PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: Olin Corporation
DOCKET NO.: 03-01680.001-I-3 through 03-01680.015-I-3 & 04-01191.001-I-3 through 04-01191.014-I-3
PARCEL NO.: See Page 60

The parties of record before the Property Tax Appeal Board are Olin Corporation (Olin), the appellant, by attorneys JoAnn T. Sandifer of Husch & Eppenberger, LLC, St. Louis, Missouri, and Thomas M. Atherton of Bose, McKinney & Evans, LLP, Indianapolis, Indiana; the Madison County Board of Review by Assistant State's Attorneys John McGuire and Philip Alfeld; and the intervening taxing districts, Bethalto Community Unit School Dist. No 8, East Alton Elementary Dist. No. 13, East Alton Public Library, East Alton-Wood River Community High School Dist. No. 14, Madison County, St. Louis Regional Airport Authority, Village of East Alton, Wood River Township, Wood River Township Hospital, Wood River Township Road and Bridge, and Wood River-Hartford School Dist. No. 15, by attorneys David Lincoln Ader, Gregory Mathews and Laura Polistrini of Ancel, Glink, Diamond, Bush, DiCianni & Krafthefer, P.C., Chicago.

The parties stipulated that in 2003 the subject property contained approximately 1,467 acres of ground improved with a manufacturing facility containing approximately 2,540,048 square feet of gross building area. The parties also stipulated that in 2004 the subject property contained approximately 1,463 acres of ground improved with a manufacturing facility containing approximately 2,534,381 square feet of gross building area. The parties further stipulated that in 2003 the subject property contained a total of 189 buildings and in 2004 the subject property contained 191 buildings. The parties stipulated that the subject property was also improved with numerous shed structures that ranged in size from 19 to 1,260 square feet. The parties stipulated there were approximately 314 sheds on the property in 2003 with a total square footage of 119,215 and approximately 308 sheds on the property in 2004 with a total square footage of 117,537.

The subject's manufacturing complex is used to: 1) manufacture brass, copper and copper alloys to be used in the production of electrical, plumbing, automotive and ammunition components; and

(Continued on Next Page)

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds *a reduction* in the assessment of the property as established by the **Madison** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: See Page 60
IMPR.: See Page 60
TOTAL: See Page 60

Subject only to the State multiplier as applicable.

PTAB/smw/03-01680/12-08

2) manufacturing sporting and small caliber military ammunition. The complex is composed of two sites, one at 427 North Shamrock Street, known as the North Site or Main Plant' and one on Route 3 at Route 143, known as the South Site or Casting Plant, East Alton, Illinois. The property located at 427 North Shamrock contains approximately 1,036 acres and is improved with 161 buildings containing a total building area of approximately 1,949,265 square feet. The property located at Route 3 contains approximately 430 acres and is improved with 28 buildings with a total building area of 590,783 square feet. Construction of the facility began in the early 1900s.

The 2003 and 2004 appeals were consolidated for hearing purposes.

There are two issues before the Property Tax Appeal Board:

1. The determination of the subject property's market value for assessment purposes as of January 1, 2003, and January 1, 2004; and
2. Whether certain portions of the subject property are entitled to a farmland assessment.

APPELLANT'S CASE-IN-CHIEF

The appellant contends the market value of the subject property as reflected by the assessment is excessive and that those portions being farmed are entitled to be classified and assessed as farmland.

Richard Samuel Mann

The first witness called on behalf of Olin was Richard S. Mann. Mann is the lead civil engineer in the Facilities Engineering Department of Olin. Facilities engineering is the management, design, and maintenance of all the property that Olin owns in East Alton, including the farmland, all buildings, and all the utilities that are off site. Mann was familiar with the physical aspects of the Olin property during 2003 and 2004. He testified that during this period of time there were no significant changes in the property. The witness testified that copper strip alloys, ammunition and fabricated products are manufactured at Olin.

Using Olin Exhibit No. 2[1] Mann identified the location of the subject property at the joining of the two branches of Wood River and from the Mississippi to Route 3. Mann described the access to Olin's main facility at Shamrock (North Site) in 2003 using Interstate 255 to Highway 143 through Wood River to Highway 111 to Highway 140 to Powder Mill Road. To get to the Route 3 facility (South Site) access is obtained by using Highway 143 through Wood River to Route 3. The witness explained that access to the plants requires several turns and stoplights at the

[1] To avoid confusion, unless otherwise stated, all exhibit references will be to the 2004 appeal nomenclature.

intersections. The witness testified that you can continue past the Main Plant, and make several turns through East Alton, to get to the Casting Plant or South Site. The witness testified that it was about 10 to 12 miles to the Main Plant using Route 3 from Interstate 270.

The witness testified that Olin Exhibit No. 3 accurately depicted the condition of the Route 3 (South Site) property in 2003 and 2004 and Olin Exhibit No. 4 depicted the Shamrock property (North Site). Mann identified Olin Exhibit No. 6 as depicting the various zone designations of the North Site and the South Site. Zones 1, 2, 3, 4, 5, 6, 7, 14 and 15 compose the North Site and Zone 17 is the South Site. Mann stated that Olin has historically designated zone references to the properties that are subject of the appeal. Mann agreed that the subject property contains approximately 1,463 acres and approximately 2.5 million square feet of gross building area.

Using Olin Exhibit No. 4, Mann identified the North Site property boundaries and parcels as being demarcated in red. He also identified the PIN numbers as correlating to the permanent index numbers for the various tracts. Mann testified as to the location of the east branch of Wood River that meanders through the subject property, joins the west fork of the Wood River, flows along the west side of the plant and continues south to the Mississippi River. Mann testified there is one usable railroad track that comes through East Alton, cuts through Zone 6 and continues into Zone 4, where it stops. Mann also explained and identified the abandoned railroad tracks on the property. The witness further testified that Powder Mill Road, which changes into Shamrock Street, extends approximately 1.5 miles through the subject property.

Mann testified Zone 1 contains approximately 105 buildings with the oldest being built around 1912. He explained that as the plant developed, buildings became larger mill buildings that were composed of a steel shell and brick veneer. The witness further explained that some of the buildings are connected and, as new buildings are added, new building numbers are assigned.

Mann next identified Zones 2 and 3. Zone 2 has abandoned roads and the only activity occurs in the center of Zone 2. The witness explained that there are old storage buildings and the very first manufacturing occurred in Zone 2 with earliest building being constructed around 1893. He testified several buildings are abandoned and a few are in use for storage as needed. Mann testified that the Zone 3 building is the boiler plant used to create steam that is sent throughout the zones. The steam is used for heating all the buildings and the different processes in the plant at the North Site. The steam is sent to Zones 2, 4, 6, and 7. He agreed that Zones 2 and 3 contained 25 buildings.

Mann identified Zone 4 as the area used to manufacture ammunition for sport and military. These buildings are steel structures with steel siding and were constructed from 1940 through the early 1980s. There are approximately 30 buildings in Zone 4.

Mann explained that Zone 5 is bounded by Wood River (the east branch), Franklin Avenue and the boundary with East Alton. This zone has no utilities due to the type of storage located in the zone. Mann testified there are magazine bunkers built into the slope of the hill. The bunkers are scattered according to the tonnage of powder stored as required by federal law. No other structures are located in Zone 5.

The witness testified that Zone 6 houses the wastewater plant where Olin treats all its wastewater for the North Site including sanitary and storm water. Zone 7 houses the water filtration plant where Olin makes all of its water for the North Site.

Zone 14 was identified as a strip bounded by Highway 140 on the north, Powder Mill Road on the east, Olin's property line along a golf course on the west and Zone 2 on the south. This area has an employee recreation area at the top of the hill and a pistol range at the bottom of the hill near Powder Mill Road. The recreation lodge was built in stages from 1940 though 1960. He agreed that there are 4 buildings in this zone.

Mann described Zones 1 and 6 as being relatively flat. The witness explained that a ridge starts in Zone 2 and follows Powder Mill Road and extends through Zone 5. He indicated there is a 70 foot difference in elevation from the high point on the ridge to the river.

Zone 17 is the location of the South Site, which is approximately 1.5 miles from the Main Plant through the Village of East Alton. Mann indicated that Olin's trucks ship materials from one plant to the other for processing 24 hours a day. The witness testified to the boundaries of Zone 17 and testified this area is mostly flat. He testified this zone contains the casting facility, research lab and weld shop. He agreed that there were approximately 28 buildings in this zone.

Mann next narrated a DVD, Olin Exhibit No. 40, depicting the Olin property and the various buildings. He also testified there exists on the North Site a slough that was at one time part of the river but is now cut off. The slough holds water and is used for non-contact cooling water.

The witness also explained how portions of the property are protected from flooding by levees that need to be maintained in some cases by Olin. He explained that each month he walks a different levee for inspection purposes. He indicated that Olin owns the property under the levees in Zones 2, 4 and 6. The levee district has easements over the property for purposes of building and maintaining the levees. As part of his job, he takes a visual on the levees on a routine basis and recommends work to be done to the levee district. If the levee district cannot do the work, then he will take care of it; Olin will pay to a certain extent.

Mann testified that the subject's water source includes the river and aquifers below the river. Olin has a source for river water from the Illinois Power plant. Water is retrieved and travels a 20-inch pipe to Olin's filter plant located in Zone 7. Water is also retrieved from four gravel pack wells. The filter plant controls which gravel pack well is operated on a daily basis. These wells come together in a 36-inch line to the filter plant in Zone 7. Water is treated in Zone 7 and then dispersed through Zones 1, 2, 3, 4, 6 and 7. The water is dispersed in mains that range from 14 to 30 inches in a loop that goes through the zones. The filter plant puts out approximately ½ million gallons a day and the Casting Plant uses East Alton water at about 350,000 gallons per day.

Mann testified if Zone 4 was separated from Zones 1, 6 and 7, it would be without water. The nearest source for municipal water for Zone 4 would be either the north side at the top of a hill where there is another company's water main along the highway and south of the main gate where East Alton has residential water service. Mann testified that he is familiar with the water systems provided by the nearby municipalities. He testified that the water main at Olin's main gate is 4 inches and that would not be sufficient to bring water to Zone 4 for manufacturing purposes. The witness testified a 12-inch main is needed to support a sprinkler system for a building but a 14-inch main would be preferable and it would have to be looped. "Looped" means there are two sources completely tied together encircling a building with separate valves so that items could be isolated for repairs, maintenance and additions, but allowing water to continue to flow.

Mann testified you would have similar issues if you separated Zones 5, 2, 3 or 14 from the water treatment plant plus the more difficult issues to negotiate Wood River. He testified that Wood River is considered a navigable waterway which requires the water supply route go below the river and additional permits from different governmental agencies. Mann testified that Wood River completely separates Zones 6, 4 and 5, which would be an additional hurdle to overcome in providing water to these zones.

Mann testified that Zone 6 contains Olin's wastewater treatment plant for Zones 1, 2, 3, 4 and 14. Zone 6 provides the storm and sanitary processing with the treated water being sent via a dedicated pipe through Olin's property to the river side of the levee where the water is injected into the river. Mann testified he was familiar with the sewer systems run by the adjacent municipalities. He testified there is residential service that traverses the site from Bethalto. This line ultimately joins with the Alton interceptor from Godfrey and goes to the Alton treatment plant. He explained that during a large storm event the pressure on the pipe increases such that it blows the manholes on Olin's property and sewer water is discharged onto Olin's property. Mann was of the opinion that if Zones 4 and 14 were separated for a light industrial use the purchaser would have to construct a stand-alone treatment plant because the downstream municipalities don't have the capacity to handle the wastewater. He also was of the opinion that if Olin sold Zone 4 it would be irresponsible for Olin to accept waste generated from that zone.

With respect to electricity, Mann testified that Olin has a dedicated service line from Illinois Power that follows Chessen Lane to a railroad right-of-way. The high voltage lines then follow the railroad right-of-way into the South Site where electricity is distributed through a substation. The high voltage line is also tied backwards to Chessen Lane north and follows Olin's right-of-way into Zone 1 where there are two substations that power down the voltage for the equipment. Mann testified there is another substation in Zone 3 that distributes power to Zones 6, 2 and 4. He testified if Zone 4 was separated from Zone 3 it would have to create its own power source infrastructure for distribution to the buildings. He was of the opinion that if Zone 4 were sold, an industrial user would have to provide a dedicated line straight to the power plant.

Mann further testified that gas mains are commercially owned on the south side of the railroad tracks. The witness testified that nitrogen gas comes underneath the railroad tracks through Olin's pressure-reducing station into the Casting Plant. He further explained that the natural gas line follows the levee to another pressure-reducing station and a ten-inch main that travels east to Niagara Street where there is a six-inch branch that enters to Olin's South Site. The ten-inch main continues along Niagara Street into the plant where it goes through another pressure-reducing station and is dispersed throughout Zones 1, 6 and 2. Mann testified Olin has its own pressure-reducing stations in Zones 1 and 17. Mann explained that if Zone 4 was separated from Zone 1, someone would have to develop a gas source.

Mann testified that steam is generated in Zone 3 and dispersed to Zones 1, 2, 4 and 6. If Zone 1 was separated from Zone 3, the buildings in Zone 1 would have no heat. A boiler plant would need to be built in Zone 1 to provide heat for the buildings.

The witness testified that as part of his duties he participates in planning and building new buildings on the site which caused him to become familiar with soil conditions on Olin's property. He described the soil conditions as being very silty, sandy and wet. The water table ranges from three to six feet below the surface during the year. When building, the soil has to be pretreated with a rock base or lime to stabilize the soil to make it buildable. The silty, sandy soil extends approximately 8 feet deep. To construct a building, this soil needs to be removed and fill brought in and compacted. Mann testified that site preparation alone for a 55,000 square foot warehouse, Building 497, took approximately one month and a cost of approximately $10.00 per square foot.

Mann testified that his job responsibilities also encompass the agricultural portion of Olin's properties including overseeing the farm as it is prepared, receiving monthly reports from the management company and speaking to the farmer in each stage of the development of the crop. Mann identified Olin Exhibit No. 41(a) as a document he prepared in 2004 entitled "Agricultural Acreage Estimate" using information from Farmers National Company, the company hired to manage the day-to-day operations of the farm. The first column designates the parcel number, the second column designates the zones that the parcel is in, the third column designates whether the parcel contains agricultural land, the fourth column designates the acreage of the parcel, the fifth column designates the percent of the parcel devoted to an agricultural use, and the sixth column designates the acres used for agriculture. The exhibit indicated that, of the acreage under appeal, 387.31 acres were used for agricultural purposes namely crop land devoted to corn and soybeans. Mann testified that records back to 1975 reflect that generally the same areas have been farmed.

Mann identified Exhibit No. 41(b) as the farm lease entered in 2001 with Dennis Rapp, the individual that farms the property. The lease identifies 448.2 acres as the acreage being farmed. Mann identified Exhibit No. 41(c) as the 2002 farm lease. Mann identified Exhibit No. 41(d) as the 2003 farm lease. Mann identified Exhibit No. 41(e) as the 2004 farm lease. The lease terms for each year were essentially the same with the tenant receiving 60% of the crops. Mann also identified Exhibits Nos. 41(f), 41(g) & 41(h) as documents he prepared using information from Farmers National Company in connection with the 2001, 2002, and 2003 farming operations. Mann also testified the subject property was farmed 2004. Mann identified Exhibit No. 41(i) as a document from Farmers National Company providing a six-year summary of the crop income from 1998 through 2003.

