition (2002), p. 105.

SUBJECT INFORMATION

IDENTIFICATION OF THE PROPERTY

The subject properties are identified by address as 6725 Goshen Road, Edwardsville, Illinois and are commonly known as Lewis and Clark Library System. A complete legal description was not furnished the appraiser; however, a brief legal description is as follows:

Lots Numbered 1, 2, 3, 4, and 5 in Block Numbered 1 of H.P. Stullkens Subdivision and a tract of land in the Northeast ¼ of Section 23, Township 4 North, Range 8 West of the 3rd Principal Meridian, Madison County, Illinois.

Tax Identification Numbers: **14-2-15-23-02-201-005 and 14-2-15-23-02-201-006** (Parcel A), **14-1-15-23-02-201-004** (Parcel B), and **14-1-15-23-02-201-001.004** (Parcel C)

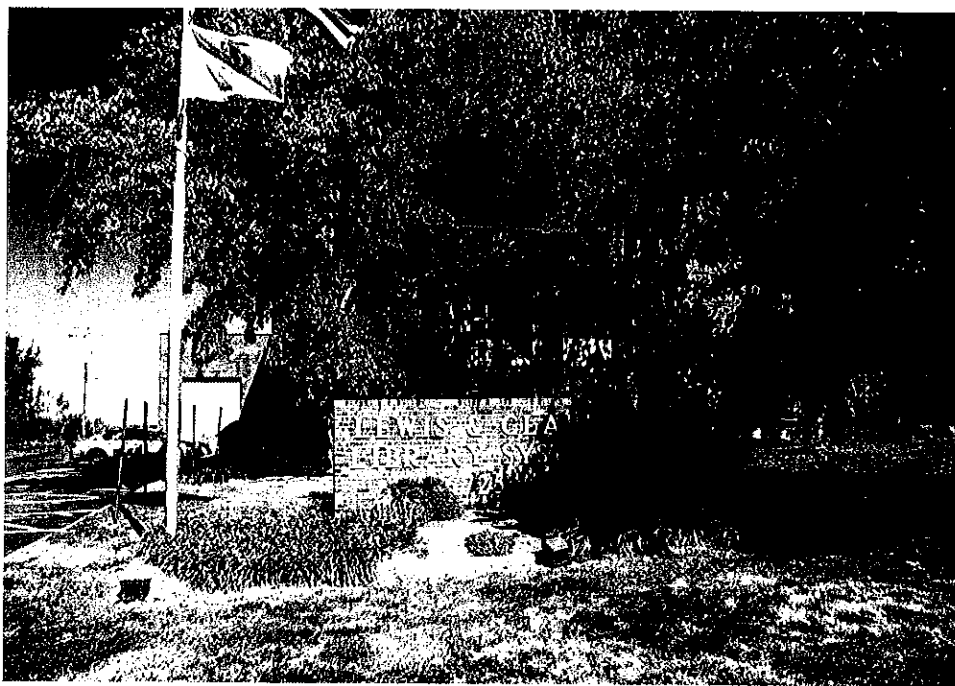
SALES HISTORY

In accordance with the Uniform Standards of the Professional Appraisal Practice (USPAP), the appraiser is required to furnish a 3-year sales history regarding the appraisal of real estate. According to information obtained from the Madison County Recorder of Deeds Office, there have been no recorded sales regarding the subject properties within the past 3 years. According to information furnished the appraiser, Parcel B is currently listed for sale for \$215,000 and Parcel C is listed for \$415,000. A copy of the listing sheet is furnished in the addendum of this report.

OWNERSHIP DATA

A title search was not conducted; however, according to tax records, title to the subject properties is purportedly vested in the name of Lewis and Clark Library System.

PHOTOGRAPHS



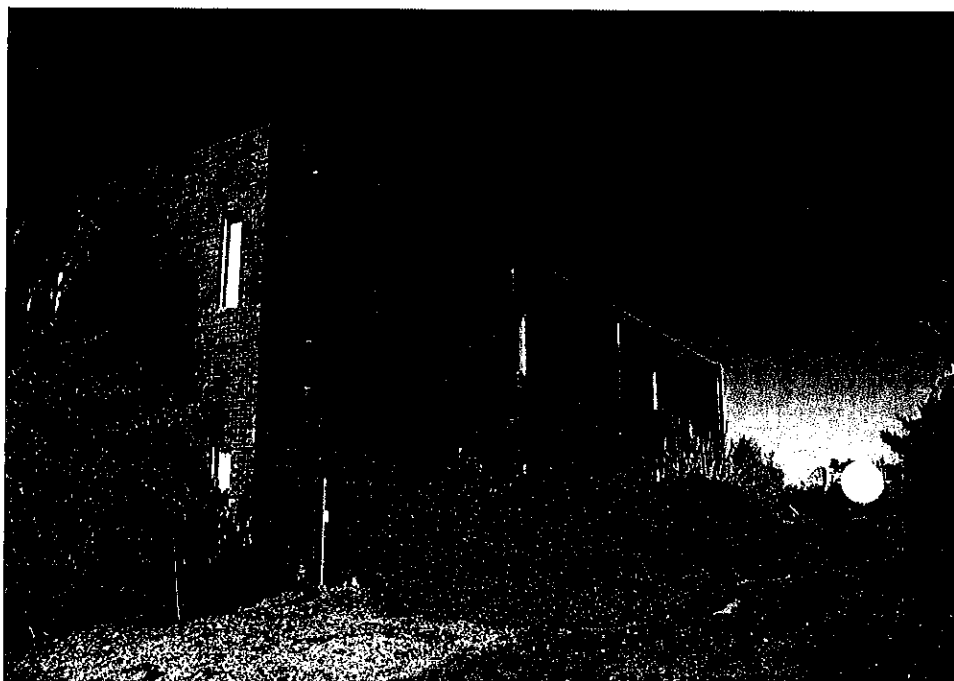
View of South Elevation, Front View



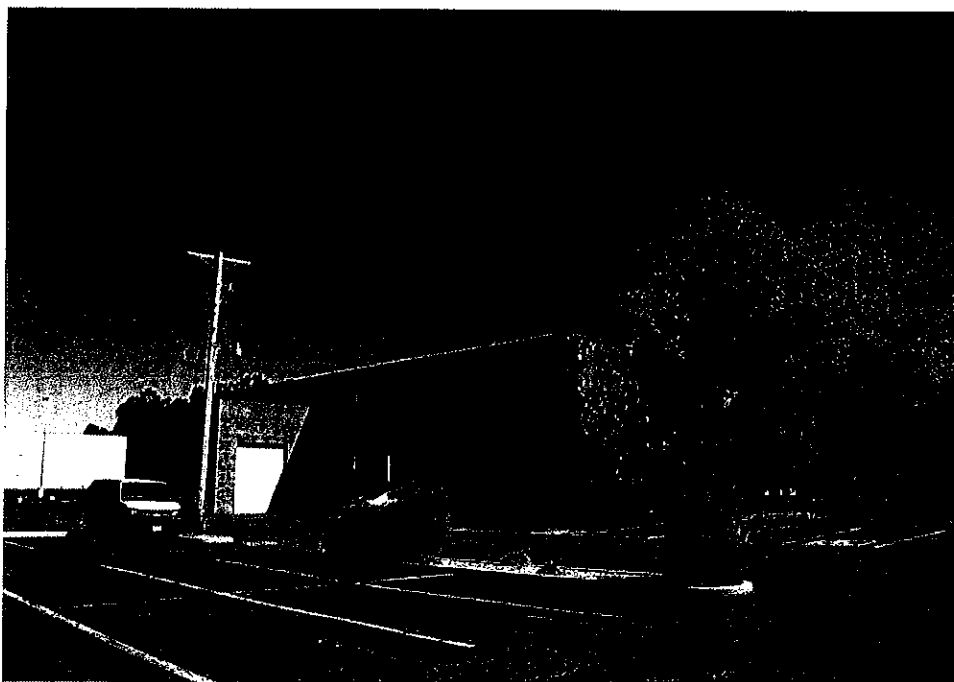
View of South Elevation and Main Entrance



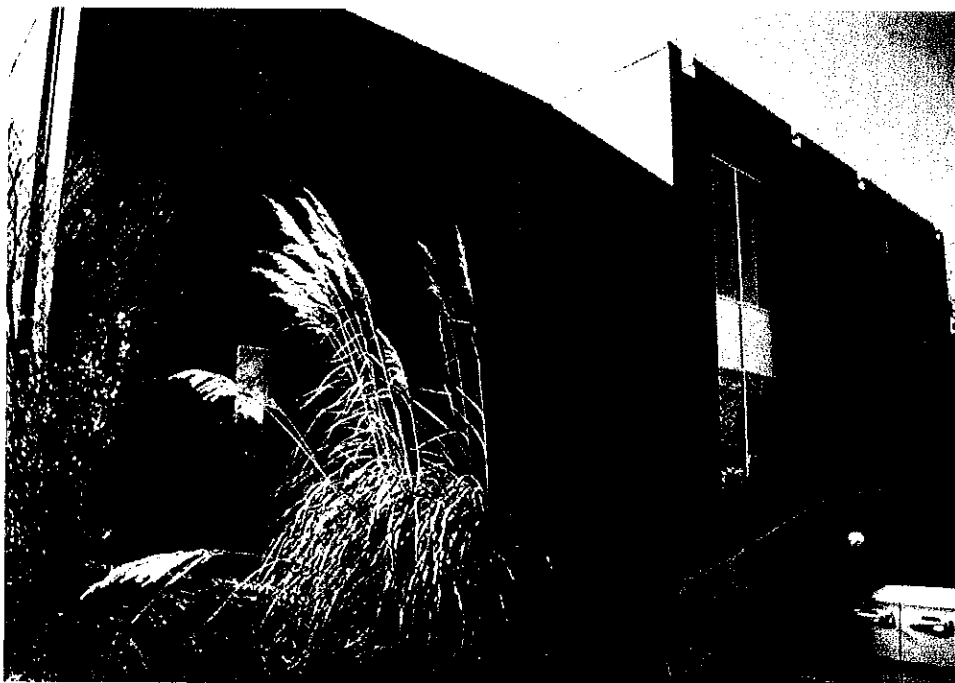
View of West Elevation



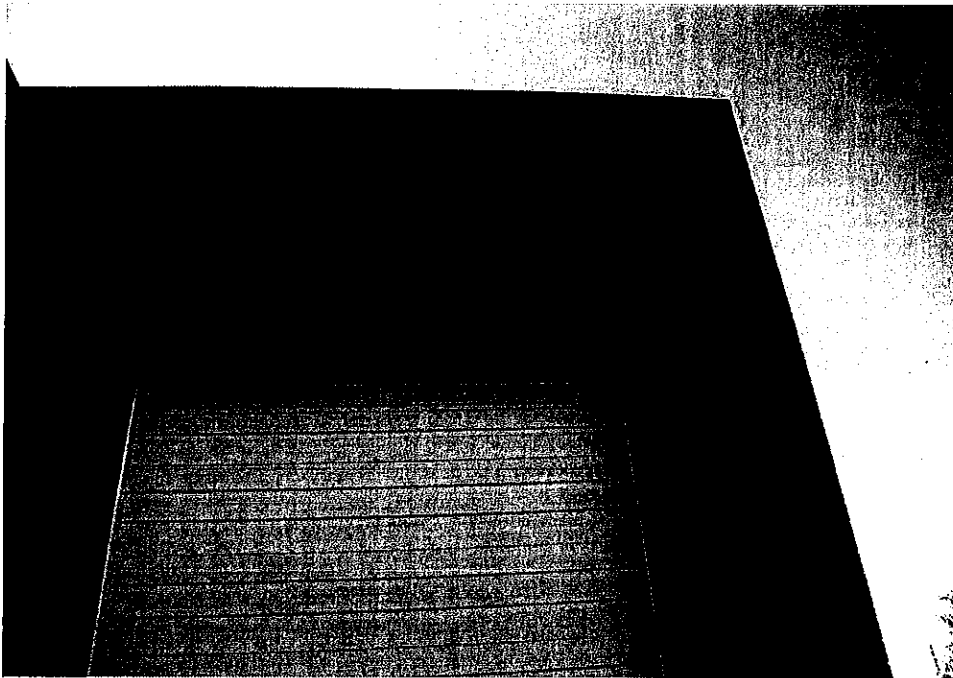
View of East Elevation



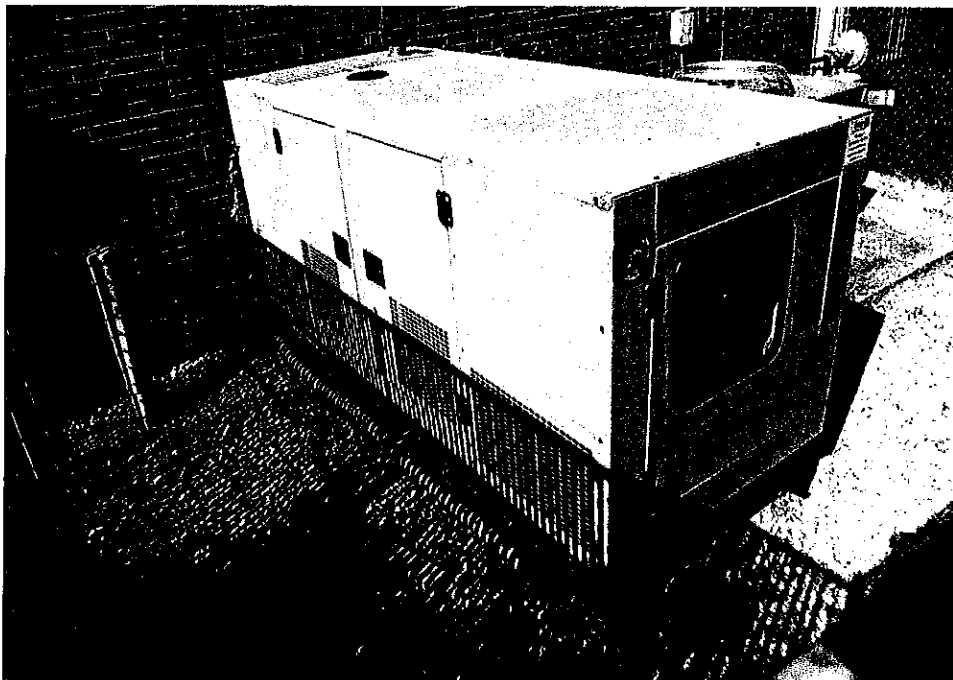
View of Parking Lot in Foreground, Library in Background