Mann also testified there are some buffer areas in Zone 5 where powder for ammunition is stored. He also indicated that Olin makes no other use for the agricultural areas other than harvesting crops.

At the conclusion of Mr. Mann's direct examination, Ms. Sandifer identified 2003 Olin Exhibits Nos. 30(a), 30(b), and 30(c) as the 2001 through 2003 farm leases; Olin Exhibits Nos. 31(a), 31(b) and 31(c) as Olin's annual farming operation reports prepared by Mann for 2001, 2002 and 2003; and Olin Exhibit No. 32 as the chart of agricultural land estimates prepared by Mann.

Under cross-examination Mann agreed that approximately $2,000,000 was spent last year in plant maintenance and general upgrades. Mann agreed that Olin has spent millions of dollars over the years to update its buildings. Mann also agreed that Olin uses state-of-the-art equipment to achieve desired product quality. He did assert, however, that efficiency suffers because the buildings are separated. Mann agreed that an Olin plant in Indianapolis was sold and the operations located there were moved to East Alton.

Mann also testified that travel from the Main Plant is by meandering on a four lane divided highway in each direction. He also testified that East Alton recently constructed a turn lane for the benefit of Olin. The witness agreed that Olin recently purchased 110-foot trailers to deliver its products. Mann agreed that I-255 is approximately two miles from Powder Mill Road.

Mann identified the flat areas at the two sites and the former railroad right-of-way owned by Olin. Mann testified that utility lines are underneath the railroad right-of-way such as for water lines from the river, gas mains and wastewater from Zone 6.

Mann also indicated that the uses of various buildings at Olin had changed over time.

Mann also testified that he has seen engineering diagrams that indicate the size of water mains in property adjacent to the Olin property. Mann testified there is an 8-inch main adjacent to the Shamrock property to the south in the residential area. He also testified that an 8-inch main was constructed to meet the needs of the incinerator that transports non-potable water to make steam. Mann testified that he was not aware of any of the properties at Gateway Commerce Center, an industrial park development near the intersection of I-270 and I-255, as having their own self-contained water plants and self-contained sewer treatment plants.

Mann also testified that water is removed from one of the sloughs to cool the machines and then flows through the sewer back into the slough where it cools.

Mann also testified that Zone 14 is attached to a municipal sewer system that goes off site.

On redirect examination Mann testified that he would not describe the Olin improvements as state-of-the-art buildings. He was also of the opinion that Olin's operation would be more efficient in terms of physical layout if the buildings were contiguous allowing a conveyor system from one machine to the next. He testified that the separation between the buildings is not efficient nor is the transportation of materials from Zone 3 to Zone 17.

Mann also testified he was not involved in the decision to close the Indiana plant and had no personal information why that decision was made. Mann also testified that the offices on the site are dated and indicated that Olin has other offices in Clayton, Missouri. With respect to loading docks, Mann testified the Casting Plant has 7, the storeroom has 1, the brass mill area has 2, the pack/ship warehouse has 7, and the fabricating building has 2.

Mann also testified that prior to the construction of building 497 in 2000, the previous building constructed by Olin was building 443, built in 1981.

Michael J. Kelly

The next witness called on behalf of the appellant was real estate appraiser Michael J. Kelly. Kelly has had the Member of the Appraisal Institute (MAI) designation from the Appraisal Institute since approximately 1983 and has the Member of the Society of Real Estate Appraisers (SRPA) from the Society of Real Estate Appraisers. Kelly is also a state certified appraiser in Illinois, Iowa and Michigan. Kelly is the president of Real Estate Analysis Corporation.

Kelly identified Olin Exhibit No. 22 as his appraisal of the subject property. Kelly acknowledged that his report on page 39 with respect to Land Sale No. 4 had an error; the land area was 65,340,000 square feet or 1,500 acres and the unit price was $.18 per square foot or $7,840 per acre. The information on the comparable land sale was correctly reported on page 40 of his appraisal. Kelly also acknowledged his appraisal at page 42 contained an error with respect to the reported range of land sales prices, which should be from $2,653 to $37,666 per acre as reflected on the chart.

Kelly testified a difficult aspect of appraising the subject property included its size of approximately 2,000,000 square feet of building area. He indicated that the market for this property would be on a statewide or regional-wide basis. Another characteristic of the subject facility is its age and multi-building features. Kelly testified that the North Site has approximately 160 buildings, which is something you don’t normally see and detracts from its marketability. Kelly testified that typically, even with older manufacturing facilities with approximately 1,000,000 square feet, there will be between 10 to 20 buildings. The appellant's appraiser also testified the subject's lower ceiling heights and very constricted truck access are characteristics that do not make the property suitable for what is most prevalent in the market today with the high cube, high ceiling type warehouse.

Kelly testified the average ceiling height in Zone 1, where there is approximately 1,300,000 square feet of manufacturing and warehouse area, is under 20 feet. The appraiser indicated the ceiling height is substandard where warehouses, typically, are not less than 25 feet and can be as high as 38 feet in a modern functional industrial building.

Kelly testified that the two major categories of industrial buildings include manufacturing and warehousing. A good physical location for warehouse and distribution facilities is immediate access to the interstate system. Desired site topography for industrial and warehouse facilities is flat and level. Desirable physical features for a warehouse include a large rectangular to almost square building with 300,000 to 500,000 square feet with ceiling heights no less than 26 feet to 35 or 40 feet. For a manufacturing facility the ceiling height could be 21 to 24 feet. Kelly also testified that a modern warehouse is going to have access to most parts of the building and allows maneuverability for trucks for adequate loading on the site without creating internal traffic problems.

The attributes that make a good location for a manufacturing facility include an adequate labor force, hourly wage rates, and adequate raw materials. Desirable physical features of a manufacturing building would be lower ceiling heights than a warehouse, more office space than a warehouse ranging from 5% to 15% of the total building area and a heavier power source than in a warehouse. A modern manufacturing building may be elongated to accommodate the manufacturing process. Kelly opined that the number of potential buyers of manufacturing facilities is decreasing which may make a manufacturing facility difficult to sell.

Kelly described the north section of the property composed primarily of Zones 1, 2, 3, and 4 as comprising approximately 1,900,000 square feet of building area. Zone 1 has 104 buildings with approximately 1,300,000 square feet with an average ceiling height of 20 feet and an average age of 54 years. Kelly was of the opinion the number of buildings in Zone 1 was atypical and detracts from functionality. Zone 4 has 30 buildings with approximately 486,000 square feet and an average ceiling height of 18 feet and an average age of 35 years.

Kelly was of the opinion that if Zone 1 were to be used for warehousing, demolition of many of the existing buildings at a cost of $1 to $2 per square foot would be required to have adequate access.

Kelly was of the opinion the highest and best use of the site as vacant would be an industrial use. The appraiser's conclusion of highest and best use as improved was the property's current industrial use subject to analyzing the surplus land that is present. Kelly was of the opinion the subject's use would be as an industrial use under a single ownership.

In estimating the market value of the subject property, Kelly developed the cost and sales comparison approaches to value. In estimating the market value of the subject property using the sales comparison approach, Kelly utilized 10 sales and 1 offering. The comparable sales occurred from September 1995 to April 2005. The comparables ranged in size from 295,469 to 2,479,000 square feet of building area and were composed of from 1 to 14 buildings. Their ages ranged from 10 to 59 years old. The comparables had clear ceiling heights ranging from 18 to 42 feet; office space ranging from 1% to 20% of building area; and land to building ratios ranging from 1.42:1 to 5.31:1. The comparables were located in Illinois, Indiana, Ohio, Missouri and Iowa. The sales prices ranged from $1,000,000 to $10,500,000 or from $1.76 to $6.51 per square foot of building area. The offering was located in Galesburg, Illinois and was composed of a 39 year old building containing 1,508,554 square feet. This property had a clear ceiling height of 23 feet; office space of 5% of building area; and a 1.26:1 land to building ratio. This property had an asking price of $3,400,000 or $2.25 per square foot of building area.

Kelly testified that he considered his sales numbered 1 through 3 to be the most important. These properties sold from August 2001 to March 2005 for prices ranging from $2.26 to $4.25 per square foot of building area. Kelly was of the opinion his sale number 9 located in Bedford Park, Illinois set the upper limit of value at $6.28 per square because of its superior size and location. Kelly also explained that his sales numbered 3 and 10 were converted to multiple users.

Using these sales, Kelly estimated the market value of the North Site as $3.00 per square foot of building area or $5,840,000 ($3.00 x 1,948,213 square feet). Using these same sales Kelly was of the opinion the Route 3 property or South Site had a market value of $6.00 per square foot or $3,525,000 ($6.00 x 587,399).

Kelly testified the total land to building ratio for the subject was 25:1, which is significantly above normal requiring him to use an adjusted land to building ratio for the subject of 4:1.

In estimating the value of the subject property under the sales comparison approach, Kelly added the value of the two sites which totaled $9,365,000. The appraiser then added $6,175,000 to account for the surplus land and $135,900 for the depreciated value of the site improvements to arrive at an estimate of value under the sales comparison approach of $15,675,000.

In estimating the market value of the subject using the cost approach, Kelly first estimated the market value of the land as if vacant. Kelly used four land sales that ranged in size from 90 to 1,500 acres. The sales were located in Madison County and occurred from March 1997 to May 2003. The land comparables sold for prices ranging from $300,000 to $12,000,000 or from $2,653 to

$37,666 per acre. Using these sales and a land to building ratio of 4:1, Kelly estimated the primary land site of 232.83 acres had a unit value of $20,000 per acre or $4,650,000. Kelly estimated the surplus land totaling 1,235.07 acres had a unit value of $5,000 per acre or $6,175,350. Adding the components resulted in a total estimated land value of $10,825,000. Kelly testified that his first three land sales were in an improved industrial park with the sites graded and utilities brought to the sites. His fourth comparable land sale was the sale of the Gateway Commerce Center for $7,840 per acre in July 1997. Sale number 4 was prior to grading and utilities being brought to the site. Kelly was of the opinion these sales were superior to the subject in location due to their proximity to I-270. He also acknowledged three of the sales occurred in 1997, but he was looking at size and industrial use. The ultimate use of the sales considered was for a modern warehouse park. Kelly also testified there is a significant supply of vacant land near I-270.

Kelly testified that excess land is land that is separate from the primary site and could easily be sold off as its own site. Surplus land is when you have a higher than normal land to building ratio, but the buildings are spread out such that you may or may not be able to sell portions of the site. Kelly testified in this case there was no difference in the value of the excess land and the surplus land, both have a value of $5,000 per acre.

In estimating the value of the improvements under the cost approach, Kelly utilized replacement cost new using the Means Square Foot Costs Manual 2004. In developing the cost approach, Kelly grouped the buildings in the various zones and used a base price from the Means cost manual for each of the groups that was modified by such factors as ceiling heights and location. Kelly estimated the improvements on the North Site had a replacement cost new of $128,770,000 and the improvements on the South Site had a replacement cost new of $34,920,000. Kelly further estimated the site improvements had a replacement cost new of $9,450,000. Adding the components resulted in a total replacement cost new of $173,140,000.

Kelly next estimated depreciation using market abstraction based on the comparables sales contained in the appraisal. Using the sales, Kelly subtracted the land value at the time of sale to arrive at a building residual value and then compared that with what it would cost to replace the same building at the time of sale. Using this data, Kelly estimated the North Site would suffer from an annual rate of depreciation of 2% per year resulting in total depreciation of 98% while the South Site suffered from an annual rate of depreciation of 3% resulting in total depreciation of 96%. Under the cost approach, Kelly estimated the depreciated value of the buildings, sheds and site improvements was $4,206,700 to which he added the land value of $10,825,000 to arrive at an indicated value of $15,030,000.

In reconciling the two approaches to value, Kelly gave moderate consideration to the cost approach and maximum emphasis to the sales comparison approach and estimated the subject property had a market value of $15,500,000 as of January 1, 2004.

Under cross-examination Kelly testified that the market for older manufacturing plants like the subject as compared to modern warehouse plants is completely different. Kelly testified that he had visited improved comparable sales numbered 2, 3, 4, 9, 10 and offering number 1. Kelly testified that he had appraised comparables numbered 3 and 9.

Kelly testified that when he did the appraisal the subject had 150 acres of wetlands, however, that is not noted within his report. Kelly testified he had been to the subject property once and went inside each building with the exception of the small sheds that were under 1,000 square feet. Kelly was of the opinion the buildings are adequately maintained and in average condition for their age. Kelly testified that the subject has 100 buildings that are essentially free-standing. Kelly also testified his adjustments to the land sales were qualitative adjustments. Kelly also agreed that the land sales that occurred in 1997 required a positive adjustment for date of sale. Kelly was also questioned with respect to his statement concerning land sale 4 on page 40 of his appraisal, which he considered inferior to the subject.

With respect to improved sale number 1, Kelly assumed this was not a compelled sale. He indicated this property was on the market for a year and one-half and was listed with a national broker. Kelly reported the sale price on this property of $2,000,000. He did not know of any offer to purchase the property for $3.2 million in November 2004. Kelly reported that the buyer of this comparable intended to divide the property into smaller units. With respect to improved sales 2, 3, 4, 5, 6, 7, 8 and offering number 1, Kelly was questioned about any analysis surrounding the motivations of the parties to the transactions, rail access, the closest metropolitan areas similar in size to St. Louis, the proximity of the closest interstate, the labor pool, the location of the nearest commercial airport and whether the comparable had self sufficient water or waste-water treatment facilities.

Kelly was questioned about land sale number 4 that sold in 1997 for $7,800 per acre. He indicated that the value of land in the greater metropolitan St. Louis area had gone up since 1997. Kelly also testified there are no demolition costs referenced in his appraisal.

Kelly also testified that he did not add a component for entrepreneurial profit in the cost approach. He indicated that he has never found anyone that builds or occupies an industrial building that pays another fee on top of what was paid the general contractor to coordinate the work. He further indicated that he did not know where one would find the data to support a percentage attributable to entrepreneurial profit.

Under redirect examination, Kelly explained that even though land sale 4 sold for $7,800 per acre in 1997, the subject's surplus land was estimated to have a value of $5,000 per acre due to differences in location and physical differences, namely flat land versus undulation, rolling hills.

Under re-cross examination Kelly was questioned about two appellate court decisions issued in 1996 and 1999 where the court evaluated methods used by Kelly. The appellant objected to the questions based on relevancy and being beyond the scope of redirect examination. The Property Tax Appeal Board sustains the objection based on relevancy and as being beyond the scope of direct examination.

Kerry N. Miller

The next witness called on behalf of the appellant was Kerry N. Miller, Chairman of the Madison County Board of Review. Miller testified that he was familiar with Olin Exhibit No. 48 in the 2003 appeal which is the 2002 Components Cost Schedule of the Illinois Real Property Appraisal Manual. Miller has occasionally consulted the manual when he had questions about how to assess farmland. Miller read paragraph E on page 101 of the Rural Section of the manual and agreed it coincides with Madison County's policy on the significance of the primary use on a non-residential property. Miller indicated that if a taxpayer appeals to the board of review and requests a farmland assessment on their particular parcel, the board of review will review the evidence and render a decision as to whether or not it qualifies. The board of review has in the past reclassified property from non-agricultural to an agricultural assessment. Miller indicated that in the past a parcel has received an agricultural assessment even if it is part of a site whose primary purpose is industrial. Miller testified that he had heard Mann testify and he had no factual basis to dispute Mann's testimony about certain tracts at Olin being farmed. Miller identified Olin Exhibit No. 41 and the attachments as being filed with the board of review as part of Olin's board of review appeal for 2004.

Robert C. Herman

The next witness called on behalf of the appellant was Robert C. Herman. Herman is an Illinois Certified General Real Estate Appraiser and has had the MAI designation since 1990. Herman identified Olin Exhibit No. 1 and Olin Exhibit No. 2 contained in the 2003 appeal as the appraisal of the subject property and the addenda to the appraisal that he prepared with an effective date of January 1, 2003. Herman also identified Olin Exhibit No. 1 in the 2004 appeal as the appraisal of the subject property he prepared with an effective date of January 1, 2004.

Herman indicated the most difficult portions of his appraisal assignment were the size of the improvements, the configuration of the building improvements, the age, the primary site and excess land.

Herman was first questioned with respect to his 2004 appraisal of the subject property. Herman described the topography of the Route 3 site as flat and indicated there were no disadvantages posed by the topography. Herman identified approximately 60 acres of the site as being wetlands which he indicated may impede site development. Herman described the topography of Zones 1 and 7 of the North Site as being relatively flat. He testified as you move northward or northeasterly the elevation of the site increases 40 to 60 feet. He indicated the middle portion of the site referred to as Zone 2 is relatively flat. Herman testified that Zone 6 is relatively flat. Zone 5 was described as having a rolling topography and Zone 14 was flat at the bottom and then rises 40 feet. Herman also identified the location of the slough in Zone 1.

Herman described excess land at the subject property as land that is generally not used as part of the operations. Excess land could potentially be sold or used for expansion. He identified excess land by reviewing aerial photographs. Herman identified excess land as being located on Zone 2 and on portions of Zones 4 and 14 located at the North Site. At the Route 3 location Herman identified all but the 80 acres that encompass the improvements as being excess land.

Herman was of the opinion as vacant the highest and best use of the subject property was for industrial, agricultural and recreational uses for the various portions of the site. As improved, Herman testified the highest and best use of the Route 3 site was as a heavy manufacturing building. Herman testified that the highest and best use for the North Site would be for a developer to redevelop the property. Herman was of the opinion that the process to segregate the North Site into multiple zones would not produce a greater value than if left intact under its current configuration. Herman explained that the highest and best use of the North Site was as a single economic unit due to the utilities being highly interdependent. Herman asserted the cost to extend utilities on the North Site would be $2 to $3 million in rough numbers. As support for the highest and best use conclusion Herman made reference to two properties located in Madison County, BP Amoco and Owens-Illinois, where improvements were demolished and the properties are being redeveloped and marketed.

In estimating the value of the subject property under the sales comparison approach for 2004, Herman utilized two sets of sales; one set composed of sales 1 through 6 and offering 1 were used to value the Route 3 site, and another set composed of sales 7 through 12 and offering 2 were used to value the North Site or Main Plant.

The sales used to value the Route 3 property contained from 658,695 to 942,900 square feet of building area. The comparables ranged in age from 29 to 60 years old; had from 3% to 6% of building area devoted to office space; weighted average clear ceiling heights that ranged from 25 to 30 feet; and land to building ratios that ranged from 3.51:1 to 6.33:1. These comparables sold from January 1997 to November 2004 for prices ranging from $1,530,000 to $6,800,000 or from $2.18 to $7.21 per square foot of building area. The listing contained 619,000 square feet and was 57 years old. This property had 4% office space, a clear ceiling height of 32 feet and land to building ratio of 2.81:1. This property was listed for a price of $2,500,000 or $4.04 per square foot of building area. Herman testified that subsequent to writing the report he learned that the listing had sold in October 2003 for a price of $800,000. Using this data, Herman was of the opinion the improvements and associated land at the Route 3 site had a market value of $5.00 per square foot of building area or $2,953,915. To this estimate Herman added $1,225,000 as the value of the excess land to arrive at an indicated value for the Route 3 site of $4,178,915.

The sales used to value the North Site contained from 1,983,885 to 3,179,850 square feet of building area in multiple or interconnected buildings. The comparables ranged in age from 27 to 55 years old; had from 2% to 11% of building area devoted to office space; weighted average clear ceiling heights that ranged from 19 to 40 feet; and land to building ratios that ranged from 1.25:1 to 8.40:1. These comparables sold from October 1997 to September 2004 for prices ranging from $500,000 to $15,350,000 or from $.23 to $5.05 per square foot of building area. The listing contained 1,508,554 square feet of multiple-interconnected building area and was 35 years old. This property had 4% office space, a clear ceiling height of 23 feet and land to building ratio of 1.27:1. This property was listed for a price of $3,400,000 or $2.25 per square foot of building area. Using this data, Herman was of the opinion the improvements and associated land at the Main Plant had a market value of $2.50 per square foot of building area or $4,858,995. To this estimate Herman added $1,845,000 as the value of the excess land to arrive at an indicated value for the Main Plant of $6,703,995.

Adding the value conclusions for the Main Plant and the Route 3 site, Herman estimated the subject property had an indicated value under the sales comparison approach of $10,900,000.

Herman testified that his sale 12 was purchased in two transactions in June 2003 and October 2003, with the first portion being purchased in the U.S. Bankruptcy Court. Herman was of the opinion it was appropriate to use the bankruptcy sale due to the manner in which the property was marketed and sold out of bankruptcy.

Herman indicated he made no time adjustment for the sales because he has not detected any increase or decrease in prices of large manufacturing properties since the mid-80s. Herman was of the opinion that the supply of older manufacturing buildings has increased and demand as decreased.

Under the cost approach the initial step was to estimate the value of the land. Herman's appraisal at page 182 discussed the land available in Madison County and the fact that Madison County development officials have attempted to reduce the loss of manufacturing jobs by establishing three Enterprise Zones. The report indicates that Gateway Commerce Center (Gateway) has immediate access to Interstate 270 and Interstate 255. He noted that since its inception in 1997, Gateway Commerce Center has constructed approximately 4.7 million square feet of new warehouse facilities on 500 acres. He also estimated that based on the 2,300 acres available at the Gateway Commerce Center and an annual absorption rate of 100-125 acres per year, there is a 14 to 18 year supply of developable land. Herman also reported that the Lakeview Commerce Park is a new development located northwest of Gateway with 550 acres for development. Another development is the Raifort Commerce Park located two-miles north of Gateway along I-255 with 960 acres available for development. A third site is the St. Louis Regional Airport Business Park located four miles north of Gateway adjacent to I-255 with 267 acres available for development. Herman also noted that there are 840 acres at the redevelopment of the BP-Amoco site in Wood River available. In summary, Herman indicated the availability of this flat developable land with immediate access to the interstate impacts the value of the primary and excess sites at the subject property.

In estimating the value of the primary sites, Herman utilized 7 sales that ranged in size from 20 to 112.965 acres. These parcels were located in Madison County and sold from March 1997 to September 2003 for prices ranging from $2,653 to $59,311 per acre. Herman estimated the primary site associated with the improvements totaled 498.9 acres. Using these sales Herman estimated the primary site had a market value of $10,000 per acre or $4,989,000.

To estimate the value of the excess land, Herman used 5 sales that occurred from June 1997 to January 2004. These parcels were located in Madison County and ranged in size from 74.47 to 197.12 acres. The sales prices ranged from $3,575 to $7,381 per acre. Herman estimated the Main Plant had 615 acres of excess land. Using these sales, the appellant's appraiser estimated the excess land at the North Site had a unit value of $3,000 per acre or $1,845,000. Herman estimated the Route 3 site had 350 acres of excess land. Using these same sales, the appellant's appraiser estimated the excess land at the Route 3 site had a unit value of $3,500 per acre or $1,225,000.

Adding the various estimates of land value, Herman determined the subject land had an estimated market value of $8,060,000.

In estimating the cost new of the improvements, Herman testified that he utilized reproduction cost. He defined reproduction cost as all items necessary to reproduce the improvements as of the effective date of the appraisal using modern materials and standards. His cost new estimates were based on actual development costs for similar industrial complexes and the Marshall & Swift Valuation Service. Herman estimated the Main Plant site had a reproduction cost new for the buildings of $161,499,972 and site improvements of $5,474,177, totaling $167,000,000, rounded. The Route 3 site had a reproduction cost new estimate for the buildings of $46,984,931 and site improvements of $1,953,205, totaling $49,000,000, rounded.

Herman utilized his comparable sales to extract depreciation from the market by deducting the land value from the purchase price and then deducting the residual value of each building from its reproduction cost new to arrive at total depreciation. He would then divide the accrued depreciation by the reproduction cost to express depreciation as a percentage and then divide that result by the age of the improvements to arrive at an annual rate of depreciation. Herman estimated the Route 3 property suffered from 95% depreciation and the Main Plant site suffered from 99% depreciation. The depreciated value of the improvements for the Route 3 site totaled $2,450,000 while the depreciated value of the improvements of the North Site totaled $1,670,000. Adding the depreciated improvement value and the land value resulted in an estimated value under the cost approach of $12,180,000.

In reconciling the two approaches to value, Herman gave maximum emphasis to the sales comparison approach and moderate consideration to the cost approach. Herman estimated the subject property had a market value of $11,200,000 as of January 1, 2004.

In comparing his 2003 appraisal with the 2004 appraisal, Herman testified that the 2003 report had an additional parcel (19-1-08-16-00-000-003) containing 183.35 acres that was not appealed in 2004. Herman also explained that in the 2003 appraisal he utilized one group of sales and did not segregate the sales as he did in the 2004 appraisal. In the 2003 appraisal there were 10 sales and 2 offerings while in the 2004 appraisal there were 12 sales and 2 offerings. Herman testified some additional land sales were utilized in the 2004 appraisal. In the 2003 appraisal Herman estimated the subject property had a market value of $11,700,000 as of January 1, 2003.

Under cross-examination Herman was questioned about the documents he used for comparable sale 2 in his 2003 appraisal that occurred in 1997. Herman agreed that the actual seller of this property was G Street Development, LLC. Herman agreed that his 2003 appraisal of the subject property made no significant mention of wetlands. Herman testified that the Route 3 property could be sold and operated independent of the Main Plant, however, each portion would be sold to a single owner who would likely lease it to multi-tenants or redevelop the property for multi-tenant occupancy. Herman also agreed that the addendum to the 2003 appraisal, Olin Exhibit No. 2 in the 2003 appeal, made changes to the appraisal. Herman also testified that at some point he learned that his 2003 and 2004 appraisals of the subject property had estimates of market value less than that contained in a 1997 appraisal of the subject property.

In comparing the 2003 appraisal with the addendum, Herman agreed that he changed the estimated value under the cost approach from $12,740,000 to $12,565,000. Herman also changed his estimate of land value from $8,500,000 to $8,600,000. Herman agreed that his 2003 appraisal did not reference rail access and a spur line. In the 2003 appraisal, Herman indicated excess land in Zones 2, 4, 5, and 14 totaled 800 acres whereas in the 2004 appraisal excess land in Zones 2, 4, 5 and 14 totaled 615 acres. Herman testified the difference was the result of including the bottom of Wood River.

The witness agreed that his demographic analysis was of East Alton and Madison County and did not include the labor force of the greater St. Louis metropolitan area. His report indicated the largest employer in Madison County was Olin. Herman also agreed that in his 2003 appraisal, an agricultural use was not included as part of the highest and best use.

The appellant's appraiser indicated that factors considered in selecting comparable sales included market conditions, location, ceiling height and land to building ratios. Herman agreed that the motivation of the parties is a relevant inquiry in the analysis of a comparable sale and it takes more than just an assumption that the buyer and seller are appropriately motivated.

Herman was then cross-examined about the comparable sales included in his 2003 appraisal of the subject property. Herman indicated that in the 2003 appraisal he did not segregate the comparables to match to the different properties that comprised the subject as he did in the 2004 appraisal. In general, Herman was questioned about a comparable's location with respect to an interstate highway, a comparable's location with reference to a labor pool the size of the St. Louis metropolitan area, a comparable's location with reference to a commercial airport, whether a comparable was self-sufficient for handling wastewater, whether a comparable was self sufficient for water purification and distribution, and whether the comparable had access to a rail spur.

Herman's comparable sale 2 was the same in both appraisals. The appellant's appraiser reported the sale price of $1,530,000 in both his 2003 and 2004 reports, however, in the 2003 report he adjusted the price to $1,395,000 based on the excess land at the site valued at $135,000. In the 2003 report Herman misreported the names of the buyer and seller of the comparable.

Herman testified comparable sale 3 was the same in both reports and actually sold in January 1997. He did not make an adjustment for the date of sale and also indicated he had not inspected the property.

Comparable sale 4 was the same property in both the 2003 and 2004 appraisals. In the 2003 appraisal Herman indicated the adjusted sales price for his comparable 4 was $2.81 per square foot. In the 2003 appraisal Herman deducted $165,000 from the sales price of $2,600,000 to account for excess land. In the 2004 appraisal the same property was used as his comparable 4 and he arrived at an adjusted sales price of $6.68 per square foot. In the 2004 appraisal Herman added $3,200,000 to the sales price due to the buyer spending that amount to repair the roof. Herman testified that he had been to this property. In the 2003 appraisal Herman had the incorrect names of the seller. Herman explained that this property was one of two locations originally purchased in October 2002 from Caterpillar and allocated a price of $425,000. The property subsequently sold on January 1, 2003, for a price of $2,600,000.

Comparable sale 5 in the 2003 appraisal was the same property as comparable sale 6 in Herman's 2004 appraisal. In the 2003 appraisal Herman deducted $403,160 from the sales price of $6,800,000 to account for excess land and arrived at an adjusted value of $6.78 per square foot of building area. In the 2004 appraisal Herman made no such adjustment and arrived at a unit value of $7.21 per square foot of building area.

Comparable sale 6 in the 2003 appraisal was the same property as comparable sale 7 in the 2004 appraisal. In the 2003 appraisal Herman reported the sales price to be $8,500,000 or $5.57 per square foot of building area while in the 2004 appraisal Herman reported the sales price to be $7,500,000 or $3.78 per square foot of building area. The 2003 report indicated the comparable had a gross building area of 1,525,864 square feet while the 2004 report indicated the comparable had 1,983,885 square feet. The 2004 appraisal noted that approximately 463,000 square feet of building area was demolished a few years after the 1998 sale.