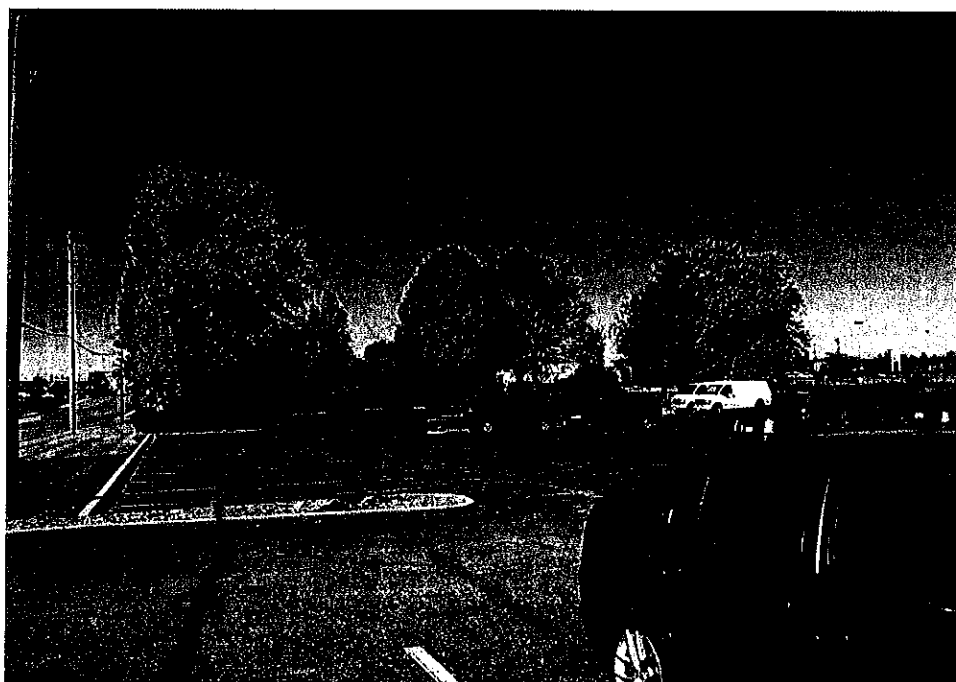
View of North Elevation



View of Subsidence Settlement at Rear of Building

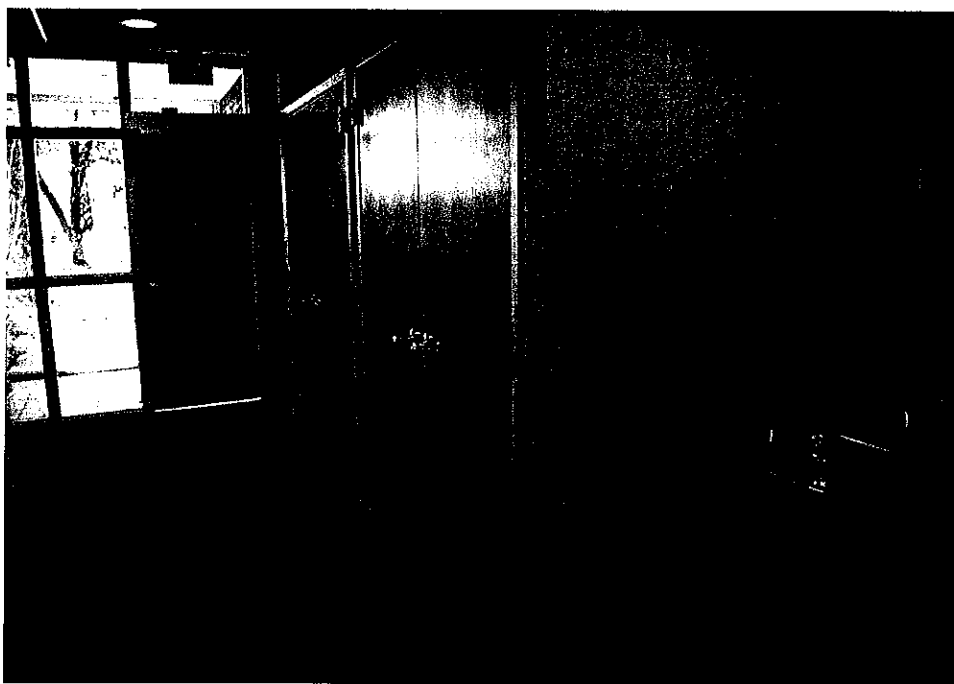


View of Emergency Generator

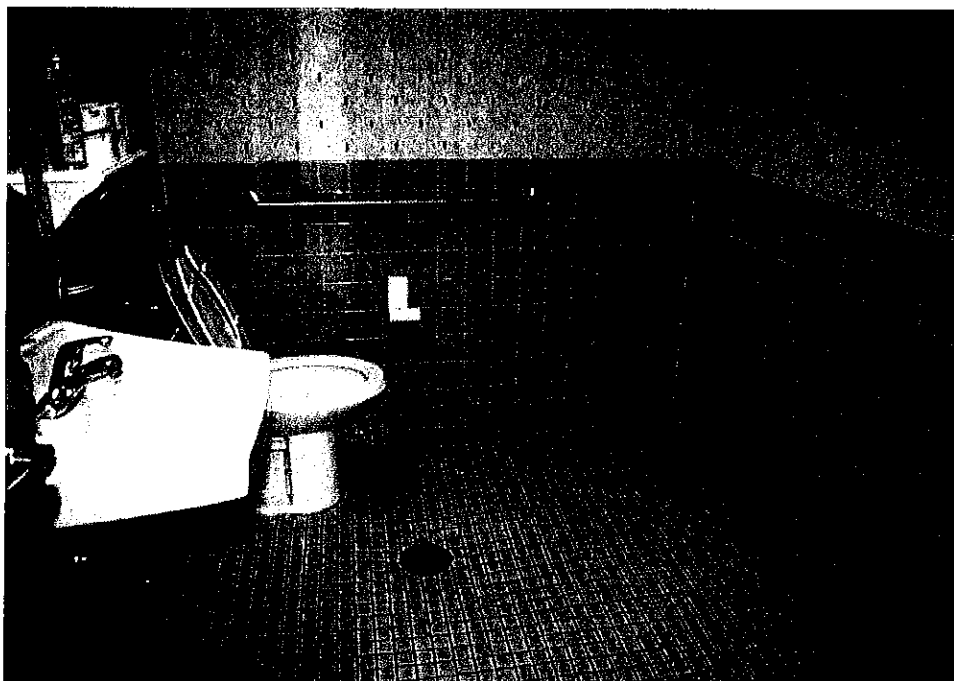


Views of Parking Lot

Main Level



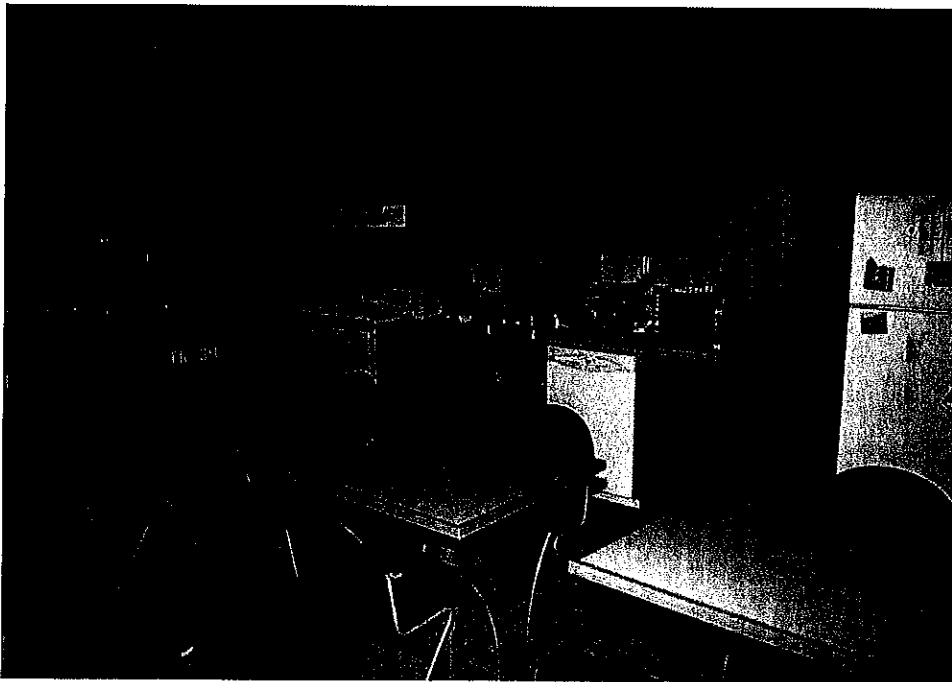
View of Entrance Lobby and Closets



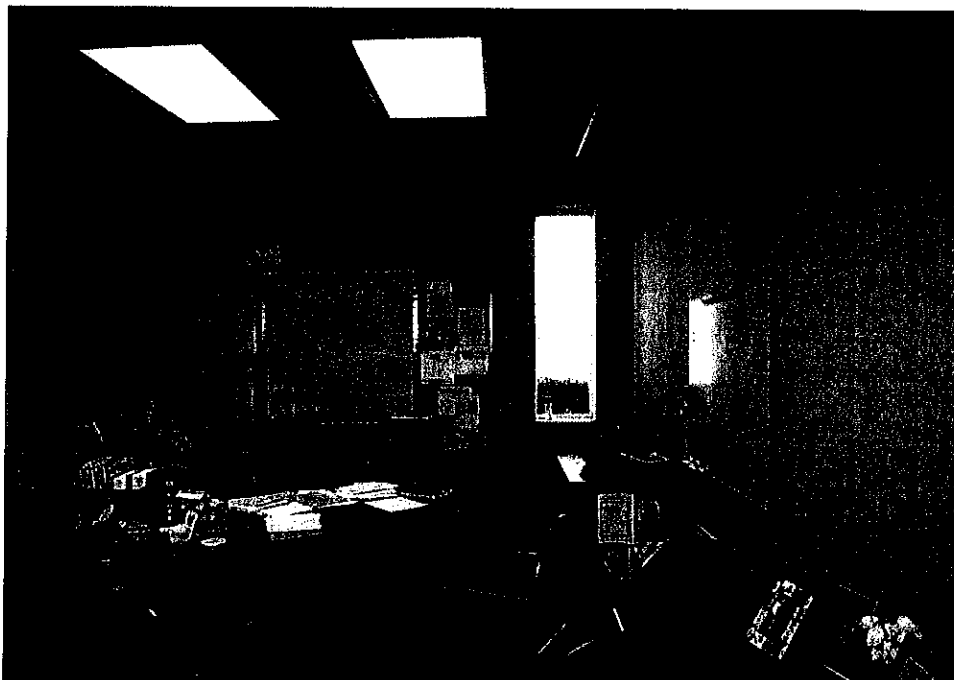
View of Restroom



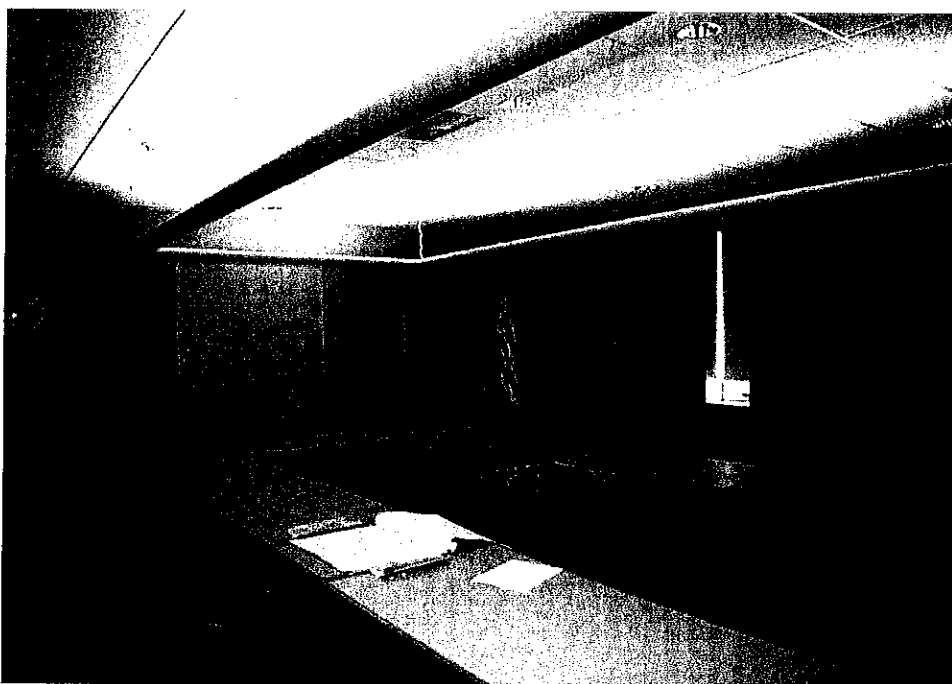
Additional View of Restroom



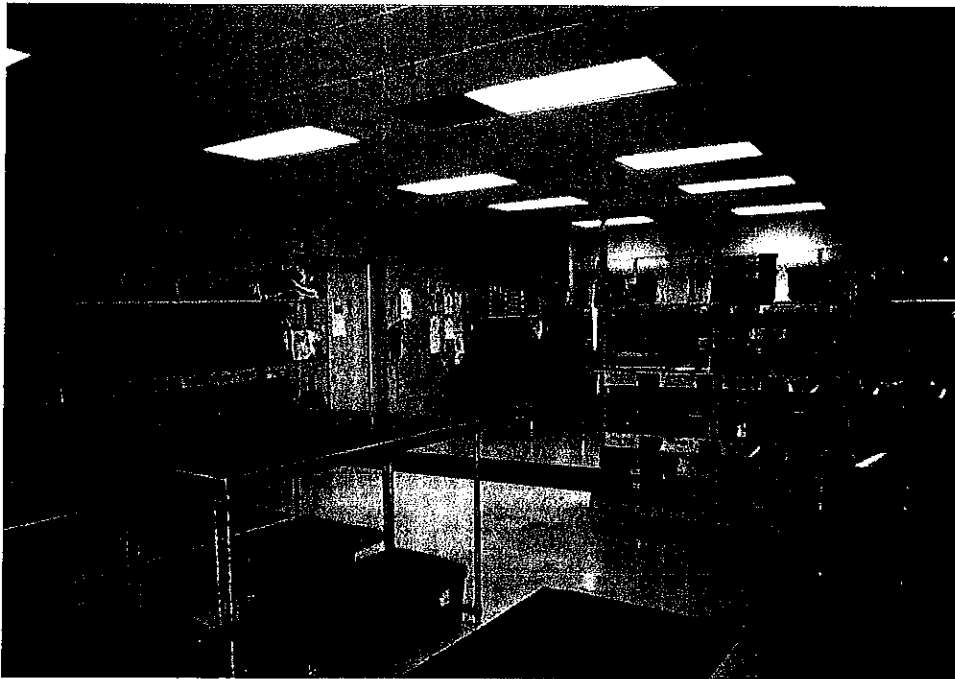
View of Break Room



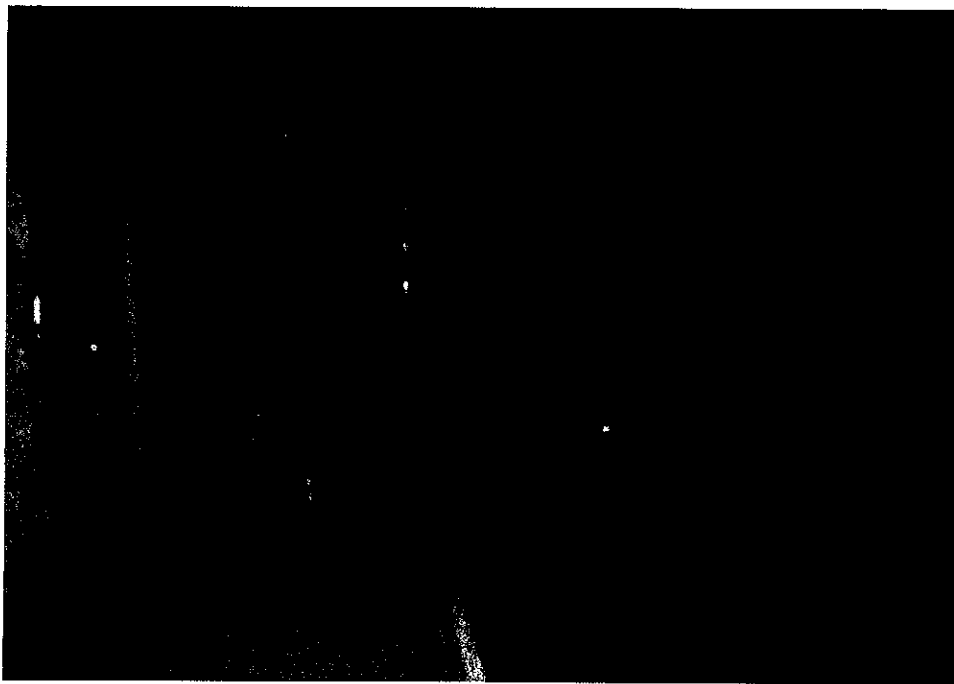
View of Office



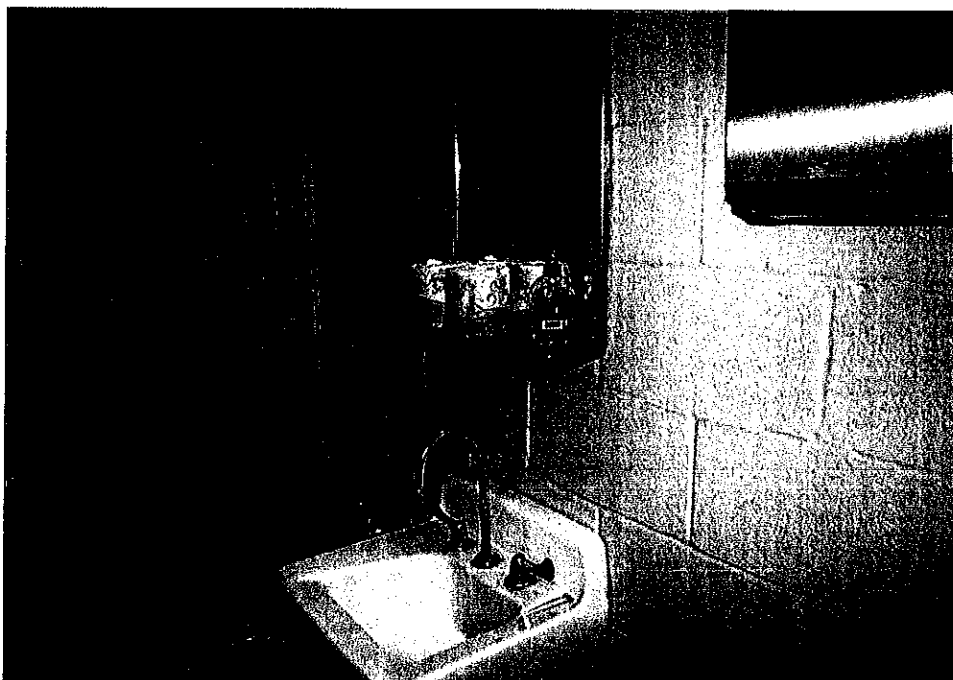
View of Conference Room



View of Sorting Area



View of Dock Area



View of Restroom off Dock Area (Settlement Crack evident in Wall)