Comparable sale 7 in the 2003 appraisal was the same property as comparable sale 8 in Herman's 2004 appraisal. This property sold in December 1999 for a price of $22,000,000 with $5,000,000 being allocated to the real estate and $17,000,000 being allocated to machinery and equipment. In the 2003 appraisal Herman deducted $625,000 for excess land and arrived at a unit value of $2.10 per square foot of building area. In the 2004 appraisal Herman made no such allocation and arrived at a unit value of $2.41 per square foot of building area. In the 2003 report Herman also listed the buyer as Hackman Capital, when the purchaser was 5200 East Cork Investors, LLC, a partnership controlled by Hackman Capital. Herman acknowledged that the 2003 appraisal does not indicate how the allocation was made.

Comparable sale 8 in the 2003 appraisal was the same property as comparable sale number 9 in Herman's 2004 appraisal. Herman noted that the buyer intended to convert the property into a multi-tenant industrial building.

Comparable sale 9 in the 2003 appraisal was the same property as comparable sale 10 in Herman's 2004 appraisal. This property was improved with a 2,197,775 square foot industrial property located in Decatur, Illinois that sold for $.23 per square foot of building area. The report indicated that the buyer intends to redevelop the building for multi-tenant use and the property had been re-listed for $3,500,000 or $1.59 per square foot of building area. Herman noted this property contained 153 acres of land and the sale price attributed a very limited amount to the building.

Comparable sale 10 in the 2003 appraisal was the same property as comparable sale 12 in Herman's 2004 appraisal. The report indicated the property was acquired in two transactions in April and June 2003. Herman acknowledged that one of the sellers was a trustee in bankruptcy and his report stated that the property was marketed for sale following McCook Metal's filing for bankruptcy. Herman could not recall if there was a deadline with respect to this sale because of the bankruptcy proceeding.

Offering 1 in the 2003 appraisal was the same property as comparable sale 5 in Herman's 2004 appraisal. The seller was Olin Corporation and the property was an 884,101 square foot industrial building located in Indianapolis. The property was listed for $4,320,000 and ultimately sold in November 2004 for a price of $2,000,000 or $2.26 per square foot of building area. The 2003 appraisal indicated that there was a pending offer to purchase the comparable for $1,900,000. Herman testified there was no mention in the 2004 appraisal of a second offer to purchase the property for $3,200,000. The 2004 report indicated that the seller leased back 24,000 square feet after the sale, which allowed the seller to remove equipment it wanted to retain. Additionally, there were two tenants with month-to-month leases at the time of sale.

Sale 11 in the 2004 appraisal was located in Philadelphia, Pennsylvania. This property contained 2,616,000 square feet of building area and sold in September 2004 for a price of $8,200,000 or $3.13 per square foot of building area.

With respect to the land sales that were zoned agricultural, Herman indicated they were purchased with the hopes that the underlying value would increase as development occurred. His assumption was the owner would continue to lease the land for farming.

Herman was of the opinion that any value that may occur by separating the utilities at the subject would not create a greater value than if the property sold in its current form with the utility systems as they are.

Herman testified that he had conducted interior inspections of his comparable sales 9 and 12 in the 2004 appraisal. Herman conducted drive-by inpections of comparable sales 2, 4, 8 10 and offering 2 in the 2004 appraisal. Herman indicated that using aerial photographs of the comparables provides an idea of the functional layout of the properties and assists the reader in understanding the comparability of the properties.

In developing the cost new, Herman indicated that he used a hybrid of the replacement and reproduction costs and relied heavily on the Marshall Valuation Service. Herman also explained that in developing the cost approach, one must determine if entrepreneurial profit is present based on an analysis of the market. Entrepreneurial profit is basically calculated by including all costs of development and comparing that with a sales price to determine if a profit to the developer is made. He did not attribute any entrepreneurial profit to the subject because he did not find any market data that supported any amount to be added for that.

Under re-direct Herman indicated that there was no direct relationship between the locational advantages of an industrial property and its proximity to a major metropolitan area. Herman also indicated that industrial properties would be equal where a municipality provided reliable utility services to one property as compared with another industrial property that is self-sufficient in providing utility services.

Herman explained that he included in the addenda to the 2003 appraisal information with respect to the second offer to purchase offering 1 for $3,200,000 and no such statement in the 2004 appraisal because the property actually sold. Herman also testified he corrected the names of the buyers and sellers of the comparable sales in the 2003 addenda and in the 2004 appraisal to more precisely reflect the exact entities that were involved. Herman stated that in the 2003 appraisal he did not get the names of the major associated entities involved in the sales wrong.

Herman also testified that the subject property would be marketed on a national and possibly international basis due to its large size. Herman also reiterated that his highest and best use conclusion for the Main Plant site was as a single economic unit. He was of the opinion a purchaser of the Main Plant would redevelop the property by demolishing many of the buildings in Zone 1 and retain the best buildings, trying to lease them out to multiple tenants.

INTERVENORS' CASE-IN-CHIEF

Kevin A. Byrnes

Kevin A. Byrnes was called as the first witness on behalf of the intervening taxing districts. Byrnes is a real estate appraiser and a partner in Byrnes, Houlihan & Walsh, LLC. Byrnes has been a real estate appraiser approximately 17 years. The intervenors' appraiser is a certified general appraiser in Illinois, Indiana and Michigan. He also has the Certified Review Appraiser (CRA) designation from the National Association of Review Appraisers. Byrnes is a member of the Chicago Association of Realtors and a member of the International Council of Shopping Centers. Byrnes testified that he had appraised approximately 300 industrial properties in his career. Byrnes identified Intervenors' Exhibit No. A-01 as the appraisal of the subject he prepared with an effective date of January 1, 2003 and Intervenors' No. Exhibit 1 as the appraisal he prepared with an effective date of January 1, 2004. The purpose of each appraisal was to estimate the market value of the subject property.

Byrnes inspected the subject property on November 17th and 18th, 2003. Byrnes testified that he was guided on the inspection and had access to the interiors of the buildings and the inspection was at a moderate pace, not hurried.

Byrnes valued the subject property in six separately marketable portions (A through F). For each letter Byrnes associated the zones used by Olin; subject A was composed of Zones 1, 6 and 7; subject B was composed of Zones 2 and 3; subject C was composed of Zone 4; subject D was composed of Zone 5; subject E was composed of Zone 14, and subject F was composed of Zone 17 - the Route 3 (South Site) property. In the 2003 appraisal Byrnes valued the subject properties as six separate units described as follows:

Subject	Zone	Land Area (Acres)	Bldg. Area (Square Feet)
A	1, 6, 7	195.04	1,336,185
B	2, 3	193.12	114,093
C	4	187.22	486,435
D	5	370.42	0
E	14	90.26	8,495
F	17	430.57	592,391
Total		1,466.63	2,534,381

In the 2004 appraisal, Byrnes valued the subject properties as six separate units described as follows:

Subject	Zone	Land Area (Acres)	Bldg. Area (Square Feet)
A	1, 6, 7	196.32	1,334,603
B	2, 3	193.12	114,065
C	4	187.22	486,435
D	5	370.42	0
E	14	90.26	8,495
F	17	430.57	590,783
Total		1,467.91	2,534,381

Byrnes indicated within his appraisal that the Zones assigned by Olin do not match the property index numbers (PINS) used for assessment purposes. Byrnes noted these six subject properties are also improved with sheds and other ancillary structures, paving and fencing.

In describing utilities present, Byrnes stated within his report that: subject A has a water filtration plant that serve Zones 1, 2, 3, 4, 6 and 7; subject A has a wastewater treatment facility that serves Zones 1, 2, 3, 4, 6, and 7; Illinois-American Water Co. serves Zone 14 with water; and the Village of East Alton serves Zone 17 with respect to both water and wastewater treatment facilities. Byrnes indicated that the cities of Alton and Bethalto serve areas adjacent to Zone 14 with wastewater treatment. Byrnes also stated that the Village of East Alton has water and sewer service in the area of Zones 1, 2, 3, 4, 6 and 7, near the main gate of Olin.

Byrnes also described the topography of the various subject properties with subject A being generally level; subject B being level near Powder Mill Road then becoming undulating to the west; subject C being generally level; subject D being partly level and partly undulating; subject E being generally level; and subject E being generally level.

In the 2003 appraisal Byrnes described the buildings in the six subject properties as follows:

Subject	Zone	Bldg. Area (SF)	Shed Area (SF)	Average Age	No. of Bldgs.	No. of Sheds
A	1,6,7	1,336,185	41,720	54	107	125
B	2,3	114,065	8,422	46	25	21
C	4	486,435	24,650	35	30	61
D	5	0	31,944	56	1	53
E	14	8,495	4,889	45	3	18
F	17	592,391	7,822	32	22	35

In the 2004 appraisal Byrnes described the buildings in the six subject properties as follows:

Subject	Zone	Bldg. Area (SF)	Shed Area (SF)	Average Age	No. of Bldgs.	No. of Sheds
A	1,6,7	1,334,603	40,042	52	104	126
B	2,3	114,065	8,190	42	25	21
C	4	486,435	24,650	36	30	61
D	5	0	31,944	57	1	54
E	14	8,495	4,889	47	3	18
F	17	590,783	7,822	33	28	28

Pages 8 through 23 of Byrnes appraisal for 2003 and pages 4 through 19 of Byrnes appraisal for 2004 contained pictures and maps associated with the subject property.

In both the 2003 and 2004 appraisals Byrnes discussed development as it pertained to residential, commercial and industrial property in the St. Louis Metro East area. In the industrial component, the appraiser noted there were six industrial parks in the area including: Gateway Commerce Center, Tri-City Regional Port District, Raifort Commerce Park, University Park, Pin Oak Corporate Park, EnviroTECH Business Park and American Commons. Byrnes indicated that most of the industrial/business parks still have most of their acreage vacant and available for development with land prices ranging from $20,000 to $60,000 per acre. Byrnes was of the opinion that there has been industrial development in Madison County in recent years due to large labor force, the nexus of good interstates and the opportunity for airport and river barge traffic. Byrnes also noted there are also development incentives in the area for developers to utilize. Byrnes concluded that many factors indicate good long-term prospects for the subject's metro east area.

In determining highest and best use, the intervenors' appraiser noted the subject property is physically laid out in various areas and that Olin had identified the property with different zones. Byrnes was of the opinion the highest and best use of the six subject properties as vacant was for an industrial use in conformance with existing zoning requirements.

In determining the highest and best use as improved, Byrnes described the subject properties as being used for integrated industrial operations. He was of the opinion that the geographical configuration of the properties suggests that the total property, if offered for sale, could be marketed as separate and distinct properties. Byrnes noted that subjects A, B, and C are served by Olin's own water and wastewater treatment facilities, but subjects B and C are located close to East Alton water and sewer facilities. He also asserted in the report that the existing water and wastewater treatment plants could serve subjects A, B, and C even if under separate ownership. Byrnes stated in the report that subject D does not currently use water or sewer, but these services are available from adjacent service districts such as Bethalto for water and Wood River Township for sewer. Byrnes stated subject E is served by Illinois-American for water and currently has on-site disposal for sanitary waste but could be served by Alton, which operates a sewer main in the area. Byrnes further noted that subject F is currently served by East Alton for water and has its own wastewater treatment for process water. Byrnes was of the opinion that the highest and best use of the property as improved is for industrial use, in conformance with existing zoning requirements, based on a division into six separate and distinct subject properties. He testified that the existing zoning requirements are fairly broad and would allow a wide range of industrial uses. He was of the opinion that the sale of six properties separately produces a higher value than if the Olin properties were marketed as a whole. He stated within his appraisal that many large industrial properties have been converted to multiple-ownership or multiple-tenancy properties, yielding a higher value than as single-owner, single use properties.

Byrnes testified subject A has over 1.3 million square feet of building area with a variety of buildings in clusters that would be a good candidate for multi-tenant use. Byrnes testified that subject C has more modern buildings that might be taken by a single tenant. Byrnes indicated the Route 3 property, subject F, could probably be occupied by one or two tenants.

Byrnes also asserted in his appraisals that subjects C and F had excess land and that a land to building ratio of 6.00:1 is sufficient to operate the improvements on these properties. Byrnes calculated the primary site for subject C as 70.4 acres and the excess land to be 116.82 acres. Byrnes calculated the primary site for subject F as 82.45 acres and the excess land to be 348.12 acres.

In estimating the market value of the subject properties Byrnes developed the cost and sales comparison approaches. The first approach developed by Byrnes was the cost approach with the initial step to estimate the value of the land as if vacant. To estimate the value of the land as vacant Byrnes used vacant land sales zoned with industrial uses.

In the 2003 appraisal Byrnes used four land sales that were located in the Madison County cities of Granite City, Edwardsville and Pontoon Beach. The comparable land sales range in size from 20.12 to 90 acres. These properties sold from August 2000 to May 2003 for prices ranging from $394,800 to $3,899,842 or from $19,622 to $49,613 per acre. Each parcel that sold was subsequently developed with a warehouse or a distribution center. Using this data the intervenors' appraiser arrived at the following estimates of land value for each of the subject properties as of January 1, 2003:

Subject	Acres	Per Acre	Land Value Rounded
A	195.04	$20,000	$3,900,000
B	193.12	$15,000	$2,900,000
C (primary site)	70.4	$30,000	$2,110,000
C (excess land)	116.82	$20,000	$2,340,000
D	370.42	$7,500	$2,780,000
E	90.26	$30,000	$2,710,000
F (primary site)	82.67	$35,000	$2,890,000
F (excess land)	347.90	$10,000	$3,450,000

In the 2004 appraisal Byrnes used five land sales that were located in the Madison County cities of Granite City, Edwardsville and Pontoon Beach. The comparable land sales range in size from 20.12 to 90 acres. These properties sold from August 2000 to September 2003 for prices ranging from $394,800 to $3,899,842 or from $19,622 to $59,311 per acre. Each parcel that was sold was subsequently developed with a warehouse or a distribution center. Using this data the intervenors' appraiser arrived at the following estimates of land value for each of the subject properties as of January 1, 2004:

Subject	Acres	Per Acre	Land Value Rounded
A	196.32	$21,000	$4,125,000
B	193.12	$15,500	$2,995,000
C (primary site)	70.4	$31,000	$2,180,000
C (excess land)	116.82	$21,000	$2,455,000
D	370.42	$8,000	$2,965,000
E	90.26	$31,000	$2,800,000
F (primary site)	82.45	$36,000	$2,970,000
F (excess land)	348.12	$10,500	$3,655,000

In both the 2003 and 2004 appraisals, Byrnes utilized the replacement cost new (RCN) estimate from the Marshall Valuation Cost Manual using the calculator method for each of the subject properties. For each building Byrnes had an estimated base price per square foot which in turn was adjusted by a local multiplier, a current multiplier and a floor area perimeter (FAP) ratio. Byrnes also added components for site improvements such as fencing and paving. Additionally, to each cost estimate Byrnes added 10% of total direct costs for entrepreneurial profit. To calculate depreciation for each of the subject properties Byrnes used the economic age-life method and also extracted depreciation from the market using the improved sales from the sales comparison approach.

Byrnes' estimate of the depreciated improvement value for each of the subject properties as of January 1, 2003 is as follows:

Subject	Total RCN	Depreciation %	Total Depreciation	Depreciated Value
A	$96,944,073	95%	$92,096,870	$4,847,204
B	$8,930,755	95%	$8,484,217	$446,538
C	$35,947,272	85%	$30,555,181	$5,392,091
D	$1,041,112	100%	$1,041,112	$0
E	$979,031	100%	$979,031	$0
F	$45,009,973	80%	$36,007,978	$9,001,995

After adding the depreciated improvement value and the land value, the appraiser arrived at the following estimates of value for each of the subject properties as of January 1, 2003:

Subject	Total Value Rounded
A	$8,750,000
B	$3,350,000
C	$9,840,000
D	$2,780,000
E	$2,710,000
F	$15,340,000
Total	$42,770,000

Byrnes' estimate of the depreciated improvement value for each of the subject properties as of January 1, 2004 is as follows:

Subject	Total RCN	Depreciation	Total Depreciation	Depreciated Value
A	$102,253,966	96%	$98,163,807	$4,090,159
B	$9,434,907	96%	$9,057,511	$377,396
C	$38,010,671	86%	$32,689,177	$5,321,494
D	$1,177,334	100%	$1,177,334	$0
E	$1,049,382	100%	$1,049,382	$0
F	$47,450,107	82%	$38,909,088	$8,541,019

After adding the depreciated improvement value and the land value, the appraiser arrived at the following estimates of value for each of the subject properties as of January 1, 2004:

Subject	Total Value Rounded
A	$8,215,000
B	$3,375,000
C	$9,995,000
D	$2,965,000
E	$2,800,000
F	$15,165,000
Total	$42,515,000

Byrnes was of the opinion that if utilities had been extended to each of the subject properties, the result would be an increase in value of the Olin property. Byrnes defined surplus land as land that cannot be separately marketed while excess land was defined as land that can be separately marketed.

With respect to the sales comparison approach, Byrnes testified that even though some of the sales information was from other sources, he personally verified that the information was accurate. Factors used to select the comparables included industrial use, price, date of sale, location, motivation of the parties, physical characteristics of the properties and the amount of land. Price per square foot of building area was the unit of comparison utilized in his analysis.

In developing the sales comparison approach in the 2003 appraisal Byrnes used 12 comparables. Byrnes' comparable sales 5 through 12 were also utilized by Herman. Byrnes' comparable sale 8 was also used by Kelly. The comparable sales were improved with industrial properties located in Illinois, Wisconsin, and Indiana. Sales 1 through 6 were located in the Chicago Metropolitan Statistic Area (MSA). Byrnes indicated that sale 1 had renovation after its purchase in the amount of $5,000,000. He testified this property had a ceiling height of 24 feet. Sale 2 involved the assumption of a mortgage and had a ceiling height of 25 feet. Byrnes testified sale 3 had a ceiling height of 14 to 24 feet. Sale 4 had a ceiling height of 29 feet. The building area for sale 5 was based on above grade area and his previous appraisal experience with this property. This property had a ceiling height of 29 feet. Sale 6 was part of a bankruptcy proceeding and was improved with 45 buildings and had a large part demolished for redevelopment after the sale. This property had ceiling heights of 12 to 40 feet. Sale 7 had ceiling heights of 17 to 35 feet. Sale 8 was composed of two buildings with ceiling heights of 15 to 17 feet and 31 to 33 feet. With respect to sale 9, Byrnes testified most of the building was demolished leaving 126,000 square feet for lease. Sale 10 had ceiling heights ranging from 20 to 38 feet. With respect to sale 12, Byrnes testified most of the square footage was demolished and at the time of sale the ceiling heights ranged from 14 to 27 feet. In summary, the comparables ranged in age from 21 to 53 years old and ranged in size from 464,818 to 3,179,880 square feet of building area. Some of the comparables were described as being improved with multiple buildings and many were purchased to be re-developed or converted into multi-tenant properties. The sales had land to building ratios ranging from 1:34:1 to 6.33:1. The sales occurred from July 1996 to June 2003 for prices ranging from $1,530,000 to $15,350,000 or from $2.18 to $17.75 per square foot of building area.

Byrnes utilized the comparable sales to estimate the market value of subject A, subject C and subject F. An estimate of value under the sales comparison approach was not utilized for subject B, subject D and subject E. In comparing each of the improved comparable sales with the subject properties, Byrnes made qualitative adjustments (+,-,=) for such factors as location, date of sale, size, land to building ratio and property conditions. Byrnes estimated subject A with 1,336,185 square feet of building area had a unit value of $7.00 per square foot of building area or $9,350,000. Byrnes estimated subject C with 486,435 square feet of building area had a unit value of $15.00 per square foot of building area or $7,296,525 to which he added $2,336,400 for excess land to arrive at an estimate of value of $9,630,000. Byrnes estimated subject E with 592,391 square feet of building area had a unit value of $15.00 per square foot of building area or $8,885,865 to which he added $3,479,000 for excess land to arrive at an estimate of value of $12,365,000.

In reconciling the approaches to value, Byrnes gave consideration to both the cost and sales comparison approaches. The indicated values in each approach developed by Byrnes resulted in the following range for the subject properties:

Subject	Cost Approach	Sales Comparison Approach
A	$8,750,000	$9,350,000
B	$3,350,000	NA
C	$9,840,000	$9,630,000
D	$2,780,000	NA
E	$2,710,000	NA
F	$15,340,000	$12,365,000

Byrnes' final estimate of market value for the subject properties as of January 1, 2003, was as follows:

Subject	Final Value
A	$9,000,000
B	$3,350,000
C	$9,700,000
D	$2,780,000
E	$2,710,000
F	$13,850,000
Total	$41,390,000

In developing the sales comparison approach in the 2004 appraisal Byrnes used 16 comparables with the comparable sales 1 through 12 also being used in the 2003 appraisal prepared by Byrnes. Byrnes' comparable sales 5 through 12 were also utilized by Herman. Byrnes' comparable sale 8 was also used by Kelly. The comparable sales were improved with industrial properties located in Illinois, Wisconsin, Indiana, Missouri and Pennsylvania. With respect to comparable 13, Byrnes testified the seller was actually Meritex Enterprises, Inc. and the purchaser was Wachovia Development Corporation. This property is located in the Chicago MSA and had ceiling heights of 22 to 24 feet. Byrnes testified sale 14 was a multi-tenant building at the time of sale with ceiling heights of 12 to 15 feet. This property is located in the St. Louis MSA. Sale 15 is located in the St. Louis MSA and the building had ceiling heights of 24 to 36 feet. Sale 16 was located in the Pittsburgh MSA and had aceiling height of 20 feet. In summary the comparables ranged in age from 21 to 53 years old and ranged in size from 305,740 to 3,179,880 square feet of building area. Some of the comparables were described as being improved with multiple buildings and many were purchased to be re-developed or converted into multi-tenant properties. The sales had land to building ratios ranging from 1:34:1 to 6.33:1. The sales occurred from July 1996 to September 2004 for prices ranging from $1,530,000 to $15,350,000 or from $2.18 to $24.53 per square foot of building area.

Byrnes utilized the comparable sales to estimate the market value of subject A, subject C and subject F. An estimate of value under the sales comparison approach was not utilized for subject B, subject D and subject E. In comparing each of the improved comparable sales with the subject properties, Byrnes made qualitative adjustments (+,-,=) for such factors as location, date of sale, size, land to building ratio and property conditions. Byrnes estimated subject A with 1,334,603 square feet of building area had a unit value of $7.25 per square foot of building area or $9,675,000. Byrnes estimated subject C with 486,435 square feet of building area had a unit value of $15.25 per square foot of building area or $7,418,134 to which he added $2,453,220 for excess land to arrive at an estimate of value of $9,870,000. Byrnes estimated subject F with 590,783 square feet of building area had a unit value of $15.25 per square foot of building area or $9,009,441 to which he added $3,655,260 for excess land to arrive at an estimate of value of $12,665,000.

In reconciling the approaches to value, Byrnes gave consideration to both the cost and sales comparison approaches. The indicated values in each approach developed by Byrnes resulted in the following range for the subject properties:

Subject	Cost Approach	Sales Comparison Approach
A	$8,215,000	$9,675,000
B	$3,375,000	NA
C	$9,955,000	$9,870,000
D	$2,965,000	NA
E	$2,800,000	NA
F	$15,165,000	$12,665,000

Byrnes' final estimate of market value for the subject properties as of January 1, 2004, was as follows:

Subject	Final Value
A	$9,100,000
B	$3,400,000
C	$9,900,000
D	$2,965,000
E	$2,800,000

Subject	Final Value
F	$13,900,000
Total	$42,065,000

Under cross-examination Byrnes indicated his improved sale 1 was composed of one building with heat, municipal water, wastewater disposal, and natural gas. This building was sold for a soft drink distributorship and had a land value of $1.50 per square foot. Byrnes agreed improved sale 2 was one building, with heat and water supplied to it, had a source for wastewater disposal and natural gas. This property was sold as a distribution warehouse and the land value was $4.00 per square foot. The witness agreed improved sale 3 was one building with heat, water supplied to it, wastewater disposal supplied to it and natural gas supplied to it. This building was used as a warehouse before it sold and had a land value of $3.00 per square foot. The appraiser agreed improved sale 4 was one building with heat, water, wastewater disposal and natural gas. At the time of sale the property had been used as a distribution facility and has a land value of $2.00 per square foot. Byrnes agreed that the purchasers of improved sale 5 planned to raze the existing buildings. Byrnes allocated 93.4% of the price to the land and 6.6% to the improvements. Byrnes stated that virtually all the buildings have been demolished. Byrnes agreed that the purchaser of improved sale 6 had planned to demolish the buildings. At the time of sale the buildings had heat and water supplied to them, wastewater disposal, natural gas and processed steam. Improved sale 7 had been marketed for seven years by Caterpillar. This building had heat and water supplied to it, wastewater disposal, natural gas and processed steam. Improved sale 8 had two buildings and at the time of sale the buildings had heat, water supplied, wastewater disposal and natural gas. Byrnes indicated that at the time of sale, improved sale 9 had more than four buildings. Most of the buildings were subsequently demolished leaving 126,000 square feet. Before razing the buildings there was an attempt to lease the property. At the time of sale the buildings had heat and water, wastewater disposal services, natural gas and processed steam. Improved sale 10 was marketed about six years and the buildings had heat, water, wastewater, natural gas and processed steam. Improved sale 11 was one building with heat, water, wastewater service and natural gas. The property was used as a distribution center from 1999 to 2003. Improved sale 12 had four buildings, with the largest building of 900,000 square feet being demolished after 1998. Byrnes did not know the ceiling height but agreed the buildings had heat, water, wastewater disposal and natural gas. Improved sale 13[2] was composed of two buildings with a tenant in place at the time of sale in January 2003 that was renting the entire property. Byrnes did not know the terms of the lease. Improved sale 14 had some existing tenants at the time of sale. Byrnes agreed that Schroeder & Tremayne currently rent approximately 295,960 square

[2] Improved sales 13, 14, 15 and 16 were used only in the 2004 appraisal prepared by Byrnes.

feet under a lease that expires in 2014. The witness also agreed that at the time of sale 194,000 square feet was leased to Miss Elaine, Inc. under a lease that expires in 2012. At the time of sale this property had heat, water, wastewater services and natural gas. Improved sale 15 was one building that had heat, water, wastewater and natural gas supplied to the building at the time of sale. This property has three tenants and is used for distribution. This property is near the intersection of I-270 and I-170 and within one-mile north of Lambert Airport in St. Louis. Approximately a mile south and west of this property is the Ford Florissant assembly facility that has approximately 3,000,000 square feet. Byrnes indicated that if an appraiser knew the 3 million square feet of area was to be placed on the market in the 2005 range, it should have been part of the description of the St. Louis industrial market. Improved sale 16 was one building and had tenants at the time of sale.

Byrnes agreed that clear ceiling height can affect the functional utility of an industrial property. Byrnes indicated that for business purposes ceiling heights are important for warehouse and distribution facilities as well as industrial facilities. He also indicated that the trend for distribution warehouses is to have higher ceiling heights. Byrnes did not mention the ceiling heights at the subject property within either of his reports. Byrnes also indicated he does not have any direct evidence about the extent to which manufacturing employment in the St. Louis MSA was increasing or decreasing over time. The appraiser also agreed that within the St. Louis MSA there are various geographic submarkets for real estate.

Byrnes testified there was 5,843 acres within the industrial parks referenced in his reports. In 2003 and 2004 there had been at least 400 acres sold. Byrnes indicated there was approximately 4,730 acres of industrial park land within five miles of I-270. Byrnes did not discuss how long it would take to absorb this land in his reports.

Byrnes agreed that his land sales were located in industrial parks and purchased for the purpose of building warehouse or distribution facilities. Byrnes also agreed his comparable land sales were located approximately 3 miles from I-270. Byrnes could not recall any purchases of land in Madison County in excess of 50 acres to be used for manufacturing purposes that occurred in the last ten years.

With respect to comparable sale 14, Byrnes agreed this was a sale of a leased fee.

Byrnes agreed that an important consideration for a purchaser of industrial property who intends to lease the property is how soon that purchaser thinks the property can be rented. Byrnes conducted no studies to analyze how long it would take to rent or sell the 1,300,000 square feet at Olin.

Byrnes agreed that subject B generates steam for subject C and subject A. As of January 1, 2004, the buildings on subject C were heated by steam and there was no steam plant on subject C. As of January 1, 2004 the buildings on subject A were heated by steam; there was no steam plant on subject A. Byrnes agreed that both the owner of subject C and subject A would have to expend funds to find a way to heat the buildings. Byrnes also agreed that the most functional buildings were on subject C. Byrnes also agreed that subject B had some of the least functional buildings on the North Site. He also agreed that subject B also controls the source of processed steam for subject A. Byrnes also testified that for the most part subject A controls the supply of water for the other tracts on the North Site. Subject A controls the waste treatment plant that treats the sanitary water for the other tracts on the North Site. Subject A controls the waste treatment plant that treats the processed waste for the other tracts on the North Site. Byrnes also agreed that the supply of natural gas for the North Site is through subject A. The witness also agreed that electricity for subjects C and D goes through subject A. As of January 1, 2004, the owner of subject C would have expenditures to treat sanitary water, to treat process waste, to provide a source of electricity, and to provide a source for natural gas.

Byrnes agreed he does not have cost estimates in his reports to make the subjects self-sufficient with respect to utilities and has not done an independent calculation to make the subjects self-sufficient with regard to utilities.

Byrnes was of the opinion that his comparable 13 located in Wilmington, Illinois, was used for a combination of warehouse and manufacturing.

Byrnes identified improved sales 5, 6, 8, 9, 10, and 12 as the multi-building comparables used exclusively for manufacturing before sale. These properties sold for prices ranging from $2.18 to $6.24 per square foot of building area. The sales prices of the comparables used for warehousing ranged from $8.66 to $24.53 per square foot.