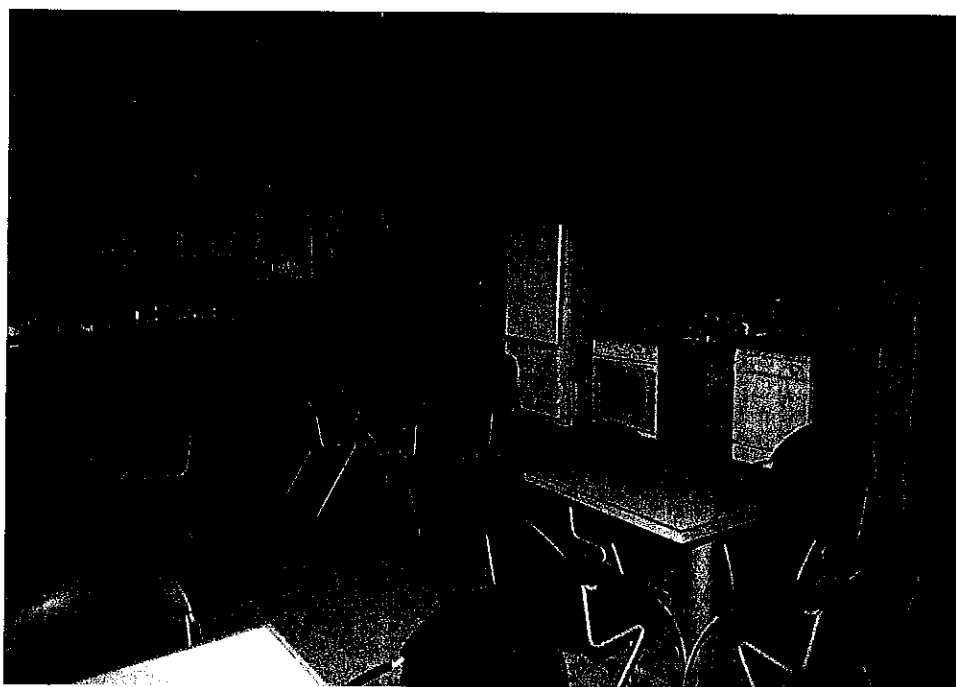


View of Floor Settlement

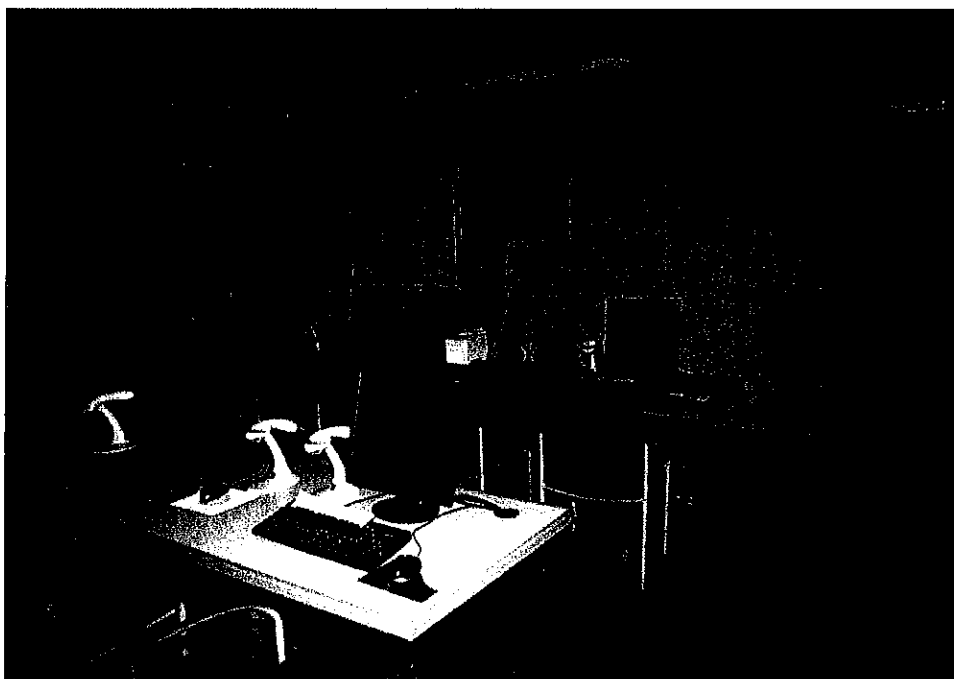


View of Computer Room

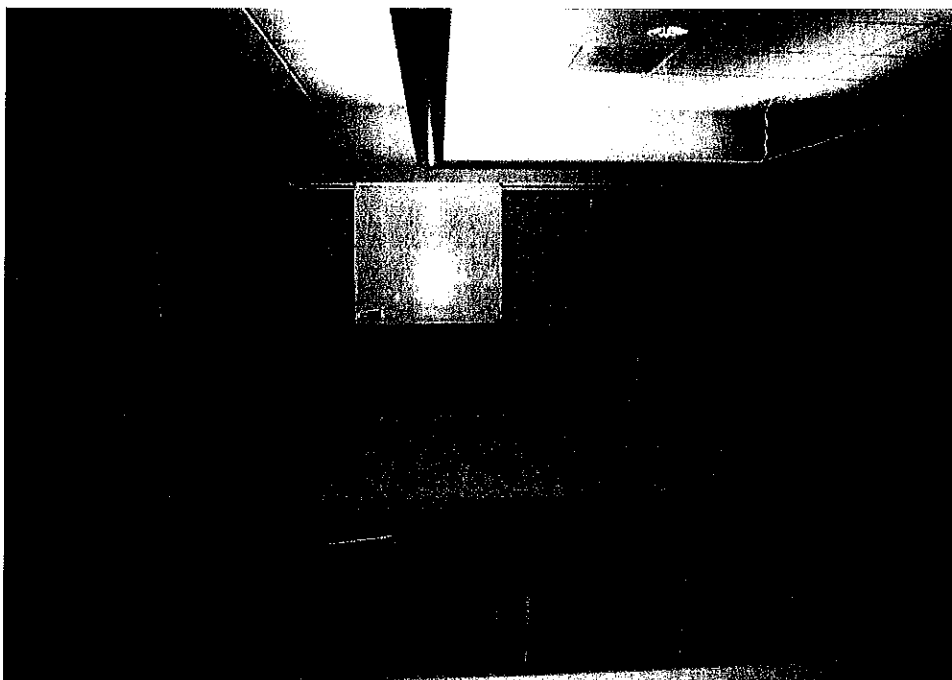
Upper Level



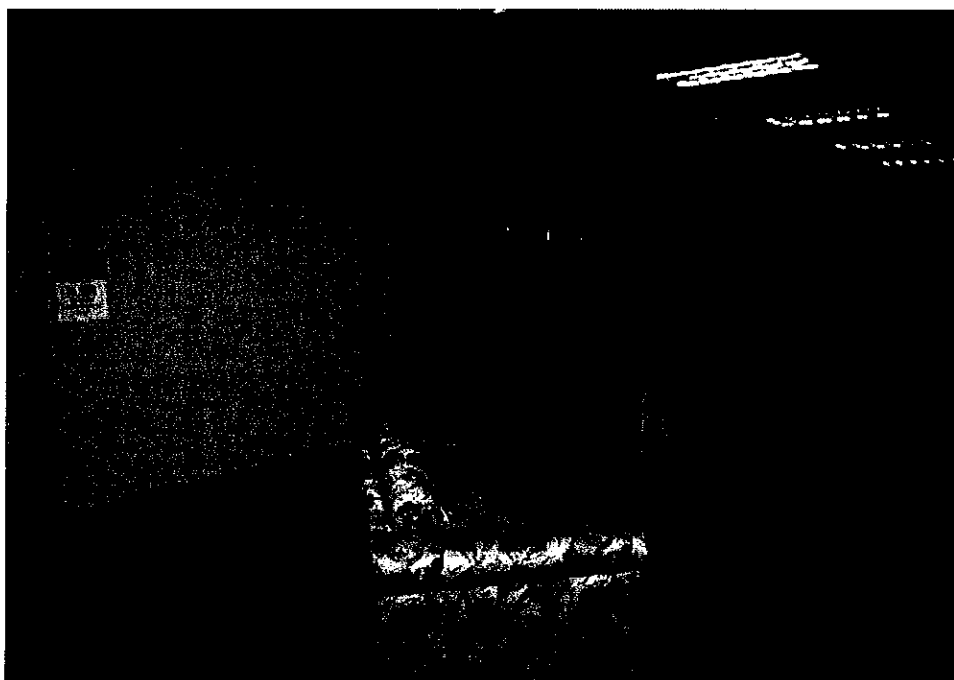
View of Break Room



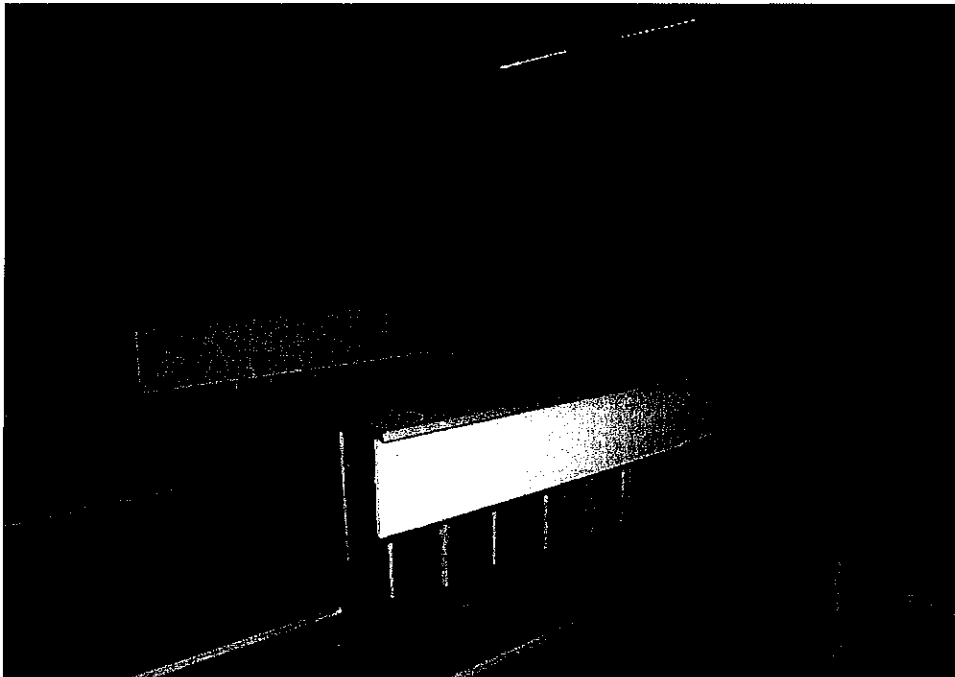
Views of Classroom/Meeting Rooms



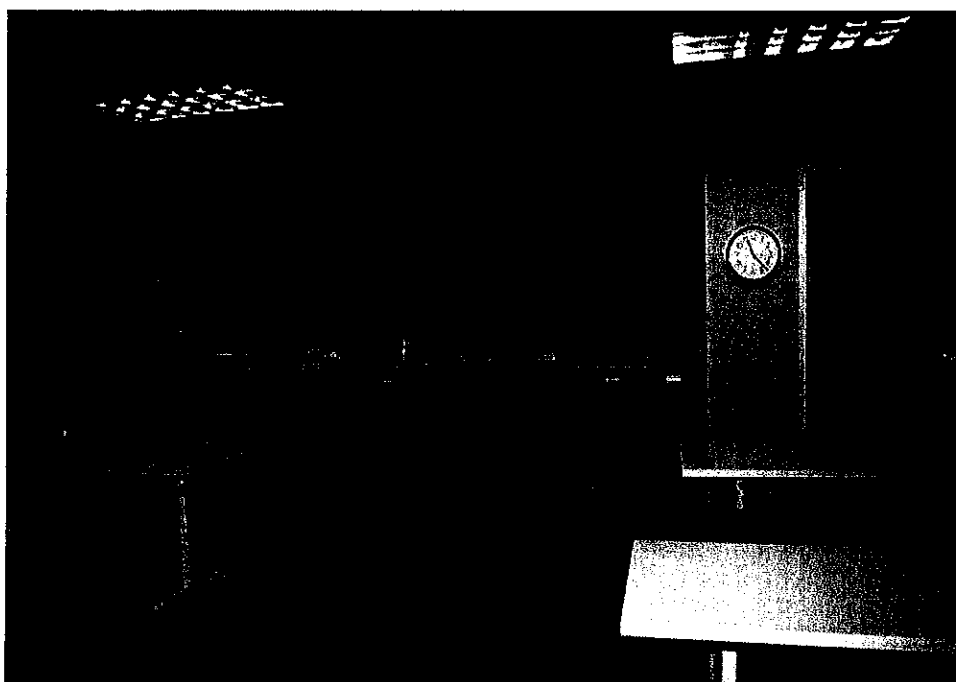
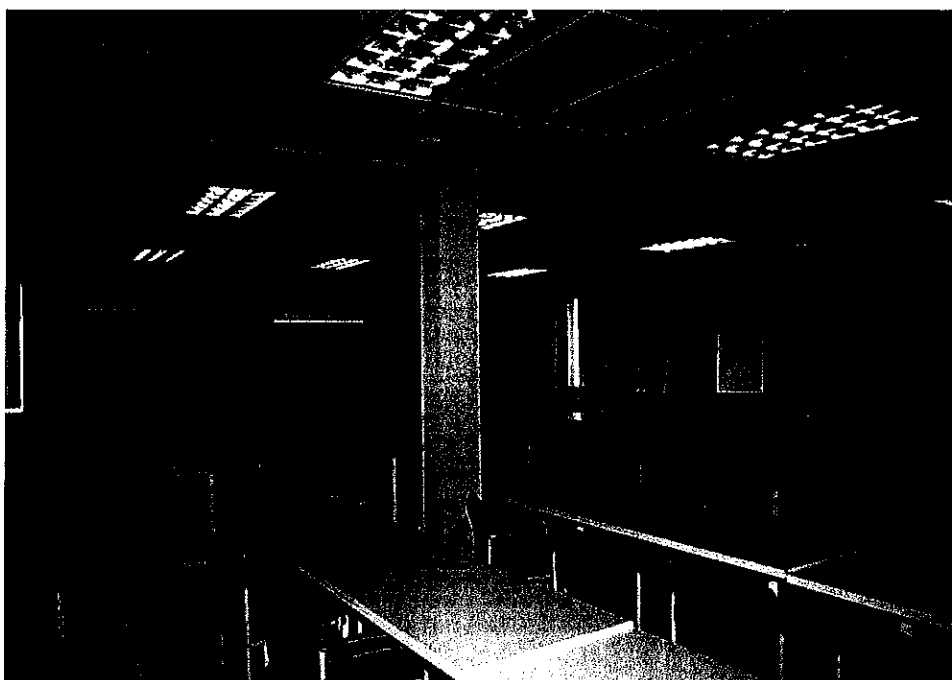
Additional View of Classroom/Meeting Rooms



View of Lounge Area



Views of Classrooms



Views of Classrooms



View of Parcel B



View of Parcel C



Additional View of Parcel C

SITE DATA

This portion of the report details the physical attributes of the site. A brief description follows:

Location

Location is along the north side of Goshen Road.

Access

Access is via either Goshen Road or from Cherry Street.

Shape, Area

According to dimensions on the Site Plat obtained from Madison County Cadastral Mapping, the subject properties are irregular in shape. Parcel A is believed to contain approximately 1.83 acres, Parcel B contains .34 acre, and Parcel C contains 1.15 acres. In the event a survey depicts an amount different than these figures, the appraiser reserves the right to update this appraisal accordingly. Please refer to the Site Plat on Page 33.

Topography

The sites are more or less level and near street grade.

Utilities

All normal utilities including water, sewer, natural gas, electricity, and telephone are present at the sites.

Traffic Count

According to the Illinois Department of Transportation, the average daily traffic count along Goshen Road, west of the subject site, is 14,800 vehicles; and along Goshen Road, east of the subject site, is 12,500 vehicles. Please refer to a copy of the traffic count map furnished in the addendum of the report.

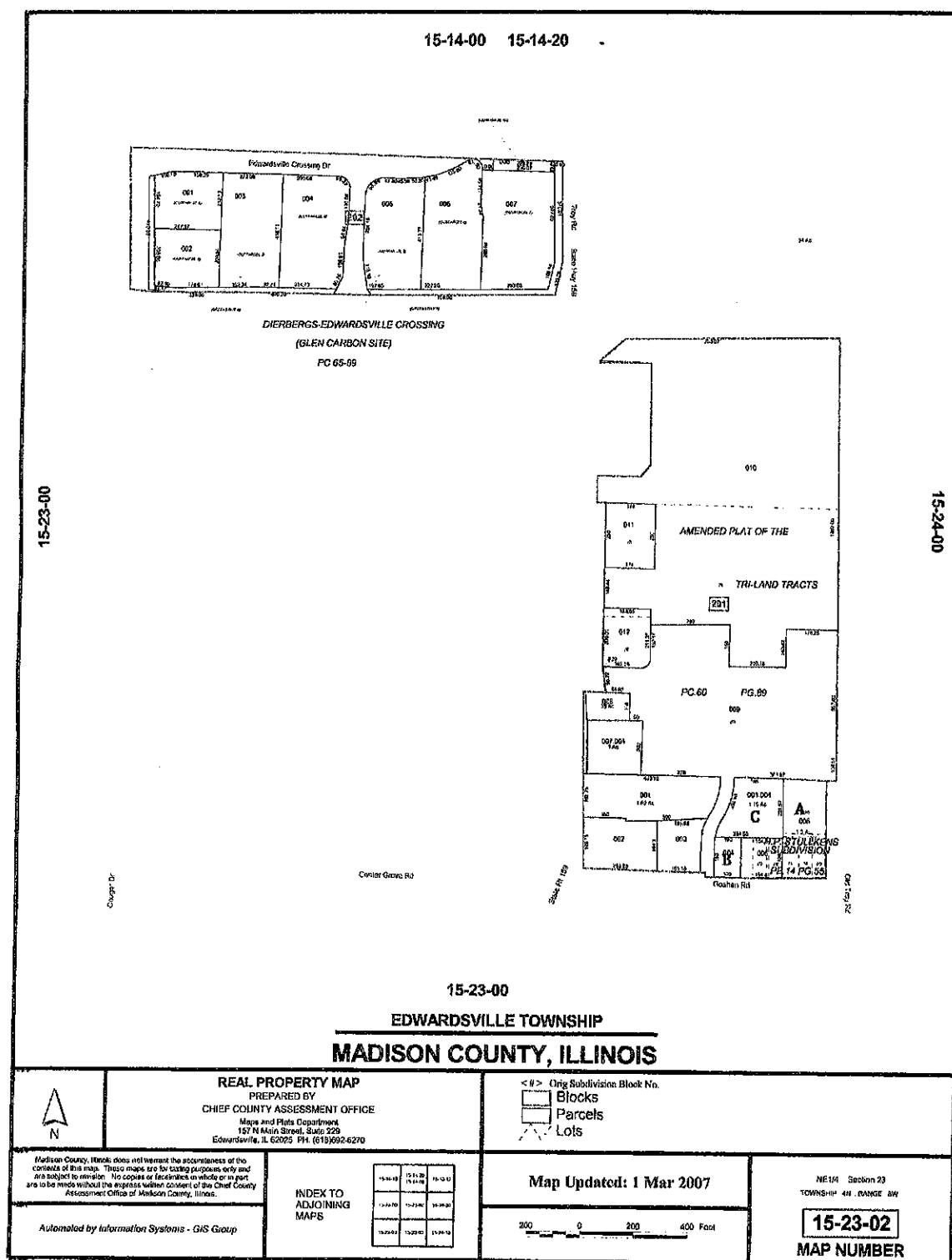
Flood Plain

The subject properties do not lie within a special flood plain district; however, they are within Zone C, an area of minimal flooding. Please refer to the Flood Plain Map No. 1704410001C on Page 34.

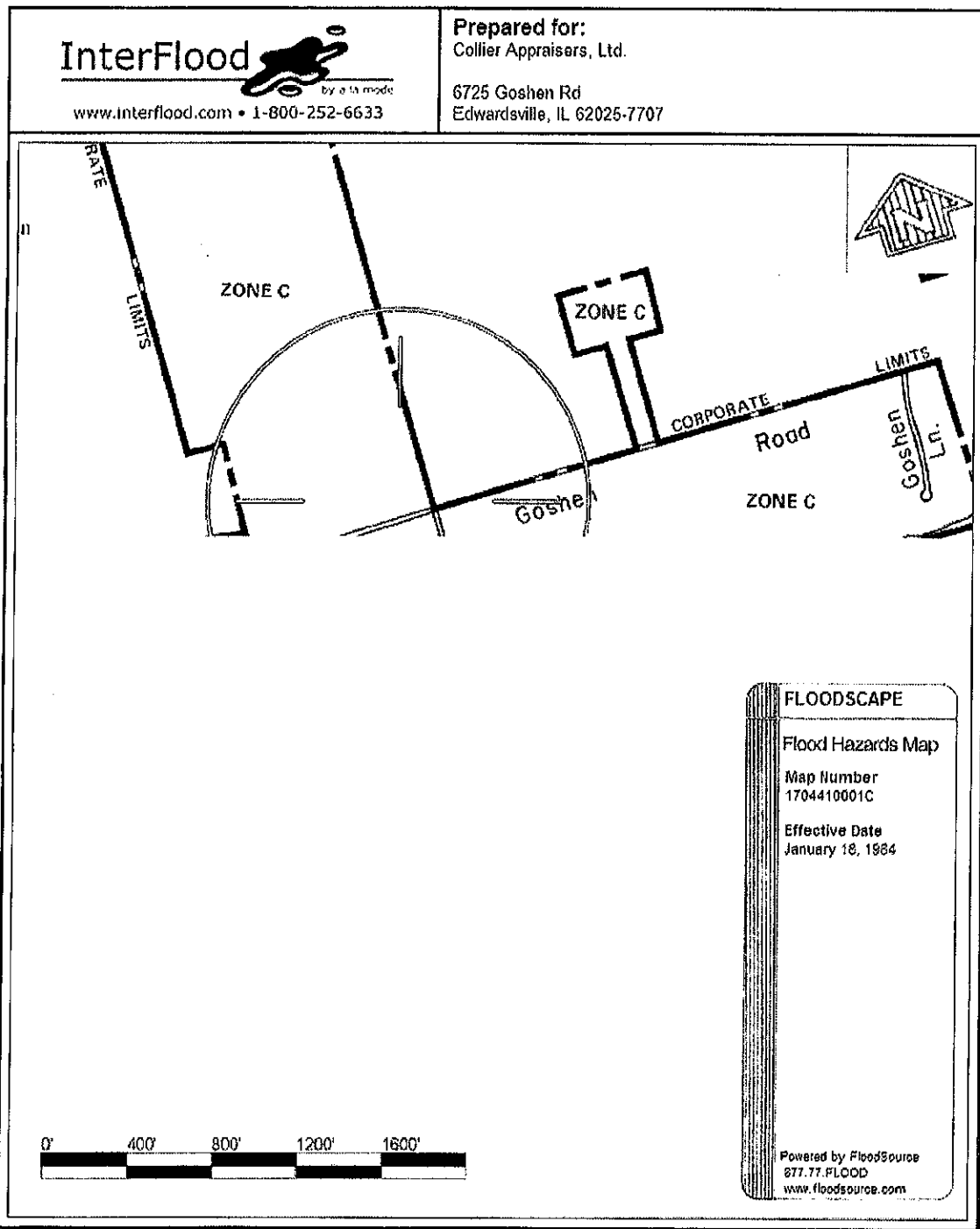
Environmental Data

An environmental audit was not conducted by this appraiser nor was one furnished. No hazardous materials or environmental conditions were observed which would cause a diminution in value of the subject property. In the event conditions are discovered which would affect the value and marketability of the subject, the appraiser reserves the right to update this appraisal accordingly.

SITE PLAT



FLOOD MAP



© 1989-2010 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,631,328 and 6,678,615. Other patents pending. For info: info@floodsource.com.

ASSESSED VALUATION AND TAXES

Inasmuch as the subject consists of a library property, it is exempt from taxes.

ZONING

According to the City of Edwardsville Zoning Map, the subject properties are zoned B-2, Commercial/Business. Copies of the zoning map and zoning regulations are furnished in the addendum of this report.

DESCRIPTION OF IMPROVEMENTS

The property is improved with a 2-story, masonry building designed for and utilized as library storage and office building. A further description in outline format follows.

Exterior	Description	Condition
Roof	Built-up	Good
Walls	Masonry	Good
Foundation	Masonry	Good
Windows	Aluminum casement	Good
Canopies/Porches	Front and rear entrances	Good
Flatwork	Concrete, asphalt	Good
Landscaping	Shrubberies, trees, flagpole, signage	Good

Interior	Description	Condition
Walls	Panel, drywall	Good
Ceiling	Suspended grid	Good
Floors	Carpet, vinyl, asphalt tile	Good
Lighting	Fluorescent	Good
Electric	3-phase, 800 amp	Good
HVAC	2, gas-fired, forced air furnaces equipped with central air conditioning	Good
Plumbing	Handicapped accessible restrooms	Good
Doors	Solid core, oak	Good
Trim	Commercial	Good
Elevator	Yes	Good

COMMENTS

The main level consists of approximately 11,022 square feet of gross building area of which 1,350 square feet is an enclosed loading dock and 672 square feet is a common stairway area, leaving approximately 9,000 square feet of net rentable area. Rooms include front and rear entry vestibules, front reception desk, break room, 2 handicapped accessible restrooms, large open work area, conference room, 3 private offices, mechanical room, and computer room.

The upper level contains a large, open common lobby area, restrooms, break room, 5 classrooms, and meeting rooms 1 of which has theater type seating. These rooms are well equipped for educational purposes including built-in cabinetry for storage and numerous communication and electrical receptacles. Excluding the common area, there is believed to be approximately 4,500 square feet of net rentable area on the upper level.

DEFERRED MAINTENANCE

No major items of deferred maintenance are evident; however, the subject has suffered damage from mine subsidence and is currently being monitored.

Settlement cracks are evident in the floor and rear wall. Overall functional utility is considered average to good, except for the lack of a private elevator lobby.

There is front and rear stairwell access. The elevator is located near the center of the main level. Also, there is a large lobby on the upper level which results in less net rentable area.

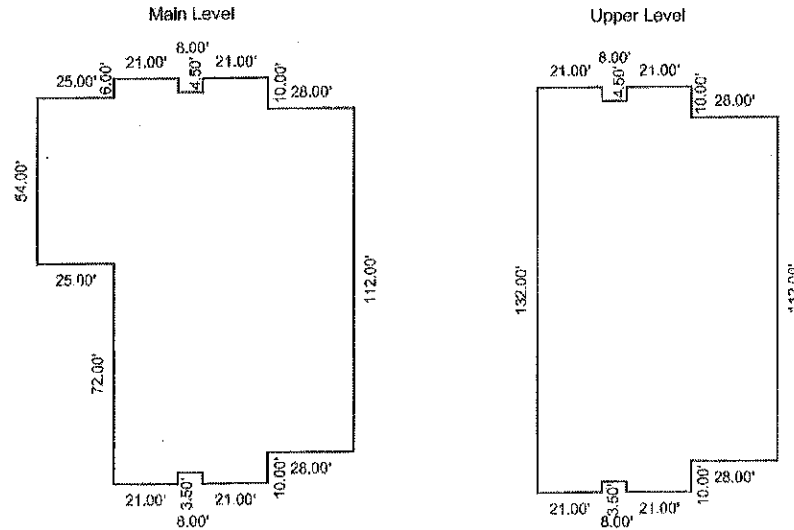
OFF-STREET PARKING

Ample, provided by asphalt paved parking lot

SUMMARY

Estimated Actual Age	16-42 years
Estimated Effective Age Overall	15 years
Estimated Remaining Economic Life	35 years
Gross Building Area	20,694 square feet
Ancillary Structures	There is an emergency generator situated on the east side of the building.

Please refer to the following page for a building sketch.

APPROXIMATE BUILDING SKETCH

inches.

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	First Floor	11022.00	11022.00
GBA2	Second Floor	9672.00	9672.00
Net BUILDING Area		(Rounded)	20694

BUILDING AREA BREAKDOWN		
Breakdown		Subtotals
First Floor		
25.00 x	54.00	1350.00
28.00 x	112.00	3136.00
21.00 x	132.00	2772.00
8.00 x	124.00	992.00
21.00 x	132.00	2772.00
Second Floor		
28.00 x	112.00	3136.00
21.00 x	132.00	2772.00
8.00 x	124.00	992.00
21.00 x	132.00	2772.00
9 Items	(Rounded)	20694

ANALYSIS OF HIGHEST AND BEST USE

The Highest and Best Use as defined in The Appraisal of Real Estate, Thirteenth Edition, is as follows:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value."⁶

The above definition applies to the sites as though vacant and as currently improved.

As Though Vacant

Upon consideration of the subject properties location and other factors, it is our opinion that the Highest and Best Use as though vacant is for commercially related purposes.

As Improved

The current or similar usages are considered to be the Highest and Best Uses as improved.

The next step is to value the properties at their Highest and Best Use both vacant and as improved. The valuation section of the report follows.

⁶Appraisal Institute, The Appraisal of Real Estate (13th Edition, 2008), p. 277.

SITE VALUATION

LAND VALUE

Valuation of the site as though vacant is essential to the appraisal process.

Whenever possible, a comparison of sales of similar parcels is usually the best method to accomplish this portion of the appraisal process. A thorough search of the market revealed the following sales considered worthy of comparison.

Sale # L-1

Location:	1501 Weber Drive, Edwardsville
Brief Legal:	The East part of the Northwest ¼ of Section 15, Township 4 North, Range 8 West of the 3 rd Principal Meridian, Madison County
Tax ID #:	14-1-15-15-01-101-021
Grantor:	Forsum Development
Grantee:	Kevin and Stephanie Belle
Sale Date:	7/09
Sale Price:	\$160,000
Stamps:	\$240.00
Sales History:	No other conveyances within the previous three years.
Land Area:	69,696 SF
Unit Price:	\$2.30/SF
Recording:	Document # 2009R35713 (Warranty Deed)
Zoning:	B-2, Commercial Business District
Verification:	County Records

Sale # L-2

Location: Illinois Route 159, Glen Carbon
 Brief Legal: Lots 5 and 6 of Club Centre Subdivision, Madison County
 Tax ID #: 14-2-15-23-03-302-051 and 14-2-15-23-03-302-052
 Grantor: Southwestern Illinois Health Care Facility, Inc.
 Grantee: Bank of Edwardsville
 Sale Date: 9/08
 Sale Price: \$312,811
 Stamps: \$469.50
 Sales History: Previously sold in 2/08 for \$225,000; no other conveyances within the previous 3 years.
 Land Area: 17,981.43 SF
 Unit Price: \$17.40/SF
 Recording: Document # 2008R45832 (Warranty Deed)
 Zoning: CG, General Commercial
 Verification: County Records

Sale # L-3

Location: 4273 South Illinois Route 159, Glen Carbon
 Brief Legal: A tract of land in Section 26, Township 4 North, Range 8 West of the 3rd Principal Meridian, Madison County
 Tax ID #: 14-1-15-26-01-105-028 and 14-1-15-26-01-105-029
 Grantor: First Mid Illinois Bank and Trust
 Grantee: PHM, L.L.C.
 Sale Date: 12/08
 Sale Price: \$262,500
 Stamps: \$393.75
 Sales History: Previously sold in 7/06 for \$325,000 (adjusted sale price was \$350,000. After purchase, building was demolished); no other conveyances within the previous 3 years.
 Land Area: 24,159 SF ±
 Unit Price: \$10.87/SF
 Recording: Document # 2008R57468 (Warranty Deed)
 Zoning: CG, General Commercial
 Verification: County Records
 Comments: All normal utilities including water, sewer, natural gas, electricity, and telephone are present at the site. After the purchase in 2006, the building improvements were demolished and the site prepared for the construction of a 2-story, office/retail building.

Lewis and Clark Library System – 6725 Goshen Road & Excess Land, Edwardsville, IL

Sale # L-4

Location: Governors Parkway and Illinois Route 157, Edwardsville
 Brief Legal: Part of the Southwest ¼ of Section 15, Township 4 North, Range 8 West of the 3rd Principal Meridian, Madison County
 Tax ID #: 14-2-15-15-03-301-001 (part of a piece of property that did not have a Tax Identification Number assigned to it combined with 14-2-15-15-03-301-001)
 Grantor: Illinois Department of Transportation
 Grantee: Madison Mutual Insurance Company
 Sale Date: 1/09
 Sale Price: \$1,185,102
 Stamps: Exempt
 Sales History: No other conveyances within the previous three years.
 Land Area: 167,017.75 SF
 Unit Price: \$7.10/SF
 Recording: Document # 2009R03106 (Quit Claim Deed)
 Zoning: B-2, Commercial
 Verification: County Records

Sale # L-5

Location: 225 East Vandalia Street, Edwardsville
 Brief Legal: Part of Lot Four of Erastus Wheeler Addition, Madison County
 Tax ID#: 14-2-15-11-11-203-012
 Grantor: MBW Properties, L.L.C.
 Grantee: Joseph Meyer
 Sale Date: 1/07
 Sale Price: \$335,000
 Stamps: \$502.50
 Adjusted Sale Price: \$350,000
 Sale History: No other conveyances within the previous three years.
 Land Area: 24,000 SF
 Unit Price: \$13.96/SF
 Adjusted Sale Price: \$14.58/SF
 Recording: Document # 2007R01924 (Quit Claim Deed in Trust)
 Zoning: B-1, Central Business District
 Verification: County Records
 Comments: The building improvements were demolished to allow for new construction. Estimated demolition costs are \$15,000.