Byrnes agreed there are 30 buildings containing a total area of 486,000 square feet on subject C. Byrnes indicated the largest building in subject C contains approximately 117,000 square feet, is 35 years old and has ceiling heights varying from 14 to 22 feet. The largest warehouse in subject C (Zone 4) is Building T-500 with 90,000 square feet of which 25% is used for office space. Ceiling heights for this building range from 9 to 20 feet. The second largest building is T-220, the tile works warehouse with 66,380 square feet with ceiling heights of 8 to 10 feet.

Byrnes indicated there are 104 numbered buildings in Zone A. The largest building in Zone A is the brass mill, number 38, with 114,000 square feet that was constructed in 1925.

James A. Gibbons

James A. Gibbons was called as a review appraiser on behalf of the intervening taxing districts. Gibbons is a licensed real estate appraiser and is president and sole owner of Gibbons & Gibbons, Ltd., a professional real estate appraisal firm. He has approximately 25 to 30 years of appraisal experience. Gibbons has the MAI designation and is a certified general real estate appraiser in Illinois, Wisconsin, Michigan, Missouri and Ohio. Gibbons is also a licensed real estate broker and a member of the Chicago Real Estate Board. During the course of his practice Gibbons has reviewed numerous appraisals.

Gibbons performed an appraisal review of the Standard and Poor's Corporate Value Consulting (S&P) report prepared by Herman with an effective date of January 1, 2004 and the Real Estate Analysis Corporation (REAC) appraisal prepared by Kelly with an effective date of January 1, 2004. Gibbons identified Intervenors' Exhibit Nos. 32 (S&P) and 33 (REAC) as the review appraisals he prepared.

With respect to the REAC appraisal Gibbons was of the opinion that: 1) the appraisal has insufficient information about the characteristics of the St. Louis metro area; 2) there was no market analysis or details regarding the characteristics of the industrial market; 3) the highest and best use does not analyze the potential for selling off individual groups of buildings and the value impact; 4) the cost analysis is dependent on the accuracy of the appraiser's estimates of land value for the comparable sales and the appraiser's estimate of replacement cost for the comparable properties; and 5) the sales comparison approach considered the primary site as one holding to be sold in mass and did not analyze the potential for selling of individual groups of buildings contained in the different zones; size was the most significant factor and without this type of analysis the selection of the comparables is suspect; and 7) the selected sales are in small communities far from a major metro area. Gibbons was of the opinion the conclusions by the sales comparison approach are not convincing.

With respect to the S&P report prepared by Herman, Gibbons was of the opinion that: 1) the appraisal has insufficient information about the characteristics of the St. Louis metro area; 2) there was no market analysis or details regarding the characteristics of the industrial market; 3) the highest and best use does not analyze the potential for selling off individual groups of buildings and the value impact; 4) the cost analysis is dependent on the accuracy of the appraiser's estimates of land value for the comparable sales and the appraiser's estimate of replacement cost for the comparable properties; 5) the appraiser says he used reproduction cost by his source <u>Marshall and Swift</u> and includes only information on replacement cost; 6) the sales comparison approach considered the primary site as one holding to be sold in mass and did not analyze the potential for selling of individual groups of buildings contained in the different zones; and 7) the selected sales are in small communities far from a major metro area. Gibbons was of the opinion the conclusions by the sales comparison approach are not convincing. Gibbons was also of the opinion that the scope of the appraisal was inadequate and the description of the conditions of improvements was inadequate.

Gibbons was of the opinion the Olin property would generally be considered part of the national market. Gibbons was of the opinion that with respect to Herman's appraisal there was no support in terms of comparable sales or improvement cost estimates that doing new site utilities for each zone would not create a greater value than if the facility were sold as an economic unit. Gibbons was of the opinion in Herman's appraisal there should have been support from a sales analysis or a cost benefit analysis as to the division or potential marketability of the Main Plant into individual zones. Gibbons also stated that the Marshall Valuation Service provides replacement cost, therefore, Herman's appraisal had an error where he used the term reproduction cost. Gibbons agreed that size of a building is an important factor in selecting comparable sales and the population of the metropolitan center in which a property is located affects the value. Gibbons also testified that the motivation of the parties to a transaction should be investigated. He also noted that there were a number of sales of buildings of significant size that he included in both of his review appraisals.

Under cross-examination, Gibbons was of the opinion that capital costs of conversion to make Olin into smaller properties should have been considered in the highest and best use analysis. During the hearing the Property Tax Appeal Board reserved ruling on intervenors' counsel's objection to questions posed by Mr. Atherton dealing with the concept of highest and best use as being beyond the scope of Gibbons' direct testimony as a review appraiser. The Board overrules the objection finding that Gibbons found each appraisal was flawed in their highest and best use analysis because neither analyzed the potential for selling of individual groups of buildings and the value impact. The questions posed by Mr. Atherton are within the scope of Gibbons' direct testimony. Gibbons agreed that in terms of financial feasibility, the appraiser should consider the possibility of alternate uses but he only needs to perform a detailed financial analysis if he finds a reasonable basis to believe that the alternate use may produce a higher final value than the present use. He also agreed that the highest and best use of a property as improved may be continuation of the existing use and in that case the appraiser need not analyze expenditures or rates of return for alternative uses except to test or support the conclusion of highest and best use.

Gibbons testified that when he was retained as review appraiser, Mr. Ader, one of intervenors' attorneys, sent him copies of the S&P appraisal, the REAC appraisal the Byrnes appraisal and two additional reports regarding connection with available utilities.

On page 6 of Gibbons' review appraisal of the S&P report (Exhibit No. 32) he states "the appraiser has indicated the Primary Improved Site is divided into six zones." Gibbons stated that "the appraiser" was a reference to Herman. However, Herman described the Main Plant site as being separated into 10 zones and on page 37 of his appraisal describes six groups of buildings.

Gibbons indicated that in industrial appraisals many times appraisers use ceiling height as a characteristic of comparability. Gibbons also stated that having photographs in appraisals provides him more information. Gibbons also agreed that estimating depreciation on a facility such as the Olin property under any method would be difficult for an appraiser. He also agreed that any method of analyzing depreciation on the Olin property would involve a number of subjective judgments by the appraiser.

Gibbons further agreed that the point he was making in his appraisal review was that both Kelly and Herman should have used sales from metro areas more similar in population to the St. Louis Metropolitan Statistic Area (MSA). Using Intervenors' Exhibit No. 16, Gibbons was questioned about which MSAs were similar to the St. Louis MSA in population and was then questioned about the location of the sales he listed in the addenda to the S&P appraisal review.

Roger Werts

The next witness called on behalf of the intervenors was Roger Werts, Code Enforcement Officer with the Village of East Alton (East Alton). He is responsible for the building and zoning codes for East Alton. Werts identified Intervenors' Exhibit No. 11 (2003) and Intervenors' Exhibit No. 28 (2004) as the zoning code for East Alton. Werts testified that the zoning classification for the Olin property is industrial, which allows for 40% maximum lot coverage.

Werts described most of Zone 1, Zone 3, Zone 4, Zone 6, Zone 7 and Zone 17 as being level or flat. He described Zone 5 as having hills or inclines with several flat places on the eastern and western ends that exceed 40% of the zone. He describe Zone 14 as having an incline as you proceed from the south to the north end, but each area has at least 40% that is flat. Werts was of the opinion that each of the zones had at least 40% flat land.

Under cross-examination Werts testified he has been to the Olin property six to eight times in the last 30 years. He agreed that there are some portions of the site that you cannot see from the road. He described Zones 2 and 14 as being wooded, which block the view from the road. He estimated the 40% figure based on the lot lines on the map. He also indicated that there are setback requirements for industrial property of 25 feet from the property lines and 50 feet for the side yard. Werts considered the setback requirements when he estimated there was 40% flat land in the respective zones. Werts agreed that the 40% maximum coverage just considers the building footprint. Werts did not prepare any calculations as to the size of the flat areas for any of the zones. He also clarified that 40% of the area he observed from the road for Zone 2, which was approximately 1/3 of the zone, was flat.

Werts testified that the six to eight complete tours of the Olin property included the grounds and 90% of the buildings. The tours would last from three to five hours. As they traveled by car or van someone from Olin would point out the boundaries or zones.

Douglas Booten

The next witness called on behalf of the intervenors was Douglas Booten, Water and Wastewater Superintendent for East Alton. His duties include the day-to-day operations of the water, wastewater treatment plant and water infrastructure. He is familiar with East Alton's water distribution system on, around or under the premises of Olin.

Booten testified that East Alton's wastewater treatment plant is adjacent to the northwest side of Zone 17. The water treatment plant is also adjacent to the west side of Zone 17 of the Olin property. The water treatment plant has a capacity of 4.5 million gallons and is presently using 1.5 million gallons of capacity with slightly less than 50% being used by Olin. East Alton furnishes approximately 400,000 to 500,000 gallons of water per day to Zone 17 for processing domestic water. East Alton also furnishes approximately 100,000 to 200,000 gallons of water per day to Olin's incinerator plant in Zone 3.

Booten testified that the City of Wood River, the Village of Bethalto, and Illinois American Water Company have water supply facilities in the general area of Olin. Booten testified that Wood River is a neighboring community and they have interconnects with East Alton. He testified Wood River has 1.6 million gallons of excess capacity per day; Bethalto has .5 million gallons per day of excess capacity; and Illinois American Water Co. has 8 million gallons per day of excess capacity. Booten testified that Zones 14 and Zones 15 are served by a water source other than East Alton. The witness further testified that he has had conversations with persons employed by Olin inquiring about East Alton supplying from .5 million to 1 million gallons of water per day to Zone 4; however, East Alton is not presently supplying water to Zone 4.

Currently East Alton delivers water to Olin's property line at Zone 3 for the incinerator. Booten testified there is a pipe under Zone 6 to get to Zone 3.

Booten testified there are two interconnects with Wood River at Tower and Third Street and Murray and Cotter, which is approximately 1 mile from Olin. East Alton has water lines that run parallel to Zone 17, Zone 7 and Zone 6. Booten testified there are no stubs at Zone 17. He further testified that the waterline basically ends at Olin's old main gate in Zone 1 with an 8-inch pipe capable of delivering 1,000 to 1,500 gallons of water per minute.

Booten testified 4-inch water lines parallel a portion of Zone 1 in a residential area. Booten testified there were no stubs (dead ends) in Zone 2, Zone 4 and Zone 5. Booten indicated that pipes are under West Main Street and Airline Drive that could supply water to the Olin property.

Booten identified the location of 12 stubs that are within one block of the North Site. Booten also identified the location of water lines that are parallel to Zone 17. He indicated the pipe under Levee Road is eight inches, the pipe under Irwin is six inches, the pipe under Victory is four inches and the pipe under Bond is 4 inches. He also testified East Alton's main transmission line, which is 16 inches, runs along Niagara Street parallel to the north part of Zone 17.

Booten testified that Illinois American Water Company has a 12 inch water line that is parallel or along the boundary of Olin's Zones 14 and 15; Behtalto has a six inch water line along the eastern boundary of Olin's Zone 5; and Wood River has a water line in proximity to the southeastern portion of Zone 17.

Booten testified that East Alton's excess water capacity could be used to serve the purchasers of Olin's property. He also was of the opinion that Wood River could be in a position to supply Zone 17 with its excess capacity.

Under cross-examination Booten testified that he does not know whether Wood River or the City of Bethalto would give up all of their excess capacities to a potential buyer of Olin.

Booten did not know how many gallons of water Olin uses at its North Site. He also testified the water which arrives at Zone 3 is non-potable water and that the water for Zone 3 is delivered at Zone 6. Booten further testified there are 4-inch lines on Virginia Street and Church Street.

Dennis Weber

The next witness called on behalf of the intervenors was Dennis Weber, Superintendent of Street Division for East Alton. His responsibilities include streets and storm sewer and the sanitary collection sewers. As a result of his position, Weber is familiar with the East Alton wastewater collection system and the wastewater facilities of Bethalto, Wood River Township and the City of Wood River.

Weber testified East Alton currently treats wastewater from Zone 17 of the Olin property. Using Intervenors' Exhibit No. 25, Weber identified the location of wastewater collection around Zone 17 at Irwin Street and Bond Avenue. Bond Avenue has an 8-inch line. He also identified a lift station owned by the City of Wood River that is located on the west side of Zone 17.

Weber testified East Alton has sanitary lines under Shamrock Street by Zone 1 before you get to the main plant. East Alton has a lift station at Lakeside fifty feet from Zone 6 and at Bell Street which is also fifty feet from Zone 6. There is also a line that runs down Main Street parallel with and fifty feet from Zone 6. Weber also testified there is a 36 to 42-inch wastewater line from Bethalto that runs parallel with Powder Mill Road through the Olin property that ends at the wastewater treatment plant at Alton, Illinois. Zones 2, 3, 4, 5, 14 and some of 6 are in a position to be served by this line. East Alton also has an 8-inch line that dead-ends on George Street in some relation to Zone 7 where access could be made. Weber testified that Wood River Township has a lift station within ¼ mile of Zone 5.

Weber identified points of access to Zones 14, 2, 3 1, 6, 4 and 5 along Powder Mill Road and Franklin if one or more of the Olin zones were sold to a separate owner. Weber stated Zone 17 could also be accessed either east or west off of Route 3.

Under cross-examination Weber agreed that East Alton treats the sanitary waste from Olin, not the process waste. Weber testified that the East Alton plant is not set up to do any process industrial waste. Weber did not know if the Bethalto interceptor line that follows Powder Mill Road is at capacity but he thought the line was part force fed and part gravity. Weber testified that the East Alton sewers nearest the Olin property are made of plastic and clay. The East Alton sewer lines near the north site are eight inches. He also agreed that the primary usage near Zone 5 on Franklin Street is residential.

At the close of their case, the intervenors moved for the admission of appraisals prepared by Stategis, Intervenors' Exhibit No. A-03 in 2003 appeal and Intervenors' Exhibit Nos. 5A, 5B, 5C, 5D, 5E, & 5F in the 2004 appeal. These exhibits consisted of a 1997 appraisal of the subject property prepared by Strategis and submitted on behalf of Olin in a 1997 assessment complaint before the Madison County Board of Review. The Olin property was appraised in a manner similar to Byrnes by dividing the subject property into six separate properties. The intervenors requested that the appraisals be accepted as an admission against interest. The appellant objected to the admissibility of the exhibits as an admission against interest and argued the appraisals are not relevant due to the effective date of the appraisals of 1997. First, the Board finds the Strategis appraisals have an effective date of January 1, 1997, 6 and 7 years prior to the assessment dates at issue. The Board finds these appraisals are not relevant or probative of the market value of the subject as of the assessment dates at issue. The Board further finds that it is questionable whether the Strategis appraisals can be construed as an admission by Olin in these 2003 and 2004 appeals. First, in order for the Strategis appraisals to be considered an admission, Strategis must be considered an employee or agent acting within the scope of its authority granted by Olin. The Board does not find any facts that Strategis was authorized to act as an agent for Olin. Therefore, the Board finds that the appraisals are not an admission by Olin. Even if these appraisals were to be considered an admission, it would only be so in connection with the 1997 assessment appeal before the Madison County Board of Review and values associated with the subject property in 1997, not the instant appeals. Nevertheless, the Property Tax Appeal Board will allow the exhibits in the record but gives them no weight in its final analysis and determination of the correct assessment of the subject property.