Sale # L-6

Location: 119 South Main Street, Glen Carbon
 Brief Legal: Lot 65 of Madison Coal Corporation, Madison County
 Tax ID #: 14-2-15-34-17-301-004, 14-2-15-34-17-301-005, and
 14-2-15-34-17-301-006
 Grantor: John R. Hampton
 Grantee: Brian Brameier and David Brameier
 Sale Date: 11/08
 Sale Price: \$80,000
 Stamps: \$120.00
 Sales History: No other conveyances within the previous three years.
 Land Area: 15,080 SF
 Unit Price: \$5.31/SF
 Recording: Document # 2008R51944 (Warranty Deed)
 Zoning: CM, Main Street, Commercial
 Verification: County Records

Sales Summary

Sale No.	Location	Sale Date	Sale Price	Land Area	Unit Price/SF
L-1	1501 Weber Drive Edwardsville	7/09	\$160,000	69,696.00 SF	\$2.30
L-2	Illinois Route 159 Glen Carbon	9/08	312,811	17,981.43 SF	17.40
L-3	4273 South Illinois Route 159 Glen Carbon	12/08	262,500	24,159.00 SF	10.87
L-4	Governors Parkway and Illinois Route 157, Edwardsville	1/09	1,185,102	167,017.75 SF	7.10
L-5	225 East Vandalia Street Edwardsville	1/07	350,000	24,000.00 SF	14.58
L-6	119 South Main Street Glen Carbon	11/08	80,000	15,080.00 SF	5.31

Reconciliation

Upon an overall comparison of these sales to the subject and taking into consideration the subject's size, access, current market conditions, and all other pertinent factors, it is our opinion that the following values are applicable to assign the subject properties as though vacant:

Parcel A – 1.83 acres x 43,560 SF/acre = 79,715 SF
 79,715 SF @ \$5.00/SF\$398,575
 ROUNDED\$400,000

Parcel B – .34 acre x 43,560 SF/acre = 14,810 SF
 14,810 SF @ \$12.00/SF **\$177,720**
 ROUNDED **\$178,000**

Parcel C – 1.15 acres x 43,560 SF/acre = 50,094 SF
 50,094 SF @ \$6.50/SF **\$325,611**
 ROUNDED **\$326,000**

Having valued the land, the next step is to estimate the cost of the improvements.

COST APPROACH (Parcel A)

The Cost Approach is based primarily on the principle of substitution, which affirms that a prudent investor would not pay more for improvements on a property than could be built, assuming that similar quality construction materials are used. This approach, then, involves estimating the replacement costs new of the improvements, subtracting accrued depreciation, and adding thereto the land value.

Replacement Costs New

An estimate of replacement costs new can be obtained from cost services. The Marshall Valuation Service is a national publication to which we subscribe and will be used in this report.

By Calculator (Marshall Valuation) Method

Section 15, Page 32 – Public Library Costs

We believe the subject exhibits characteristics of a Good Quality, masonry building; thus, a base cost of \$154.29 per square foot is reasonable. The refined cost is calculated as follows:

Base Cost		Current Cost Multiplier		Local Multiplier		Area/ Perimeter Multiplier		Refined Cost
\$154.29/SF	x	1.02	x	1.13	x	.95	=	\$168.94/SF

Replacement Costs New of Building – 20,694 SF @ \$168.94/SF..... \$3,496,044

Accrued depreciation must now be accounted for.

Accrued Depreciation

Depreciation is a loss of value due to any cause and is classified into three general categories, namely physical, functional, and external. Following is a brief description of each classification.

Physical: This form of depreciation is caused by deterioration of the improvements resulting in a loss of value due to wear and tear and disintegration. It can be either curable or incurable.

Curable: Relates to those components that can be economically cured, such as installing new roof coverings, floor coverings, etc. It can be defined as an estimate of deferred maintenance. This form is measured by the cost to cure. As previously mentioned, the building has sustained some settlement damage due to mine subsidence. Inasmuch as the building remains in the monitoring stage, it is impossible to ascertain the extent of settlement and resulting repair costs. However, according to the information published by the Illinois Mine Subsidence Insurance Fund, the maximum coverage for a commercial structure is \$350,000. Costs may actually exceed this number, however as previously mentioned, it is impossible to ascertain at this time. For the purposes of this report, the figure of \$350,000 will be used. There is considered to be no other physical curable features.

Total..... \$350,000

Incurable: Those items which are not economically feasible to correct as of the date of the appraisal.

Physical incurable items relate to long-lived (life of the building) and short-lived (furnace, air conditioning, water heater, etc.). Our overall estimate of these items is based upon an effective age of 15 years and a remaining economic life of 35 years. Thus, 15 divided by 50 = 30%.

Physical Incurable Depreciation, then, is calculated as follows:

Replacement Costs New	\$3,496,044
Less Physical Curable Items	<u>350,000</u>
Difference.....	\$3,146,044

$$\$3,146,044 \times 30\% = \$943,813 \text{ (Physical Incurable Depreciation)}$$

Functional: A loss of value as a result of inutility in design. Floor plans which prohibit maximum efficiency can be classified under functional obsolescence.

Curable: This can be further classified as curable due to an excess or a deficiency. None observed.

Incurable: Functional incurable items are those which cannot be corrected feasibly. Lack of a private elevator lobby and the large common lobby on the upper level are considered sources of functional obsolescence. Our estimate is 15%.

Calculation is as follows:

Replacement Costs New	\$3,496,044
Less Physical Curable	350,000
Less Physical Incurable	<u>943,813</u>
	\$2,202,231
x	<u>15%</u>
	\$330,335

External: This form is incurable only and is caused by factors outside the property. General area and local economic conditions as well as types and conditions of nearby buildings and land uses are examples of this type of obsolescence. Factors relating to the economic recession and a generally soft real estate market are sources of some external obsolescence, in our opinion. Our estimate is 20%. An additional 20% adjustment is believed warranted for the stigma of mine subsidence that is present. Thus, a total estimate of 40% is believed warranted for factors external to the subject.

Calculation is as follows:

Replacement Costs New	\$3,496,044
Less Physical Curable	350,000
Less Physical Incurable	943,813
Less Functional Incurable	<u>330,335</u>
	\$1,871,896
x	<u>40%</u>
	\$748,758

A summary of Accrued Depreciation, then, is as follows:

Physical Curable.....	\$350,000
Physical Incurable	943,813
Functional Curable	0
Functional Incurable	330,335
External	<u>748,758</u>
Total Accrued Depreciation.....	\$2,372,906

The current depreciated cost of the building improvements, then, is equal to:

	\$3,496,044
Less	<u>2,372,906</u>
	\$1,123,138

To this figure must be added the contributory value of the parking lot improvements, emergency generator, curbs, landscaping, sign, etc. Our estimate is \$85,000.

The Cost Approach can now be summarized below.

Depreciated Cost of Building Improvements.....	\$1,123,138
Add Contributory Value of Site Improvements.....	85,000
Add Land Value	<u>400,000</u>
Total Value as Indicated by the Cost Approach	\$1,608,138
ROUNDED	\$1,608,000

This concludes the Cost Approach. The Direct Sales Comparison Approach follows.

DIRECT SALES COMPARISON APPROACH – AS IMPROVED (Parcel A)

This method is similar to valuation of the land, except sales improved with office buildings are researched and compared to the subject. A useful common denominator for comparison purposes is expressed in dollars per square foot of area. (Land value and site improvements are inclusive in the unit price by this method.)

Due to the absence of sales of similar library buildings, it was necessary to use sales of office buildings. Adjustments are made for differences between the sales and subject to arrive at indicated values for each of the sales. The adjusted sale prices are then reconciled to provide an estimate of value for the property being appraised. A thorough search of the market revealed the following sales which are considered to have some similarities to the subject property. These sales are deemed to be the most recent and similar to the subject property. Pertinent details and a comparison follow.

Sale # OF-1

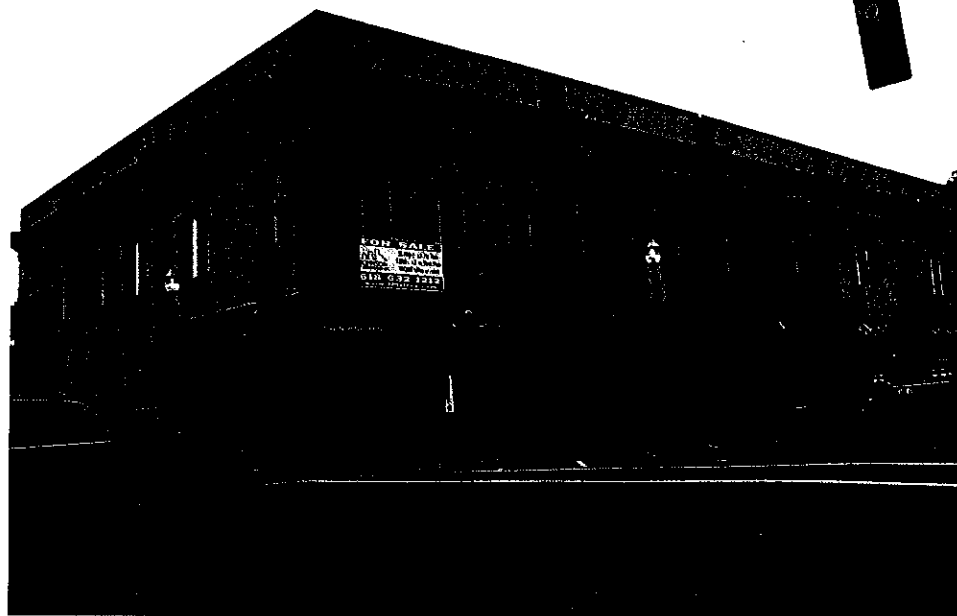
Location:	1 Country Club View Drive, Edwardsville
Brief Legal:	Lot 1 of Country Club View, 3 rd Addition, Madison County
Tax ID #:	14-2-15-21-19-401-001
Grantor:	YTB International, Inc.
Grantee:	Prestige Management Services, L.L.C.
Sale Date:	12/08
Sale Price:	\$1,500,000
Stamps:	\$2,250.00
Sales History:	Previously sold in 8/07 for \$1,850,000; no other conveyances within the previous 3 years.
Potential Gross Income:	\$225,000
Gross Income Multiplier:	6.67
Effective Gross Income:	\$213,750
Operating Expenses:	\$29,325
Net Operating Income:	\$184,425
Overall Capitalization Rate:	12.3%
Building Area:	11,250 SF (5,625 SF/level)
Unit Price:	\$133.33/SF
Eave Height:	Unavailable
Land Area:	43,560 SF
Land to Building Ratio:	7.74
Recording:	Document # 2008R56497 (Warranty Deed)
Zoning:	R-2, Multi-Family Dwelling
Verification:	County Records
Comments:	This sale is improved with a 2-story, professional, office building. The building features a Colonial design and conforms with surrounding properties. In addition to the elevator, there are stairways at either end of the building. The interior design is open with men's and women's restrooms and breakroom on each level. Overall condition was considered good. Age at the time of sale was 5 years. This sale was appraised by James F. Collier in September 2007.

Photograph on Next Page



Sale # OF-2

Location: 156 North Main Street, Edwardsville
 Brief Legal: Lots 1-5 of Kinder's Subdivision, Madison County
 Tax ID #: 14-2-15-11-10-104-020, 14-2-15-11-10-104-021,
 14-2-15-11-10-104-022, and 14-2-15-11-10-104-023
 Grantor: Bank of Edwardsville
 Grantee: Julian and Gori Holdings, L.L.C.
 Sale Date: 7/08
 Sale Price: \$1,000,000
 Stamps: \$1,500.00
 Sales History: No other conveyances within the previous three years.
 Potential Gross Income: Unavailable
 Gross Rent Multiplier: Unavailable
 Effective Gross Income: Unavailable
 Operating Expenses: Unavailable
 Net Operating Income: Unavailable
 Overall Cap. Rate: Unavailable
 Building Area: 16,528 SF (8,550 SF/main level)
 Unit Price: \$60.50/SF
 Eave Height: Unavailable
 Land Area: 10,730 SF
 Land to Building Ratio: 1.25
 Recording: Document # 2008R31343 (Warranty Deed)
 Zoning: B-1, Central Business District
 Verification: County Records
 Comments: This sale is improved with 2-story, former store building which was renovated and converted to retail and office usage



Sale # OF-3

Location:	2 Club Centre Court, Edwardsville
Brief Legal:	Lot 3 of Club Centre, Madison County
Tax ID #:	14-2-15-22-00-000-014
Grantor:	Four S, L.L.C.
Grantee:	Greg Grinter d/b/a Greg Grinter Homes
Sale Date:	5/08
Sale Price:	\$1,900,000
Stamps:	\$2,850.00
Sales History:	No other conveyances within the previous three years.
Potential Gross Income:	\$208,933
Gross Income Multiplier:	9.09
Effective Gross Income:	\$244,238
Operating Expenses:	\$73,271
Net Operating Income:	\$170,967
Overall Capitalization Rate:	9.0%
Building Area:	6,394 SF - main (upper) 6,394 SF - lower 12,788 SF - total
Unit Price:	\$148.58/SF
Eave Height:	12 feet
Land Area:	43,560 SF
Land to Building Ratio:	6.81
Recording:	Document # 2008R24374 (Warranty Deed)
Zoning:	B-2, Commercial Business District
Verification:	County Records
Comments:	This sale is improved with a 2-level, professional office building. The main (upper) level is accessible from the south end and is tenanted by a dental clinic and insurance office. The lower level has walk-out entrances and contains 3 suites. Each of the suites is equipped with handicapped accessible restrooms. There are 6 operatories in the dental clinic portion. Age at the time of sale was approximately 9 years. This sale was appraised by James F. Collier in May 2008.

Photograph on Next Page



Sales Summary

Sale No.	Location	Sale Date	Sale Price	Building Area	Unit Price/SF
OF-1	1 Country Club View Drive Edwardsville	12/08	\$1,500,000	11,250 SF	\$133.33
OF-2	156 North Main Street Edwardsville	7/08	1,000,000	16,528 SF	60.50
OF-3	2 Club Centre Court Edwardsville	5/08	1,900,000	12,788 SF	148.58

The unadjusted sale prices range from \$60.50 to \$148.58 per square foot. In order to arrive at an indicated value of the subject, it is necessary to cite differences between the sales and the subject and make appropriate adjustments for these differences. These differences are defined as elements of comparison in the appraisal process. Elements of comparison which should be recognized include financing, location, time of sale, size, and physical characteristics. Utilization of units of comparison, in this case, dollars per square foot of building area, simplifies the comparison process. A comparison grid follows.

Comparison Grid

	Element of Comparison	Subject	Sale OF-1	Sale OF-2	Sale OF-3
1	Sale Price	N/A	\$1,500,000	\$1,000,000	\$1,900,000
2	Unit Price Per Square Foot	N/A	\$133.33	\$60.50	\$148.58
3	Property Rights Conveyed	Fee Simple	Fee Simple/-0-	Fee Simple/-0-	Fee Simple/-0-
4	Adjusted Price Per Square Foot	N/A	\$133.33	\$60.50	\$148.58
5	Financing Terms	Normal	Normal/-0-	Normal/-0-	Normal/-0-
6	Adjusted Price Per Square Foot	N/A	\$133.33	\$60.50	\$148.58
7	Market Conditions (Time)	10-10	12-08/-15%	7-08/-15%	5-08/-15%
8	Adjusted Price Per Square Foot	N/A	\$113.33	\$51.43	\$126.29
9	Location	Good	Equal/-0-	Equal/-0-	Equal/-0-
10	Physical Characteristics				
	Age	16-42 Years	Superior/-5%	Inferior/+30%	Superior/-5%
	Condition	Good	Equal/-0-	Equal/-0-	Equal/-0-
	Quality of Construction	Good	Equal/-0-	Equal/-0-	Equal/-0-
	Size (Economy of Scale)	20,694 SF	11,250 SF/-35%	16,528 SF/-10%	12,788 SF/-35%
	Land to Bldg. Ratio	7.23	7.74/-0-	1.25/+10%	6.81/-0-
11	Basement	No	No/-0-	Partial/-5%	Included/-0-
12	Elevator	Yes	Yes/-0-	Yes/-0-	No/+5%
13	Net Other Adjustments	N/A	-40%	+25%	-35%
14	Adjusted Sale Price Per Square Foot for Market Conditions (Line 8)	N/A	\$113.33	\$51.43	\$126.29
15	Indicated Value of Subject Per Square Foot	N/A	\$68.00	\$64.29	\$82.09

If a particular item or characteristic of a comparable property is inferior to the subject, a positive adjustment is given, thereby increasing the indicated value of the subject. If a particular item or characteristic of a comparable is superior to the subject, a negative adjustment is given; the result is a decrease in the indicated value of the subject. Adjustments are based upon the appraiser's judgment and interpretation of the market.

Explanation of Adjustments

Property Rights Conveyed:	All sales resulted in fee simple ownerships. No adjustments are believed warranted for this element of comparison.
Financing Terms:	All sales resulted in cash to the seller at market terms; therefore, no adjustments are believed warranted.
Market Conditions (Time):	All sales require negative adjustments for time of sale due to the ongoing economic recession.
Location:	All sales are considered similar to the subject as to location and require no adjustments.
<u>Physical Characteristics:</u>	
Age:	Sales OF-1 and OF-3 are considered superior to the subject in this regard and require negative adjustments. Conversely, Sale OF-2 requires a positive adjustment.
Condition:	All sales are considered similar to the subject as to condition and require no adjustments.
Quality of Construction:	No adjustments are believed warranted inasmuch as each sale is considered similar to the subject.
Size (Economy of Scale):	All sales require negative adjustments for size inasmuch as smaller buildings usually tend to have higher unit values than do larger ones of similar utility.
Land to Bldg. Ratio:	Sale OF-2 requires a positive adjustment for lower land to building ratio than the subject. The other sales are considered similar to the subject and require no adjustments.
Basement:	Sale OF-2 is considered superior to the subject and requires a negative adjustment. The other sales are considered similar to the subject and require no adjustments.
Elevator:	Sale OF-3 requires a positive adjustment for the existence of the elevator on the subject. The other sales are considered similar to the subject and require no adjustments.

Reconciliation

After adjustments, indicated values range from \$64.29 to \$82.09 per square foot. In conclusion and upon tempering Sales OF-1 and OF-2 with Sale OF-3, we believe a value of \$75.00 per square foot is reasonable to assign Parcel A by this approach.

Thus,

$$20,694 \text{ SF} @ \$75.00/\text{SF} = \mathbf{\$1,552,050}$$

ROUNDED **\$1,552,000**

This concludes the Direct Sales Comparison Approach. The Income Capitalization Approach follows.

INCOME CAPITALIZATION APPROACH (Parcel A)

Value is commonly referred to as the present worth of the future benefits of ownership. The Income Capitalization Approach converts net income (future benefits) into value by a discounting process known as Capitalization. It is referred to as discounting because money to be received in the future is worth less than if it were in hand today, and most income producing properties call for money to be received on a regular basis over a specific term. Although the subject is owner-occupied, its potential for generating income can be estimated from rentals of other properties.

Following are definitions of some concepts used in the Income Capitalization Approach.

Capitalization:

"The process of converting into present value (or obtaining the present worth of) a series of anticipated future periodic installments of net income. In real estate appraising, it usually takes the form of discounting."⁷

Direct Capitalization:

- "1.) A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.
- 2.) A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified."⁸

⁷American Institute of Real Estate Appraisers, Real Estate Appraisal Terminology (1975), p. 34.

⁸Appraisal Institute, The Dictionary of Real Estate Appraisal 4th Edition (2002), p. 83.

Yield Capitalization:

"The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change, and yield rate."⁹

Gross Lease:

"A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes."¹⁰

Net Lease:

"A lease in which the tenant pays for utilities, janitorial services, and either property taxes or insurance, and the landlord pays for maintenance, repairs, and the property taxes or insurance not paid by the tenant."¹¹

Overall Capitalization Rate:

"An income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value."¹²

⁹Appraisal Institute, The Dictionary of Real Estate Appraisal 4th Edition (2002), p. 315

¹⁰Appraisal Institute, The Dictionary of Real Estate Appraisal 4th Edition (2002), p. 131-132.

¹¹Appraisal Institute, The Dictionary of Real Estate Appraisal 4th Edition (2002), p.194.

¹²Appraisal Institute, The Dictionary of Real Estate Appraisal 4th Edition (2002), p. 204.

Operating Expenses:

"The periodic expenditures necessary to maintain the real property and continue production of the effective gross income, assuming prudent and competent management."¹³

Reconstructed Operating Statement:

"A statement prepared by an appraiser to accurately reflect the future performance of a property based on the historical income and expenses of an investment property."¹⁴

The Direct Capitalization Method will be utilized in this report.

Direct Capitalization

In the direct method, the following equation defines the relationship between value, income, and capitalization rate:

$$V = I \text{ divided by } R$$

Symbols: $V = \text{Value}$

$I = \text{Net Operating Income}$

$R = \text{Overall Capitalization Rate}$

It is apparent, therefore, that reasonable estimates as to Net Operating Income and Overall Capitalization Rate are required to solve for value.

¹³Appraisal Institute, The Dictionary of Real Estate Appraisal 4th Edition (2002), p.201.

¹⁴Appraisal Institute, The Dictionary of Real Estate Appraisal 4th Edition (2002), p.237.

Net Income

Inasmuch as the subject is owner-occupied, it is necessary to estimate the rent capable of being generated from rentals of other comparable properties. In order to estimate the fair market rent of the subject property, some comparable rentals are furnished on the following pages.

Rental #1

Location/Address:	# 2 Club Centre Court, Edwardsville
Description:	This rental consists of a 2-level, professional office building which was constructed in 1999 and contains 12,788 square feet. The main (upper level) is accessible from the south end and is tenanted by a dental clinic and insurance office. The lower level has walk-out entrances and contains 3 suites all of which are occupied by the same tenant. Each of the suites is equipped with handicapped accessible restrooms. There are 6 operatories in the dental clinic portion.
Utilities:	The tenant is responsible for paying all utilities.
Maintenance:	The tenant is responsible for maintaining the property in its present physical condition.
Real Estate Taxes, Other:	Taxes and insurance are the responsibility of the tenant.
Date of Rent Survey:	5/08
Rent:	\$13.00/SF to \$16.50/SF

Rental #2

Location/Address: 157 Place, 1181 South Illinois Route 157, Edwardsville
 Date of Rent Survey: 2/09
 Description: This rental consists of a 2-story, office building which was constructed in 2006 and contains 14,518 square feet.

Tenant #1

Commencement Date: May 1, 2006
 Termination Date: April 30, 2011
 Utilities: The landlord pays all utilities.
 Maintenance: The tenant shall keep the subject premises clean and in good order at all times during the term of this lease. Landlord shall provide for maintenance of the structural components of the building; all mechanical systems, the roof, and plumbing. Landlord shall provide for grass mowing and landscape maintenance.
 Real Estate Taxes, Other: Insurance is the responsibility of the tenant.
 Renewal Term: Two additional terms of three years each
 Area Leased: 5,520 SF
 Rent/Square Foot: \$20.00
 \$21.00 – 1st renewal term
 \$22.00 – 2nd renewal term

Tenant #2

Commencement Date: December 1, 2007
 Expiration Date: April 30, 2012
 Utilities: The landlord pays all utilities.
 Maintenance: The landlord is responsible for delivering the premises to tenant free from termites, insects, rodents and vermin, and hazardous materials (including mold). Landlord shall be responsible for all repairs, maintenance or replacements required to and HVAC fixtures or equipment at the premises for a period of one year following the commencement date of the lease. The tenant agrees to take good care of the premises and keep it free from filth, debris, rubbish and nuisance to commit no waste thereon.
 Real Estate Taxes, Other: Insurance is the responsibility of the tenant.
 Renewal Term: One additional term of five years
 Area Leased: 1,990 SF
 Rent/Square Foot: \$16.75 + CAM
 \$17.75 + CAM – renewal term

Rental #2 (continued)Tenant #3

Commencement Date: August 11, 2008
 Expiration Date: August 31, 2013
 Terms of Lease: 5-year lease, with a renewal term of 2 addition terms of 5 years each
 Utilities: Utilities are the responsibility of the tenant.
 Maintenance: The tenant is responsible for maintaining the interior non-structural portions of the building in good and tentable conditions.
 Real Estate Taxes, Other: Real estate taxes and fire and casualty insurance are the responsibility of the landlord.
 Area Leased: 2,976 SF
 Monthly Rent: \$4,747.23
 Annual Rent: \$56,966.75
 Rent/Square Foot: \$19.14

Tenant # 4

Commencement Date: December 1, 2008
 Expiration Date: November 30, 2010
 Terms of Lease: 2-year lease with option to renew based on the CPI
 Utilities: Utilities are the responsibility of the landlord.
 Maintenance: The tenant is responsible for maintaining the building in good and tentable conditions.
 Real Estate Taxes, Other: Insurance is the responsibility of the tenant.
 Monthly Rent: \$600
 Annual Rent: \$7,200

Rental #3

Location/Address: 4218 South Illinois Route 159, Glen Carbon
 Description: This rental consists of a 1-story, office building containing 2 suites, 1 of which is occupied by a dental practice. The other suite contains a real estate agency. The building was constructed in 2004 and contains 3,512 square feet.
 Terms of Lease: Net lease
 Utilities: The tenant pays all utilities.
 Real Estate Taxes, Other: The tenant pays all real estate taxes and insurance.
 Date of Rent Survey: 3/09
 Rentable Area: 1,550 SF
 Monthly Rent: \$2,090
 Annual Rent: \$25,080
 Rent/Square Foot: \$16.18

Upon an overall comparison of these rentals to the subject, we believe the following estimates of net rent are reasonable:

Main Level – 9,000 SF @ \$16.00/SF	\$144,000
Dock Area – 1,350 SF @ \$5.00/SF	6,750
Upper Level (Net Rentable Area) – 4,500 SF @ \$12.00/SF	54,000
Potential Gross Income	\$204,750

The next step is to reconstruct an operating statement.

**Reconstruction of the Operating Statement
and Estimating Potential Gross and Net Operating Income**

By reconstructing an operating statement, a reasonable estimate of Net Operating Income can be obtained. Basically, this involves subtracting normal expenses of ownership from potential gross income. The format is as follows:

Potential Gross Income	\$ _____
Less: Vacancy and Collection Loss	_____
= Effective Gross Income	\$ _____
Less: Fixed Expenses	_____
Variable Expenses	_____
= Net Operating Income	\$ _____

Lewis and Clark Library System – 6725 Goshen Road & Excess Land, Edwardsville, IL

A reconstructed operating statement for the subject follows.

Potential Gross Income @ 100% Occupancy.....	\$204,750
Less Vacancy and Collection Loss (15%)	<u>30,713</u>
Effective Gross Income.....	\$174,037
<u>Fixed Expenses</u> (Rounded)	
Real Estate Taxes	Tenant pays
Insurance	Tenant pays
<u>Variable Expenses</u> (Rounded)	
Management, Leasing Fees, & Bookkeeping (10%)	\$17,400
Maintenance and Repairs	Tenant pays
Trash Removal.....	Tenant pays
Utilities.....	Tenant pays
Yard Maintenance.....	Tenant pays
Reserves for Replacement.....	7,500
Miscellaneous	<u>500</u>
Less Total Expenses.....	<u>25,400</u>
Net Operating Income	\$148,637

The next step is to select an appropriate capitalization rate.

Overall Capitalization Rate

There are several methods of selecting capitalization rates, including Mortgage-Equity, Debt Coverage Ratio, directly from the market (Net Operating Income of comparable sales divided by the sales price), Yield Method, and others. When there is ample data available, the Direct Method is usually the most reliable.

However, accurate information regarding net incomes of sales of similar properties is scarce. In lieu of this method, we believe the Debt Coverage Ratio method is appropriate. The equation which computes the Overall Capitalization Rate is as follows:

$$R_o = D.C.R. \times M \times R_m$$

Symbols: R_o = Overall Capitalization Rate

DCR = Debt Coverage Ratio

M = Mortgage Ratio

R_m = Mortgage Constant

Rates and terms believed applicable are as follows:

$$M = 75\%$$

$$R_m = .0912 \text{ (Based on an interest rate of } 6\frac{3}{4}\%, \text{ 20 years amortization)}$$

$$DCR = 1.35$$

Therefore, $R_o = 1.35 \times .75 \times .0912$

$$R_o = .0923$$

Summary and Computation of Value by the Income Approach

Having obtained reasonable estimates of Net Operating Income and a Capitalization Rate, Value can now be computed using the "IRV" equation.

$$\begin{aligned}\text{Value} &= \text{I divided by R} \\ &= \$148,637 \text{ divided by } .0923 \\ &= \mathbf{\$1,610,368} \\ \text{ROUNDED} &\quad \mathbf{\$1,610,000}\end{aligned}$$

This concludes the Income Capitalization Approach. The Reconciliation and Final Value Estimate follows.

RECONCILIATION AND FINAL VALUE ESTIMATE

Cost Approach	\$1,608,000
Direct Sales Comparison Approach	\$1,552,000
Income Capitalization Approach	\$1,610,000

Value indications from the Cost and Income Capitalization Approaches are nearly identical, whereas the Direct Sales Comparison Approach represents the lowest indication of value in this instance. Bearing in mind the type and quality of the facility while also realizing the stigma from the mine subsidence, it is our opinion that **\$1,575,000** is a reasonable final value estimate to assign Parcel A.

The Direct Sales Comparison Approach was utilized exclusively in valuing Parcels B and C. Values are as follows:

Value of Parcel B	\$178,000
Value of Parcel C	\$326,000

CERTIFICATE OF APPRAISAL

We certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- we have no present or prospective interest in the properties that are the subjects of this report, and no personal interest with respect to the parties involved;
- we have no bias with respect to the properties that are the subjects of this report or to the parties involved with this assignment;
- our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- our 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 the appraisal;
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
- we have made a personal inspection of the properties that are the subjects of this report; and
- no one provided significant real property appraisal assistance to the person signing this certification.

Lewis and Clark Library System – 6725 Goshen Road & Excess Land, Edwardsville, IL

It is our opinion that the market values, as defined herein, of these properties as of the 21st Day of October 2010 are as follows:

Value of Parcel A

ONE MILLION FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$1,575,000)

Value of Parcel B

ONE HUNDRED SEVENTY-EIGHT THOUSAND DOLLARS (\$178,000)


Value of Parcel C

THREE HUNDRED TWENTY-SIX THOUSAND DOLLARS (\$326,000)

Total Value of All Properties

TWO MILLION SEVENTY-NINE THOUSAND DOLLARS (\$2,079,000)

November 5, 2010


James F. Collier
Certified General Appraiser
Illinois License No. 553.000106
Expiration Date: Sept. 30, 2011

ADDENDUM

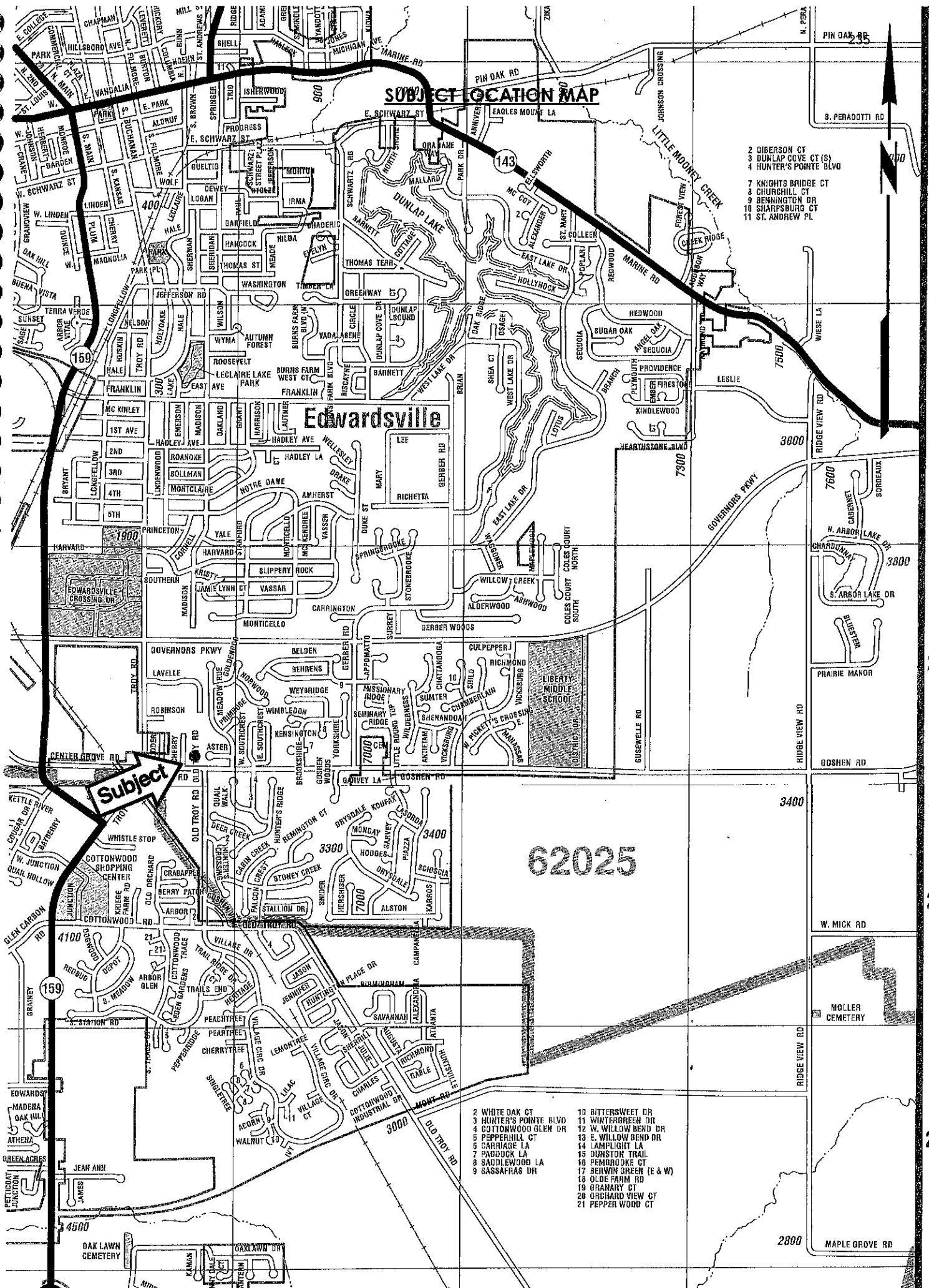
GENERAL AREA MAP

This map provides a comprehensive overview of the St. Louis metropolitan area and its surrounding regions. Key features include:

- Major Highways:** Numerous numbered routes are shown, including Interstate 44, Interstate 55, and various state routes like 100, 140, 160, and 200.
- Cities and Towns:** Labeled locations range from St. Louis and St. Charles in the west to St. Peters and St. Louis Park in the east, and from Farmington in the north to Chester and St. Mary in the south.
- Geographical Features:** The Mississippi River is prominent on the left, while the Missouri River and Kaskaskia River are shown on the right. Several lakes, including Lake St. Charles and Lake St. Louis, are depicted.
- Historic Sites:** Specific locations are marked with symbols and labels, such as the Gateway Arch, the Old Courthouse, and the St. Louis Zoo.
- Legend:** A legend at the bottom left explains the symbols used for historic sites, including "Historic Site", "Key Acreage", "Camping", and "Picnicking".