BOARD OF REVIEW'S CASE IN CHIEF

In each of the appeals the board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject property was disclosed. The 2003 final assessment for the subject property was as follows:

NORTH SITE (MAIN PLANT)

DOCKET NO.	PARCEL NO.	TOTAL ASSESSMENT
03-01680.001-I-3	19-1-08-10-00-000-003.003	$403,840
03-01680.002-I-3	19-1-08-15-00-000-001.001	$413,700
03-01680.003-I-3	19-1-08-15-00-000-001	$136,620
03-01680.007-I-3	19-1-08-04-00-000-009	$13,370
03-01680.010-I-3	19-1-08-16-00-000-003.001	$56,210
03-01680.011-I-3	19-1-08-16-00-000-003	$2,531,360
03-01680.012-I-3	19-1-08-16-00-000-003.002	$7,810
03-01680.013-I-3	19-1-08-17-12-201-025	$118,990
03-01680.014-I-3	19-1-08-10-00-000-003.002	$2,877,660
03-01680.015-I-3	19-1-08-09-00-000-004	$1,137,700
TOTAL		$7,697,260

SOUTH SITE (ROUTE 3)

DOCKET NO.	PARCEL NO.	TOTAL ASSESSMENT

03-01680.004-I-3	19-1-08-20-00-000-009.001	$1,447,950
03-01680.005-I-3	19-1-08-20-00-000-009.002	$1,160,420
03-01680.006-I-3	19-1-08-21-00-000-004	$284,730
03-01680.008-I-3	19-1-08-21-00-000-004.001	$945,660
03-01680.009-I-3	19-1-08-29-00-000-003	$330,580
TOTAL		$4,169,340

The Main Plant had a total assessment of $7,697,260 reflecting a market value of approximately $23,128,790 using the 2003 three year median level of assessments for Madison County of 33.28%. The South Site had a total assessment of $4,169,340 reflecting a market value of approximately $12,528,060 using the 2003 three year median level of assessments for Madison County of 33.28%. Combined, the Olin property had an estimated market value as reflected by the assessment of $35,656,850 for 2003.

The 2004 final assessment for the subject property was as follows:

NORTH SITE (MAIN PLANT)

DOCKET NO.	PARCEL NO.	TOTAL ASSESSMENT
04-01191.001-I-3	19-1-08-10-00-000-003.003	$427,070
04-01191.002-I-3	19-1-08-15-00-000-001.001	$431,820
04-01191.003-I-3	19-1-08-15-00-000-001	$142,770
04-01191.009-I-3	19-1-08-16-00-000-003.001	$58,670
04-01191.010-I-3	19-1-08-16-00-000-003	$2,642,240
04-01191.011-I-3	19-1-08-16-00-000-003.002	$8,150
04-01191.012-I-3	19-1-08-17-12-201-025	$124,200
04-01191.013-I-3	19-1-08-10-00-000-003.002	$3,077,340
04-01191.014-I-3	19-1-08-09-00-000-004	$1,202,580
TOTAL		$8,114,840

SOUTH SITE (ROUTE 3)

DOCKET NO.	PARCEL NO.	TOTAL ASSESSMENT
04-01191.004-I-3	19-1-08-20-00-000-009.001	$1,504,690
04-01191.005-I-3	19-1-08-20-00-000-009.002	$1,200,260
03-01680.006-I-3	19-1-08-21-00-000-004	$274,700
03-01680.007-I-3	19-1-08-21-00-000-004.001	$998,220
03-01680.008-I-3	19-1-08-29-00-000-003	$345,060
TOTAL		$4,322,930

The Main Plant had a total assessment of $8,114,840 reflecting a market value of approximately $24,368,890 using the 2004 three year median level of assessments for Madison County of 33.30%. The South Site had a total assessment of $4,322,930 reflecting a market value of approximately $12,981,180 using the 2004 three year median level of assessments for Madison County of 33.30%. Combined, the Olin property had an estimated market value as reflected by the assessment of $37,350,070 for 2004.

The board of review called no witnesses and presented no case-in-chief in support of its assessment of the subject property.

APPELLANT'S CASE-IN-REBUTTAL

Richard Shepard

The appellant called as its rebuttal witness Richard Shepard. The intervernors objected to allowing the witness to testify in rebuttal arguing that his testimony would be cumulative, the testimony is a continuation of the appellant's case-in-chief, and the evidence does not contradict or explain the evidence provided by intervenors. The Property Tax Appeal Board overrules the objection and finds the testimony is proper rebuttal and the arguments go more to the weight that is to be accorded the rebuttal testimony rather than its admissibility.

Shepard is self-employed with Real Estate Strategies, a real estate consulting firm primarily aimed at real estate development, that was formed in 1989. His services range from how to market a property, what are the uses of the property, what are the challenges in development of a property, the cost of development and how best to approach the market.

Shepard's work experience included working as a supervisor in the industrial development division for Union Electric for six years. In 1968 he began working as vice president of development for Linclay, a corporation headquartered in St. Louis that was a developer of land and buildings. In 1970 he became executive vice president for Linclay and in 1980 he was made president and CEO. While at Linclay they developed 3,000 acres of land and 19 million square feet of building area, including a project at Earth City, St. Louis County, that was targeted at industrial property. Projects while at Linclay included high-rise office buildings, shopping centers and industrial development along I-270 in the St. Louis region. The projects would include buying the land, developing the land and building some of the buildings on the land. Linclay would construct build to suit buildings as well as some speculative office and warehouse or industrial buildings that were held out on the marketplace. He left Linclay in 1989 and formed Real Estate Strategies.

Shepard is a licensed real estate broker in Missouri, a registered professional engineer in Missouri, and has been designated as a counselor of real estate (CRE). CRE is an organization of approximately 1,100 people worldwide and a person is selected based on the consulting work they have performed.

His background also includes experience building warehouse distribution buildings for Nestle Corporation and combination manufacturing with distribution buildings for RT French.

Shepard testified he has provided information to publications aimed at predicting marketing trends and is a member of the Association of State Floodplains Managers, an organization that deals with floodplains. He also is a founder of a program called Urban Planning and Real Estate Development, a graduate program at St. Louis University, where he is on the executive committee and periodically lectures to graduate students.

Shepard was requested to analyze the Olin property from the point of view of its development and marketing for industrial or other uses. He was also asked to review the underlying assumptions of the Byrnes appraisals such as the aspects that relate to the development and marketing of the property. Shepard was asked to render an opinion with regard to the way Byrnes proposed to separate the property for marketing for industrial purposes.

In performing the assignment, Shepard testified he visited the Olin property a half dozen times; interviewed Olin representatives Mr. Mann and Stan Kramkowski; toured the property and spoke with East Alton officials, developers and brokers. Shepard identified Olin Exhibit No. 49(a) (2004) and Olin Exhibit No. 52 (2003) as the reports he prepared with regard to the Olin property. Over the objection of the intervenors, Shepard was accepted as an expert in the field of real estate development and marketing and allowed to give opinion testimony.

Shepard testified a person putting up a warehouse distribution site wants to be as close to the interstate highway system as you can be. Shepard was of the opinion that Olin was not a candidate for the kind of warehousing that is taking place at the Gateway Commerce Center. He was of the opinion if warehousing was to take place at Olin it would be for serving the Alton market, not in terms of a regional or national market.

Shepard was of the opinion that the supply of industrial land in the Metro East area has out-stripped demand for any of the categories of industrial land. Shepard was of the opinion there was a tremendous amount of land to absorb in the Metro East area and that subjects B, D and E, as identified by Byrnes, are not a good distribution location.

Shepard testified that water mains of 12 inches and above are typically used for large industrial development. He also indicated that a 12-inch water main for light industrial would be needed because of sprinkler systems.

Shepard testified that the costs associated with extending water, extending the sewer or upgrading the water and sewer capacity are generally borne by the developer.

With respect to topography, Shepard indicated that subject B has bottom lands which would present challenges associated with the soils. Shepard described subject D topographically as very challenging due to steep grades that would require extensive grading to accommodate large buildings. Shepard described subject E as rising up from B and then comes to a flat area and then rises again to the north. Shepard testified that subject E would be the easiest topographically to develop. Shepard was of the opinion that the costs required to bring basic infrastructure to sites B, D and E would be in the $20,000 to $30,000 per acre range.

Shepard testified that the St. Louis region is losing some significance as a manufacturing center. He described closures of the Ford Motor Company, Premcor and Owens-Illinois that closed its facility in Alton. Shepard has not seen any market evidence of demand for manufacturing sites in the Metro East area.

Shepard also described the size of the subject buildings as well as the hodgepodge of assorted buildings, many with low ceiling heights compared with modern standards, as being adverse to their marketability. He further indicated that many of the buildings are customized or built around the manufacturing process, which adversely affects their marketability.

With respect to using the subject for warehousing, Shepard noted the property has 22 buildings with a clear ceiling height of eight feet or less and 10 buildings with a clear ceiling height of 20 feet or more with an average building size of 20,000 square feet. He was of the opinion it would be difficult to find a user to match for one or a few of those buildings. The witness explained that modern warehouses go for cube space with clear ceiling heights of 32 to 36 feet and column spacing of 50 feet.

The witness was also of the opinion it would be difficult to find someone who could use the 162 buildings on the North Site and 28 buildings on the South Site. Shepard testified that many of the buildings are obsolete by modern day standards and need to be demolished.

Shepard was of the opinion that he would market the North Site of the Olin property as a whole and he would market subject F separately from the North Site. He was of the opinion that the excess land could be marketed for agricultural and recreation uses.

At the conclusion of Shepard's testimony, copies of his reports marked as Exhibit Nos. 49A (2004) and 52A (2003) were tendered. The intervenors objected to the admissibility of the exhibits based on Shepard not being an appraiser qualified to speak of highest and best use and not being competent to testify as to market value or fair cash value, the central issue in the appeal. The Board overrules the objection and accepts the exhibits into the record.

Under cross-examination, Shepard acknowledged that he has written articles on how a CRE can serve as an expert in eminent domain cases. One article was entitled, "The Growing Role of the Real

Estate Counselor in Litigation." Shepard agreed that experts teach, inform and persuade. Shepard also acknowledged that he is listed as an expert witness available to testify on more than one website.

Under cross-examination Shepard agreed that manufacturing facilities do not have as much of an advantage of locating adjacent to an interstate as do distribution facilities. Shepard also agreed that he has observed municipalities and counties develop incentive packages for industry. Shepard was of the opinion that 8-inch water mains would not be sufficient to serve industrial development of large buildings with sprinkler systems. The witness indicated that if you have development of 20,000 square foot buildings, eight inch residential service would suffice.

Shepard agreed that the overall economic picture of the St. Louis area is healthy. Shepard is also familiar with development agreements or connection agreements where developers advance the costs necessary to construct public utilities and over the course of time receive back those funds.

At the conclusion of Shepard's testimony the appellant moved for admission of Olin Exhibit Nos. 23 & 24 (2003) and Olin Exhibit Nos. 24 & 25 (2004), which were National Environmental Policy Act (NEPA) reports prepared by Environmental Data Resources, Inc. (EDR) that included Natural Area Maps, Historic Site Maps, Flood Plain Maps, National Wetlands Inventory Maps, and FCC & FAA Sites Maps associated with the subject property. The intervenors objected to the admissibility of the exhibits arguing that EDR is not an official site or government site and is simply collating government maps. The Board overrules the objection and finds it goes to the weight of the reports and grants the appellant's motion to admit the exhibits.

At the conclusion of the hearing the Property Tax Appeal Board requested Madison County Board of Review submit the 2003 and 2004 farmland assessments for those parcels identified as having being used for farming purposes as reflected on Appellant's Exhibits No. 32 (2003) and Appellant's Exhibit No. 41(A) (2004). The 2003 farmland assessments as calculated by the board of review are as follows:

NORTH SITE (MAIN PLANT)

Docket No.	Parcel No.	Total Acres	Farm Acres	Farm A.V.
03-01680.001-I-3	19-1-08-10-00-000-003.003	130.74	13.07	$1,720
03-01680.003-I-3	19-1-08-15-00-000-001	82.47	8.25	$930
03-01680.007-I-3	19-1-08-04-00-000-009	4.01	4.01	$250
Docket No.	Parcel No.	Total Acres	Farm Acres	Farm A.V.
03-01680.014-I-3	19-1-08-10-00-000-003.002	166.90	16.69	$3,020
03-01680.015-I-3	19-1-08-09-00-000-004	254.00	38.10	$4,470

SOUTH SITE (ROUTE 3)

Docket No.	Parcel No.	Total Acres	Farm Acres	Farm A.V.
03-01680.004-I-3	19-1-08-20-00-000-009.001	132.89	106.31	$19,920
03-01680.005-I-3	19-1-08-20-00-000-009.002	122.25	97.80	$11,020
03-01680.006-I-3	19-1-08-21-00-000-004	85.43	68.34	$9,560
03-01680.008-I-3	19-1-08-21-00-000-004.001	43.41	34.73	$6,710

The 2004 farmland assessments as calculated by the board of review are as follows:

NORTH SITE (MAIN PLANT)

Docket No.	Parcel No.	Total Acres	Farm Acres	Farm A.V.
04-01191.001-I-3	19-1-08-10-00-000-003.003	130.74	13.07	$1,540
04-01191.003-I-3	19-1-08-15-00-000-001	82.47	8.25	$840
04-01191.013-I-3	19-1-08-10-00-000-003.002	166.90	16.69	$2,720
04-01191.014-I-3	19-1-08-09-00-000-004	254.00	38.10	$4,020

SOUTH SITE (ROUTE 3)

Docket No.	Parcel No.	Total Acres	Farm Acres	Farm A.V.
04-01191.004-I-3	19-1-08-20-00-000-009.001	132.89	106.31	$17,940
04-01191.005-I-3	19-1-08-20-00-000-009.002	122.25	97.80	$9,920
04-01191.006-I-3	19-1-08-21-00-000-004	85.43	68.34	$8,600
04-01191.007-I-3	19-1-08-21-00-000-004.001	43.41	34.73	$6,040

Following the hearing the appellant and the intervening taxing bodies submitted their written closing arguments.

FINDINGS AND CONCLUSIONS

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

There are two issues before the Property Tax Appeal Board:

1. The determination of the subject property's market value for assessment purposes as of January 1, 2003, and January 1, 2004; and
2. Whether certain tracts of the subject property are entitled to farmland assessments.

The first issue the Board will address is the determination of the subject's market value for each of the years under appeal. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038, 1042,780 N.E.2d 691, 269 Ill.Dec. 219 (3rd Dist. 2002); 86 Ill.Adm.Code 1910.63(e).

Section 9-145 of the Property Tax Code (PTC) provides that "[e]ach tract or lot of property shall be valued at 33 1/3% of its fair cash value." 35 ILCS 200/9-145. The PTC defines fair cash value as "[t]he amount for which a property can be sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller." 35 ILCS 200/1-50. "Fair cash value" has been construed to mean what the property would bring at a voluntary sale where the owner is ready, willing, and able to sell but not compelled to do so, and the buyer is ready, willing and able to buy but not forced so to do. Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428, 430, 256 N.E. 2d 334, 336 (1970).