The map is a detailed black and white representation, providing a clear view of the regional infrastructure and geography.

To Farmington		To Memphis			
HISTORIC SITES					
Rank	Site	Key	Acres	Camping	Picnicking
1	Heardsay Mill State	U.S.	240	Yes	Yes



SUBJECT LOCATION MAP

Edwardsville

62025

Subject

- 2 QIBERSON CT
- 3 DUNLAP COVE CT (S)
- 4 HUNTER'S POINTE BLVD
- 7 KNIGHTS BRIDGE CT
- 8 CHURCHILL CT
- 9 BENNINGTON DR
- 10 SHARPSBURG CT
- 11 ST. ANDREW PL

- 2 WHITE OAK CT
- 3 HUNTER'S POINTE BLVD
- 4 COTTONWOOD GLEN DR
- 5 PEPPERHILL CT
- 6 CARRIAGE LA
- 7 PADDOCK LA
- 8 SADDLEWOOD LA
- 9 SASSAFRAS DR

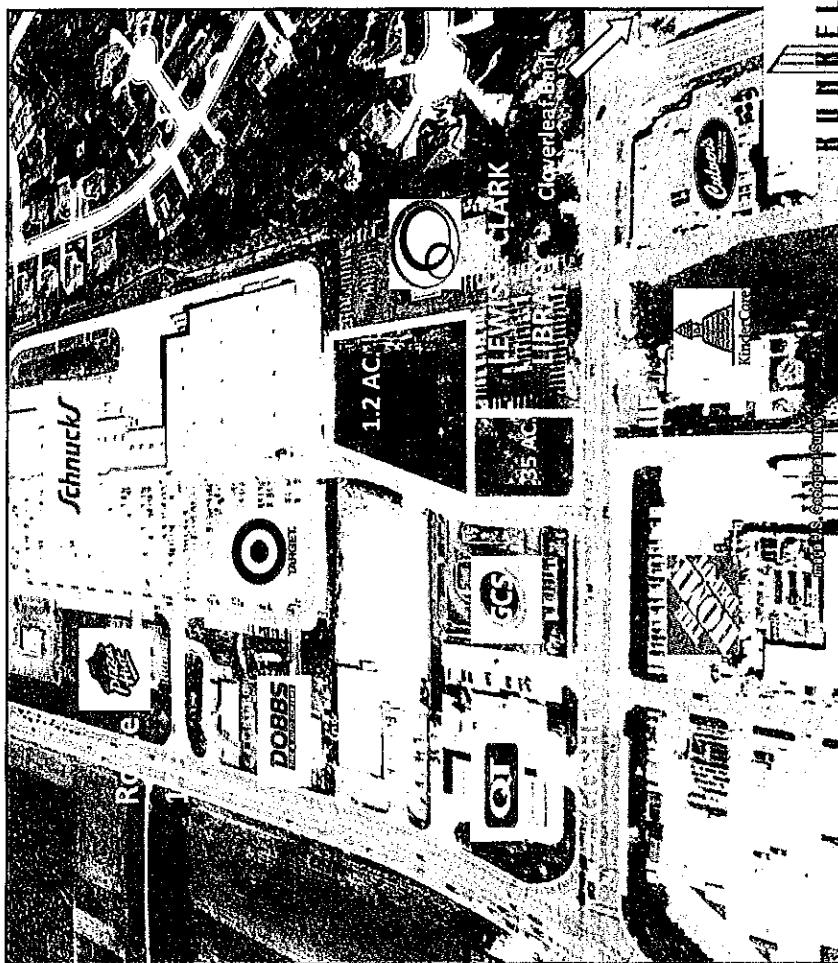
- 10 BITTERSWEET DR
- 11 WINTERGREEN DR
- 12 W. WILLOW BEND DR
- 13 E. WILLOW BEND DR
- 14 LAMPLIGHT LA
- 15 DUNSTON TRAIL
- 16 PENROCK CT
- 17 BENJAMIN CREEK (E & W)
- 18 OLDE FARM RD
- 19 GRANARY CT
- 20 ORCHARD VIEW CT
- 21 PEPPER WOOD CT

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(2) PARCELS of LAND

Goshen Road, Edwardsville, IL

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.35 Acres for \$215,000

1.2 Acres for \$415,000

Zoned B-2 Commercial

All Utilities to Site

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For information, contact:

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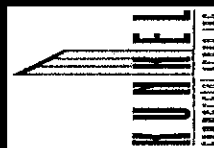
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784 WALL STREET, SUITE 100A

O'FALLON, IL 62269

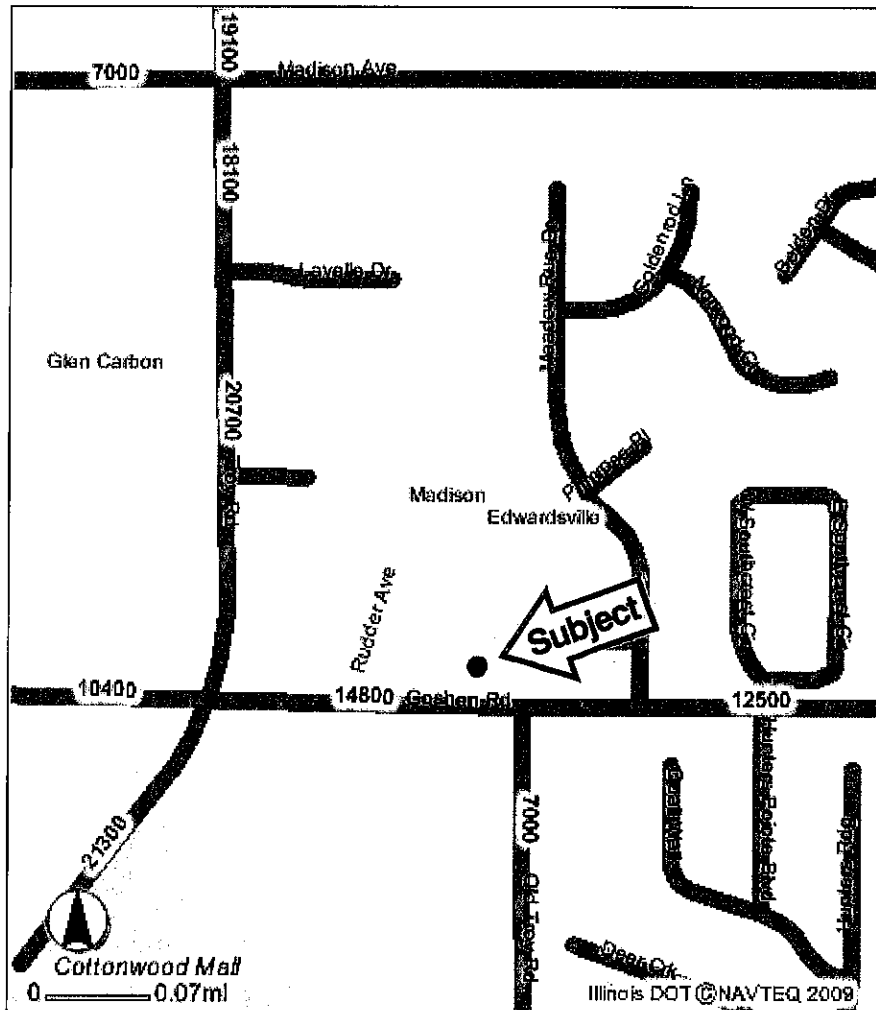


Information herein is not warranted and subject to change without notice. We assume no liability for errors or omissions included in printed price. Broker makes no representation as to the environmental condition of property and recommends Purchaser's / Tenant's independent investigation.



Illinois Department of Transportation

Send to printer



Date: 10/22/2010

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Illinois Department of Transportation
2300 S. Dirksen Pky
Springfield, IL 62764

TRAFFIC COUNT MAP



238

Monticello Pl

Bel

WV

Wimble

Kensino

Knights B

Subject

Aster Ct

Goshen Rd

Quail Walk St

Hunter's Pointe Blvd

Hunter's Ridge St

Deer Creek

Hunter's Ridge St

Hunter Crossing Dr

Stoney Creek Dr

Cabin Creek Ct

rest Dr

State Rt 759

Whistle Stop Dr

Old Orchard Ln

Crabapple Cv

Berry Patch Ln

MCT Goshen Tr

- (3) Minimum lot depth: none.
- (4) Minimum setback: generally none required except as necessary to achieve compliance with applicable off-street parking and loading requirements.
- (5) Maximum floor area ratio: none.
- (6) Maximum percentage of lot building coverage: none.
- (c) Permitted Uses: Provided all the use restrictions of this District are observed, the following uses are permitted:
 - (1) Auditoriums, meeting rooms, and other places of assembly.
 - (2) Banks, savings and loans and other financial institutions.
 - (3) Clubs and lodges.
 - (4) Commercial establishments.
 - (5) Libraries, museums.
 - (6) Mass transit facilities.
 - (7) Offices.
 - (8) Printing and publishing.
 - (9) Schools, music studios, dance studios.
 - (10) Service establishments.
 - (11) Theaters (indoors).
 - (12) Restaurants/saloons.
- (d) Special Use: Provided all the use restrictions of this District are observed, the following uses may be allowed by special use permit:
 - (1) Any use that involves commercial, service or storage activities conducted more than twenty five percent (25%) outside completely enclosed buildings.
 - (2) Any use such as drive-in restaurants, drive-in banks, service stations that offer goods or services directly to customers waiting in parked vehicles, or that sells food or beverages for consumption on the premises in parked motor vehicles.
 - (3) Churches, or other places of worship.
 - (4) Dwelling units, if located above the first story, except in hotels and motels. (Ord. 4779-3-95. Passed 3-21-1995 as amd. 2-6-1996)
 - (5) Public utility. (Ord. 4965-12-96. Passed 12-17-1996)
- (e) Conditions Of Use: All uses permitted in this District shall be subject to the following conditions:
 - (1) Dwelling units and lodging rooms are not permitted below the second floor, except in hotels and motels.
 - (2) There shall be no manufacture, processing or treatment of products other than those which are clearly incidental and essential to the retail business conducted on the same premises. (Ord. 4779-3-95. Passed 3-21-1995 as amd. 2-6-1996)

1242.03.2 COMMERCIAL/BUSINESS DISTRICT (B-2):

This District is intended to accommodate and regulate commercial/business development outside of the Central Business District (B-1). These typically require direct access to major streets and large lots for off-street parking and loading.

(a) Use Restrictions:

- (1) Uses: These uses shall deal directly with consumers.
- (2) Unenclosed Activities: In this District, outside display of inventory is allowable of up to ten percent (10%) of the indoor floor space.

- (3) Refuse Containers: All refuse generated by facilities located within this District shall be stored in tightly covered containers and placed in visually screened areas.
- (4) Screening: Along the side and rear lot lines of any lot abutting any residential district, screening (a wall, solid fence, or closely planted shrubbery) at least six feet (6') high and of sufficient density to completely block the view from the adjacent residential property shall be installed.
- (5) Parking: See Section 1250.13 of this Title.
- (6) Signs: See Chapter 1440 of this Code.
- (b) Lot And Building Requirements: Every principal building erected in this District shall conform to the requirements indicated below:
 - (1) Minimum lot size: 15,000 square feet
 - (2) Minimum lot width: 100 feet at the established building line
 - (3) Minimum setbacks:
 - Front yard setback 50 feet
 - Side yards 25 feet
 - Rear yard setback 25 feet
 - (4) Maximum floor area ratio: 2 square feet of floor space for each 1 square foot of lot area
 - (5) Maximum percentage of lot building coverage 50 percent
- (c) Permitted Uses: Provided all the use restrictions of this District are observed, the following uses are permitted:
 - (1) Auditoriums, meeting rooms, and other places of assembly.
 - (2) Banks, savings and loans and other financial institutions.
 - (3) Clubs and lodges.
 - (4) Commercial establishments.
 - (5) Libraries, museums.
 - (6) Mass transit facilities.
 - (7) Offices.
 - (8) Printing and publishing.
 - (9) Restaurants/saloons.
 - (10) Retail, commercial and wholesale when used in connection with retail.
 - (11) Schools, music studios, dance studios.
 - (12) Service establishments.
 - (13) Theaters (indoors). (Ord. 4779-3-95. Passed 3-21-1995 as amd. 2-6-1996; amd. Ord. 4797-5-95. Passed 5-16-1995)
- (d) Special Uses:
 - (1) Any use that involves commercial, service or storage activities conducted more than twenty five percent (25%) outside a completely enclosed building.
 - (2) Any use such as, but not limited to, drive-in restaurants, drive-in banks, service stations that offer goods or services directly to customers waiting in parked vehicles, or that sell food or beverages for consumption on the premises in parked motor vehicles.

- (3) Dwelling units, if located above the first story, except in hotels and motels. (Ord. 4779-3-95. Passed 3-21-1995 as amd. 2-6-1996)
- (4) Public utility. (Ord. 4965-12-96. Passed 12-17-1996)
- (5) Auto; new and/or used car lots.
- (6) Warehouses.
- (7) Bus terminals and/or mass transit facilities.
- (8) Car washes using mechanical, blowers or other conveyance means. (Ord. 4779-3-95. Passed 3-21-1995 as amd. 2-6-1996)

1242.04 LIGHT MANUFACTURING (M-1):

(a) Description:

- (1) Manufacturing Land Usage: The intent is to establish a single distinctly separate manufacturing classification within the City. The designation shall be: M-1 Light Manufacturing District.
- (2) Purpose: The purpose of this District is to provide areas within the community where manufacturing facilities, research facilities, research parks, warehouses, and wholesale business may locate, while providing compatibility with other nonmanufacturing areas of the community. It is intended that this particular District will generally provide for manufacturing of an assembly nature from finished goods, warehousing and wholesale activities. Supportive services for manufacturing are generally of a nonretail or personal service character and should be encouraged to locate in this District.

(b) Use Restrictions: All permitted uses are subject to the following conditions:

- (1) Performance Standards: Any production, processing, cleaning, servicing, testing, repair or storage of goods, materials or products shall conform with the performance standards set forth in Section 1250.09 of this Title.
- (2) Enclosed Buildings: All business, production, servicing and processing shall take place within completely enclosed buildings. Storage may be outdoors if storage area is completely enclosed by a solid wall or fence (including doors and gates) at least eight feet (8') high.
- (3) Parking: See Section 1250.13 of this Title.
- (4) Signs: See Chapter 1440 of this Code.

(c) Lot And Building Requirements: Every building erected in the M-1 Light Manufacturing/Industrial District shall conform to the requirements indicated below:

- (1) Minimum Lot Area: None.
- (2) Minimum Lot Width: None.
- (3) Minimum Lot Depth: None.
- (4) Minimum Setbacks:
Rear Yard: None.
- (5) Maximum Floor Area Ratio: One and one-half ($1\frac{1}{2}$) square feet of floor space for each one square foot of lot area.
- (6) Maximum Percentage Of Lot Building Coverage: None.

(d) Permitted Uses: Provided all the use restrictions of this District are observed the following uses are permitted:

- (1) Assembly, production, processing, wholesaling or warehousing, or manufacturing of any commodity from semifinished (other than raw) materials, provided explosives, flammable materials, nuclear or hazardous materials, or livestock are not involved.

QUALIFICATIONS OF APPRAISER

JAMES F. COLLIER

Born October 24, 1950, Highland, Illinois

EDUCATION

1968 - Graduate - Greenville High School, Greenville, Illinois

1972 - Graduate - University of Illinois, B.S. Forestry Science, Champaign-Urbana, Illinois

CERTIFICATION

Currently holding an Illinois Certificate as a General Appraiser, License # 553.000106.
Held since inception of State Certification in 1991.

RECENT SEMINARS/CLASSES

August 19, 2008 - 2008 Illinois Appraisers Update Seminar, Springfield, Illinois

December 5, 2008 - National USPAP Update (2008-2009), Collinsville, Illinois

December 6, 2008 - Introduction to Expert Witness Testimony, Collinsville, Illinois

March 13, 2009 - Appraising in a Changing Market, Fairview Heights, Illinois

September 17, 2010 - Online Business Practices and Ethics, Appraisal Institute

APPRAISAL COURSES

Appraisal Institute - Successful completion and passing grades on the following courses:

Real Estate Appraisal Principles	Memphis State University	1980
Basic Valuation Procedures	Memphis State University	1980
Capitalization Theory & Technique (Part I)	Indiana University	1983
Capitalization Theory & Technique (Part II)	Univ. of Missouri St. Louis	1983
Capitalization Theory & Technique (Part III)	Univ. of Missouri St. Louis	1983
Case Studies in Real Estate Valuation	Chicago, Chapter Location	1985
Standards of Professional Practice (Part A)	St. Louis Chapter	1985
Valuation Analysis and Report Writing	Ohio State University	1986

APPRAISAL EXPERIENCE

1978 to Present Day – Full-time appraiser, purchased Collier Appraisers, Ltd. (formerly known as Collier, Bone, and Little) in 1982. The main office is located in Collinsville with branch offices in O'Fallon and Greenville. Additional information is furnished on our website (www.collierappraisers.com).

Approved as a Fee Appraiser for several banks and lending institutions in the Illinois Counties of Madison, St. Clair, Bond, Monroe, Clinton, and others.

Also approved as a Fee Appraiser for the Division of Highways, Illinois Department of Transportation, Department of Natural Resources, St. Clair County Roads and Bridges, and Madison County Highway Department.

Types of properties appraised consist of residences, apartments, farms, commercial properties including office buildings, restaurants, service stations, motels, warehouses, religious facilities, neighborhood shopping centers, subdivisions, light industrial properties, and others.

COURT EXPERIENCE

Testified as a witness as to real estate values in Circuit Courts of Madison and St. Clair Counties, Illinois.



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3.4.2 Facilities Review

In FY15, IHLS operated with three buildings. The system owns the buildings in Edwardsville and Champaign and completed the 2nd year of a five year lease in our DuQuoin Office.

Although no action was taken in FY15 to reduce facilities, much work has been done to centralize many functions; to create a seamless workflow and to establish consistent operations in the three locations.

The Edwardsville Office has developed very organically over the existence of IHLS as the Administrative Headquarters. While the IT and Membership and Grants Director work from the DuQuoin Office, the remainder of the Executive Team work at the Edwardsville Office. All Financial Operations are conducted within the Edwardsville Office.

Good communication tools allow staff to work effortlessly from our three offices and when needed, from remote locations. Tools such as Skype for Business and voicemail that can be forwarded to smartphones assist in work effectiveness. The presence of an IT staff person at each location also provides support to in-house staff.

Time has provided us with the opportunity to achieve a real level of standardization at each location. The best example of this would be the significant efforts within the Operations Department to ensure that delivery is handled the same way in each office in order to provide excellent service throughout the system.

It is expected that a new Long Range plan will be adopted by the IHLS Board of Directors in FY16. The goals and initiatives included within this plan will direct much of the IHLS activity regarding buildings, operations and the placement of staff.



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**FY 2015 Library System Annual Report
LLSAP Annual Report
Section 4
*Adapted from Appendix F of the zILLANE Study***

4. LLSAP Annual Report

4.1 This document is an Adaptation of Appendix F of the zILLANE Study.

Instructions

For FY2015, the format of this report is in two sections: **Section 1** is data for the entire RLS (Regional Library System), and **Section 2** is data for each individual LLSAP. We have maintained the same table and numbering scheme to allow the matching of data from preceding years.

Only one Section 1 needs to be submitted for the entire RLS.

Multiple Section 2 reports should be submitted, one for each individual LLSAP. (Individual LLSAP is defined as a separate system-supported automation group that used a separate integrated library system product for FY2015.)

URL for the zILLANE Report: <http://www.unt.edu/zillane/FinalReport.htm>

Section 1

Only one Section 1 needs to be submitted for the entire RLS.

Tables A, E, G, H, part of I, part of O

Please note that we need to try to use common units across RLS for comparison purposes. In counting the libraries in your regional library system, please list both the agency and the buildings. For example a school district might be counted as an agency once but may have numerous buildings or campuses that are libraries.

Some categories of information will not apply to you, but for those that do, please provide requested information.

A. RLS Membership Information	
A1 Number of all public libraries (agencies)	227
A2 Number of all public libraries (buildings)	260
A3 Number of all academic libraries (agencies)	35
A4 Number of all academic libraries (buildings)	78
A5 Number of all school libraries (agencies)	239
A6 Number of all school libraries (buildings)	952
A7 Number of all special libraries (agencies)	35
A8 Number of all special libraries (buildings)	40
A9 Number of all others	1
Total Libraries in RLS	537 agencies / 1331 buildings

E. RLS Libraries Belonging To Other Consortia (Shared Database)	
E1 Number of all public libraries (agencies)	2
E2 Number of all public libraries (buildings)	3
E3 Number of all academic libraries (agencies)	26
E4 Number of all academic libraries (buildings)	68
E5 Number of all school libraries (agencies)	0
E6 Number of all school libraries (buildings)	0
E7 Number of all special libraries (agencies)	3



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E8 Number of all special libraries (buildings)	3
E9 Number of all other types	0
Total Libraries Belonging To Other Consortia	26 agencies / 74 buildings

G. RLS Libraries Using Stand Alone Systems	
G1 Number of all public libraries (agencies)	11
G2 Number of all public libraries (buildings)	12
G3 Number of all academic libraries (agencies)	1
G4 Number of all academic libraries (buildings)	1
G5 Number of all school libraries (agencies)	136
G6 Number of all school libraries (buildings)	372
G7 Number of all special libraries (agencies)	0
G8 Number of all special libraries (buildings)	0
G9 Number of all other types	0
Total Stand Alone Libraries	148 agencies / 385 buildings

H. RLS Libraries that are Not Automated	
H1 Number of all public libraries (agencies)	15
H2 Number of all public libraries (buildings)	15
H3 Number of all academic libraries (agencies)	0
H4 Number of all academic libraries (buildings)	0
H5 Number of all school libraries (agencies)	52
H6 Number of all school libraries (buildings)	105
H7 Number of all special libraries (agencies)	21
H8 Number of all special libraries (buildings)	21
H9 Number of all other types	0
Total Non-Automated Libraries	88 agencies / 141 buildings

I. Bibliographic Information	
I1 What percentage of all RLS libraries' holdings are not represented in your LLSAP shared database, BUT are represented in another consortia shared system?	-
I2 What percentage of all RLS libraries' holdings are not represented in your LLSAP shared database or another consortia shared system?	-

O. Other Information	
O1 RLS Annual Operating Budget (FY2013)	1,785,888.00
O2 RLS Annual Operating Budget (FY2014)	1,787,253.00
O3 RLS Annual Operating Budget (FY2015)	1,777,785.00



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Section 2

Multiple Section 2 reports needs to be submitted, 1 for each LLSAP.

Tables 1, 2, B, C, D, F, I, J, K, L, M, N, part I, part O

Please note that we need to try to use common units across LLSAPs for comparison purposes. In counting the libraries in your LLSAP, please list both the agency and the buildings. For example a school district might be counted as an agency once but may have numerous buildings or campuses that are libraries.

Some categories of information will not apply to you, but for those that do, please provide requested information.

Tables 1 and 2 – specific instructions

Please use the following tables to report each individual LLSAP's costs (Table 1) and revenues (Table 2) for the last two fiscal years.

If you have other categories and/or line items to report, please add those to the tables. You can provide explanatory notes either in the tables or following the tables.

There may be categories and/or line items in the form for which you do not record costs or revenues. Please put a N/A in the *Actual FY2013* and *FY2014 columns* for those items.



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Name of LLSAP

Table 1: Individual LLSAP Operating Expenses

Expenditures	Expense Item	Actual FY2014	Actual FY2015
Personnel			
	Library Professionals	226,621	217,942
	Other Professionals	286,780	345,181
	Support Services	232,813	131,569
	Social Security Texas (FICA)	54,408	52,508
	Unemployment Insurance	1,846	3,014
	Workers' Compensation	0	0
	Retirement Benefits	168,663	123,284
	Health, Dental, and Life Insurance	139,130	165,916
	Temporary Help	0	
	Recruiting	0	
TOTAL		1,110,261	1,039,414
Library Materials			
	Print Materials	40	0
	Nonprint Materials	85,987	0
	E-Resources		44,144
TOTAL		86,027	44,144
Buildings & Grounds			
	Rent	0	0
	Utilities	0	0
	Property Insurance	0	0
	Repairs & Maintenance	0	0
	Janitorial Services & Supplies	0	0
	Other	0	0
TOTAL		0	0
Vehicle Expense			
	Gas & Oil	0	0
	Repairs & Maintenance	0	0
	Vehicle Insurance	0	0
	Vehicle Leasing & Rent	0	0
TOTAL		0	0
Travel & CE for Staff & Board			
	In-State Travel	7,773	4,490
	Out-of-State Travel	6,382	6,454
	Registration & Other Fees	500	3,993
TOTAL		14,655	14,937
Continuing Education & Meetings / Others		2,534	355
Public Relations		0	0
Liability Insurance		0	0
Supplies, Postage & Printing			
	Computer Supplies	6,870	6,139



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	General Office Supplies & Equipment	342	0
	Internal Printing/Photocopying	0	0
	Postage	1,485	690
	Library Supplies	0	0
	Other	0	0
TOTAL		8,697	6,829



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Telephone & Telecomm		Actual FY2014	Actual FY2015
	Local/Long Distance – Voice	1,611	-
	Telecomm – Data & Fax	19,517	20,785.
TOTAL		21,128	20,785
Equipment Rental, Repair & Maintenance			
	Equipment Rental	0	480
	Equipment Repair & Maintenance	0	0
	Maintenance Agreement	0	0
	Computer Hardware Insurance	0	0
TOTAL		0	480
Professional Services			
	Legal	403	0
	Accounting	0	0
	Consulting	0	0
	Contractual Staff	0	0
TOTAL		403	0
Contractual Services			
	Information Services (bibliographic databases, online subscriptions, etc)	297,835	464,921
	Contractual Agreements	145,000	-
	Outside Printing		
TOTAL		442,835	464,921
Interlibrary Loan Charges		0	0
TOTAL OPERATING EXPENSES		1,706,540	1,591,865



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Table 2
LLSAP Annual Revenues

Revenues	Revenue Item	Actual FY2014	Actual FY2015
State Grants		120,517	93,565
Federal Grants			
Other Grants			
LLSAP Participation / Service Fees			
	Annual Participation Fees (from all categories of participants)	829,025	1,122,315
	One-Time Startup Fees		-
	Other (please describe)		-
Interest Income		292	310
Other Revenue		378,348	436,591
TOTAL REVENUE		1,328,182	1,652,781



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Tables B-O: LLSAP Supplemental Information

B. LLSAP Participation Information – Full Fee-Paying Participant	
B1 Number of all public libraries (agencies)	173
B2 Number of all public libraries (buildings)	191
B3 Number of all academic libraries (agencies)	8
B4 Number of all academic libraries (buildings)	8
B5 Number of all school libraries (agencies)	87
B6 Number of all school libraries (buildings)	201
B7 Number of all special libraries (agencies)	13
B8 Number of all special libraries (buildings)	13
B9 Number of all other types	3
Total Full Fee-Paying Participants	284 agencies / 416 buildings
Is RLS an LLSAP participant?	Yes
Does RLS pay participation fees as others?	No

C. LLSAP Participation Information – Partial Fee-Paying Participant	
C1 Number of all public libraries (agencies)	24
C2 Number of all public libraries (buildings)	24
C3 Number of all academic libraries (agencies)	1
C4 Number of all academic libraries (buildings)	1
C5 Number of all school libraries (agencies)	17
C6 Number of all school libraries (buildings)	30
C7 Number of all special libraries (agencies)	0
C8 Number of all special libraries (buildings)	0
C9 Number of all other types	0
Total Partial Fee-Paying Participants	42 agencies / 55 buildings

D. LLSAP Participation Information – Holdings Only Represented	
D1 Number of all public libraries (agencies)	0
D2 Number of all public libraries (buildings)	0
D3 Number of all academic libraries (agencies)	0
D4 Number of all academic libraries (buildings)	0
D5 Number of all school libraries (agencies)	0
D6 Number of all school libraries (buildings)	0
D7 Number of all special libraries (agencies)	0
D8 Number of all special libraries (buildings)	0
D9 Number of all other types	0
Total Holdings Only Represented	0

F. LLSAP Participant Trends	
F1 Full participants as of June 30, 2003	384
F2 Full participants as of June 30, 2004	389
F3 Full participants as of June 30, 2005	401
F4 Full participants as of June 30, 2006	418
F5 Full participants as of June 30, 2007	428
F6 Full participants as of June 30, 2008	440
F7 Full participants as of June 30, 2009	440
F8 Full participants as of June 30, 2010	449
F9 Full participants as of June 30, 2011	455
F10 Full participants as of June 30, 2012	455
F11 Full participants as of June 30, 2013	425
F12 Full participants as of June 30, 2014	440
F13 Full participants as of June 30, 2015	471



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I. Bibliographic Record Information		
I1 Total number of bibliographic records in database		1,817,765
I2 Total number of item records in database		9,044,459
I3 Total number of patrons listed in patron database		804,119

J. LLSAP Use by All Participants		
J1 Total search transactions in past 12 months (FY2015)		11,158,574
J2 Total circulation transactions in past 12 months (FY2015)		8,985,201
J3 Total interlibrary loan transactions in FY2015		1,574,966
J4 Total reciprocal borrowing transactions in FY2015		611,049

K. Cost and Revenue Information		Actual FY 2014	Actual FY 2015
K1 Annual Total Fees Received From Full Members	811,825		958,869
K2 Annual Total Fees Received From Partial Members	-		8,850
K3 Annual Fees/Support Received From RLS	250,000		300,000
K4 FTEs Charged to LLSAP Operating Expenses	10		13
K5 FTEs Supporting LLSAP but Not Charged to LLSAP operating costs	-		
K6 Annual Total Cost of Operating the LLSAP	1,875,371		1,591,865

L. Cost Components of Operating the LLSAP		Actual FY2014	Actual FY2015
Personnel	1,110,261		1,039,414
Library Material	40		44,144
Building & Grounds	-		-
Vehicle Expense	-		-
Travel & CE	14,655		15,292
Liability Insurance	-		-
Supplies, Postage & Printing	8,697		6,829
Telephone & Telecommunication	21,128		20,785
Equipment Rental & Repair	-		480
Professional Services	403		-
Information	297,835		-
Contractual Services	145,000		464,921
Miscellaneous, including Depreciation	189,234		185,920
Total All Expenditures	1,787,253		1,777,785

M. Cost Components to Participate in the LLSAP—Startup		Actual FY2014	Actual FY2015
Implementation fee (for new members)	\$2,000.00		\$2,000.00
Acquisitions	\$250.00		\$250.00
SIP2 for PC Management	\$200.00		\$200.00
SIP2 for Self-Check	\$300.00		\$300.00
Telephone Notification	\$500.00		\$500.00



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N. Cost Components to Participate in the LLSAP—Ongoing	Actual FY2014	Actual FY2015
SHARE Member Fee	\$100.00	\$100.00
SHARE--Academic Libraries	\$1 x full-time enrollment; \$1500 minimum	\$1 x full-time enrollment; \$1500 minimum
SHARE--Public Libraries	1 – 1.5% of budget; \$1000 minimum	1 – 1.5% of budget; \$1000 minimum
SHARE—School Libraries	Set by fall housing count; \$600 minimum, \$3500 maximum	Set by fall housing count; \$600 minimum, \$3500 maximum
SHARE--Special Libraries	\$1500 for first port/\$1000 for each additional port	Calculation formula = (annual circulation x .05) + (total items x .03) + (total patrons x .03)
SHARE Bibliographic Services	Choice of either \$10 per item cataloged or 14% of materials budget	Choice of either \$10 per item cataloged or 14% of materials budget
Course Reserves module—optional	\$100	\$100
Outreach/Homebound module—optional	\$100	\$100
Debt Collection Integration module—optional	\$250	\$250
SIP2 for PC Management module—optional	\$200	\$200
SIP2 for Self Check module—optional	\$300	\$300
Telephone notification module—optional	\$1000	\$1000
EDI (Electronic Data Interchange) module—optional	\$500	\$500

O. Other Information	
O1 Do you have a disaster recovery plan for LLSAP hardware, software, data?	SHARE does everything financially possible to ensure redundancy in an emergency. All documentation is stored in the cloud and synchronized locally for multiple copies. Backups of data are synced to multiple servers, onsite and offsite, and agreements are in place between ICN and Polaris/III to host our data in case of an emergency. While there is no formal disaster recovery document in place every step is taken to ensure the data is safe and recoverable. All our systems are designed to be accessible from within our buildings and without. This level of secure access allows our IT team to have full access to manipulate and troubleshoot our environment from any network, including cellular LTE networks. All precautions are taken to ensure this is secure. Also, all telephones in the IHLS environment can be remotely forwarded to individual cell phones allowing anyone to call an employee's desk and be instantly transferred to their cell phone with no additional cost involved or the end user knowing they've been transferred.
O2 Do you have a formal plan for recruiting new LLSAP members?	Yes
O3 Is use of LLSAP shared database limited to full or partial fee-paying participants?	Yes