A contemporaneous sale between two parties dealing at arm's length is not only relevant to the question of fair cash value but practically conclusive on the issue on whether the assessment is reflective of market value. Korzen v. Belt Railway Co. of Chicago, 37 Ill.2d 158, 161, 226 N.E.2d 265, 267 (1967). Where there is no contemporaneous sale between parties dealing at arm's length that would be practically conclusive on the issue of market value, valuation methods are employed to estimate the property's fair market value. Cook County Board of Review v. Illinois Property Tax Appeal Board, 384 Ill.App.3d 472, 894 N.E.2d 400, 407, 323 Ill.Dec. 633, 640 (1st Dist. 2008). The sales comparison approach, the income approach, and the reproduction cost approach are the three basic valuation methods. Id. at 640. In the absence of market value being set by a contemporaneous arm's length sale, the sales comparison approach * * * is the preferred method and should be used when market data are available. Id. at 641, see also Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.3d 9, 14, 549 N.E.2d 591, 139 Ill.Dec. 865 (5th Dist. 1989).

In 2003 the subject property had a total combined assessment of $11,866,600 reflecting a market value of $35,656,850 using the 2003 three year median level of assessments for Madison County of 33.28%. The North Site had a total assessment of $7,697,260 reflecting a market value of approximately $23,128,790 using the 2003 three year median level of assessments for Madison County of 33.28%. The South Site had a total assessment of $4,169,340 reflecting a market value of approximately $12,528,060 using the 2003 three year median level of assessments for Madison County of 33.28%.

In 2004 the subject property had a total combined assessment of $12,437,770 reflecting a market value of $37,350,070 using the 2004 three year median level of assessments for Madison County of 33.30%. The North Site had a total assessment of $8,114,840 reflecting a market value of approximately $24,368,890 using the 2004 three year median level of assessments for Madison County of 33.30%. The South Site had a total assessment of $4,322,930 reflecting a market value of approximately $12,981,180 using the 2004 three year median level of assessments for Madison County of 33.30%.

As evidence that the subject's assessment was excessive, the appellant provided appraisals from Kelly and Herman. Kelly estimated the subject property had a market value of $15,500,000 as of January 1, 2004. Herman estimated the subject property had a market value of $11,700,000 as of January 1, 2003, and $11,200,000 as of January 1, 2004.

In support of their contention of the correct assessment of the subject property the intervening taxing bodies submitted appraisals by Byrnes. Byrnes, in valuing the subject as six distinct properties, estimated the subject property had a combined total market value as of January 1, 2003 of $41,390,000 and the subject property had a combined total market value as of January 1, 2004 of $42,065,000.

The board of review presented no testimony or valuation witnesses in support of the market value as reflected in the subject's assessments for 2003 and 2004.

The Board finds that each of the appraisers employed the cost and sales comparison approaches in arriving at their respective conclusions of value. The Board finds the primary difference between the appraisals was due to the highest and best use conclusions developed by the appraisers, especially as it relates to the North Site. Kelly was of the opinion the highest and best use of the subject as vacant would be industrial. Kelly was of the opinion the highest and best use of the subject property as improved was its current use as an industrial property under single ownership. Herman was of the opinion the highest and best use of the subject as vacant would be for industrial, agricultural and recreational. As improved, Herman was of the opinion the highest and best use of the Route 3 site was as a heavy manufacturing building. Herman testified that the highest and best use for the North Site would be for a developer to redevelop the property for conversion to multi-tenant use. Herman was of the opinion that the process to segregate the North Site into multiple zones would not produce a greater value than left intact under its current configuration. Herman explained that the highest and best use of the North Site was as a single economic unit due to the utilities being highly interdependent. Byrnes noted the subject property is physically laid out in various areas and that Olin had identified the property with different zones. Byrnes was of the opinion the highest and best use of the six subject properties as vacant was for an industrial use in conformance with existing zoning requirements. In determining the highest and best use as improved, Byrnes described the subject properties as being used for integrated industrial operations. Unlike Kelly and Herman, however, Byrnes was of the opinion that the geographical configuration of the properties and the availability of utilities, suggests that the total property, if offered for sale, could be marketed as six separate and distinct properties. The Board finds that the highest and best use conclusions as testified to by Kelly and Herman to be more credible.

The Board gives less weight and finds less credible Byrnes' highest and best use conclusion that allows for the North Site to be marketed as five separate and distinct properties. The Board finds that the testimony provided by Mann disclosed the North Site is highly integrated with respect to utilities such as water, wastewater treatment, electricity, natural gas and steam. Mann testified that water is retrieved either from the river or gravel pack wells and delivered to Olin's water filter plant located in Zone 7. Water is then treated in Zone 7 and then dispersed through water mains that range in size from 14 to 30 inches to Zones 1, 2, 3, 4, 6 and 7 on the North Site. Mann testified that Zone 6 contains Olin's wastewater treatment plant for Zones 1, 2, 3, 4 and 14. Zone 6 provides the storm and sanitary processing with the treated water being sent, using a dedicated pipe through Olin's property, to the river side of the levee where the water is injected into the river. With respect to electricity, Mann explained that a high voltage line follows Olin's right-of-way into Zone 1 where there are two substations that power down the voltage for the equipment. Mann testified there is another substation in Zone 3 that distributes power to Zone 6, Zone 2 and Zone 4. He testified if Zone 4 was separated from Zone 3 it would have to create its own power source infrastructure for distribution to the buildings. Mann also explained that there is a ten-inch gas main that continues along Niagara Street into the Main Plant where it goes through another pressure-reducing station and is dispersed throughout Zones 1, 2 and 6 on the North Site. Mann testified Olin has its own pressure-reducing stations in Zones 1 and 17 (South Site). Mann explained that if Zone 4 was separated from Zone 1, someone would have to develop a gas source. Mann testified that steam is generated in Zone 3 and dispersed to Zones 1, 2, 4 and 6 on the North Site. Mann explained if Zone 1 was separated from Zone 3, the buildings in Zone 1 would have no heat and a boiler plant would need to be built in Zone 1 to provide heat for the buildings.

Similarly, under questioning Byrnes agreed that his subject B generates steam used to heat buildings on subject C and subject A. Byrnes acknowledged that both the owner of subject C and subject A would have to expend funds to find a way to heat the buildings. He also agreed that subject B controls the source of processed steam for subject A. Byrnes also testified that for the most part subject A controls the supply of water for the other tracts on the North Site and subject A controls the waste treatment plant that treats the sanitary water for the other tracts on the North Site. Subject A also controls the waste treatment plant that treats the processed waste for the other tracts on the North Site. Byrnes also agreed that the supply of natural gas for the North Site is through subject A. The witness also agreed that electricity for subjects C and D goes through subject A. He agreed that as of January 1, 2004, the owner of subject C would have expenditures to treat sanitary water, to treat process waste, to provide a source of electricity, and to provide a source for natural gas.

The testimony of both Mann and Byrnes discloses that the various zones on the North Site are integrated and dependent on each other for utilities. The Board finds that Byrnes, in determining that the North Site could be divided and marketed as separate distinct subject properties did not adequately account for the costs to segregate and extend utilities to the different properties. In fact, under cross-examination Byrnes agreed that he did not have cost estimates in his reports to make the subject properties on the North Site self-sufficient with respect to utilities and he had not performed any independent calculations to make the subject properties on the North Site self-sufficient with respect to utilities. The Board finds that the intervenors did present testimony from Werts, Booten and Weber, that various utilities were present around and through the North Site that have the potential to be extended to the subject property and the subject land is large enough to accommodate further construction under the 40% coverage allowance, however, the record is lacking in costs associated with extending the utilities. The Board finds this record demonstrates that Byrnes did not give sufficient consideration to the costs that would be incurred or the financial feasibility of separating the North Site into five distinct properties. For these reasons the Board finds that Byrnes' conclusion of highest and best use as improved for the North Site in both his 2003 and 2004 appraisals is not persuasive, which in turn undermines his estimates of market value for the subject property for the years in question. The Board does find, however, that Byrnes' appraisals do contain market data in the form of comparable land sales and comparable improved sales that can be used to determine market value of the subject property.

The Board finds all three appraisers developed a cost approach to value the subject property. The first step in estimating the market value of the subject under the cost approach was to estimate the subject's land value. The North Site contained approximately 1,036 acres (2003) and the South Site contained approximately 431 acres. Each appraiser found the subject property contained excess or surplus land. Kelly was of the opinion a land to building ratio of 4:1 was appropriate to accommodate the improvements. He calculated the subject property as having land devoted to the primary sites totaling approximately 233 acres (178.89 acres – North Site and 53.94 acres – South Site) and excess land totaling approximately 1,235 acres (857 acres – North Site and 377 acres - South Site.) Herman was of the opinion an adjusted land to building ratio for the North Site was 9.38:1 and for the South Site was 8.40:1. He concluded the primary sites would have a total land area of 498.9 acres (418.33 acres - North Site and 80.57 acres – South Site.) Herman was of the opinion the North Site had 650 acres of excess land and the South Site had 350 acres of excess land. Brynes was of the opinion the North Site had 116.82 acres of excess land and the South Site had 348.12 acres of excess land.

In the analysis of the improved comparable sales Kelly reported land to building ratios ranging from 1.42:1 to 5.31:1. In the analysis of the improved comparable sales Herman reported land to building ratios ranging from 1.25:1 to 8.40:1. Byrnes did not include the land to building ratio for the improved comparable sales in his appraisals. In reviewing the improved comparable sales the Board finds that Kelly's conclusion that the subject property should have an adjusted land to building ratio of 4:1 is the best supported in the record. Therefore, the Board finds that Kelly's finding of excess land is better supported and will be used by the Board in determining the correct assessment of the subject property.

In estimating the value of the subject's land, Kelly used four land sales that ranged in size from 90 to 1,500 acres. The sales were located in Madison County and occurred from March 1997 to May 2003. The land comparables sold for prices ranging from $300,000 to $12,000,000 or from $2,653 to $37,666 per acre. Using these sales and a land to building ratio of 4:1, Kelly estimated the primary land site of 232.83 acres had a unit value of $20,000 per acre or $4,650,000. Kelly estimated the surplus land totaling 1,235.07 acres had a unit value of $5,000 per acre or $6,175,350. Herman utilized 7 sales that ranged in size from 20 to 112.965 acres to estimate the value of the primary site. These parcels were located in Madison County and sold from March 1997 to September 2003 for prices ranging from $2,653 to $59,311 per acre. Herman estimated the primary site associated with the improvements totaled 498.9 acres. Using these sales Herman estimated the primary site had a market value of $10,000 per acre or $4,989,000.

To estimate the value of the excess land Herman used 5 sales that occurred from June 1997 to January 2004. These parcels were located in Madison County and ranged in size from 74.47 to 197.12 acres. The sales prices ranged from $3,575 to $7,381 per acre. Herman estimated the main plant had 615 acres of excess land. Using these sales the appellant's appraiser estimated the excess land at the North Site had a unit value of $3,000 per acre or $1,845,000. Herman estimated the Route 3 site had 350 acres of excess land. Using these same sales the appellant's appraiser estimated the excess land at the Route 3 site had a unit value of $3,500 per acre or $1,225,000.

Byrnes used four land sales in his 2003 appraisal and five land sales in his 2004 appraisal that were located in the Madison County cities of Granite City, Edwardsville and Pontoon Beach. The comparable land sales ranged in size from 20.12 to 90 acres. These properties sold from August 2000 to September 2003 for prices ranging from $394,800 to $3,899,842 or from $19,622 to $59,311 per acre.

In reviewing the land sales presented by the appraisers, the Board gives less weight to those land sales that occurred in 1997. The Board also gave less weight to the land sales zoned agricultural used by Herman that sold for unit prices ranging from $3,575 to $3,600 per acre. The remaining land sales used by the appraisers sold from August 2000 to January 2004 and had prices ranging from $7,381 to $59,311 per acre. The Board finds these land sales were generally superior to the North Site in terms of topography. The Board also finds these land comparables to be superior to both sites in terms of location near interstates and in terms of being located within industrial parks. Additionally, branches of the Wood River traverse the land at the North Site and the North Site also as a slough which is atypical of industrial sites. The Board finds these physical features also detract from the value of the subject's land.

Kelly land sale 1, Herman land sale 7 and Byrnes land sale 5 was the same property that sold for a unit price $37,666 per acre in May 2003. Herman land sales 1, 4 and 5 were the same as Byrnes land sales 3, 2, and 1. These three sales occurred from August 2000 to September 2003 for prices ranging from $19,622 to $59,311. Using this data the Property Tax Appeal Board finds the primary site totaling 232.83 acres had a unit value of $20,000 per acre or $4,660,000 rounded, for each of the years under appeal. The Board also finds the excess land totaling 1,235.07 acres had a unit value of $10,000 per acre or $12,400,000, rounded for 2003[3] and, $12,350,000 rounded for 2004. The Board finds that amount attributed to the excess land is to be utilized in estimating the market value for the subject property under the sales comparison approach. In conclusion the Property Tax Appeal Board finds the subject had a total land value of $17,060,000 as of January 1, 2003 and $17,010,000 as of January 1, 2004.

The next step under the cost approach is to estimate the depreciated value of the improvements. Each of the appraisers utilized market extraction to estimate the depreciation associated with the improvements with Byrnes also using the economic age-life method. Kelly estimated the improvements on the North Site suffered from 98% depreciation while the improvements on the South Site suffered from 96% depreciation. Herman estimated the improvements on the subject suffered from 98% depreciation in 2003 while for 2004 he estimated the North Site suffered from 99% depreciation and the South Site suffered from 95% depreciation. Byrnes estimated the South Site (subject F) suffered from 80% and 85% depreciation in 2003 and 2004, respectively. Byrnes estimated the improvements on the North Site suffered from depreciation ranging from 80% to 100% in 2003 and ranging from 82% to 100% in 2004. The Board finds that all three appraisers agreed the subject suffered from significant depreciation.

[3] The assessment on parcel 19-1-08-04-00-000-009, containing approximately 4 acres, was appealed in 2003 but not appealed in 2004.

Kelly arrived at a depreciated replacement cost new for the improvements of $4,206,700. Herman arrived at a depreciated reproduction cost new for the improvements for 2003 of $4,240,000 and a depreciated cost new of $4,120,000 for 2004. Byrnes arrived at a depreciated cost new for the improvements of $19,687,828 for 2003 and a depreciated cost new for the improvements of $18,330,068 for 2004. The Board finds that Byrnes overestimated the depreciated value of the improvements based on his segregation of the buildings and the inclusion of entrepreneurial profit in the cost new estimates, which was not supported with any market data. After considering the testimony of the witness as well as the nature and physical characteristics of the subject improvements, the Property Tax Appeal Board finds that both Kelly's and Herman's estimates of the depreciated cost new are more credible and are to be given more weight. The Board finds the subject improvements had a depreciated cost new of $4,240,000 as of January 1, 2003 and $4,210,000 as of January 1, 2004. In conclusion the Property Tax Appeal Board finds the subject property had an indicated market value under the cost approach of $21,300,000, rounded, as of both January 1, 2003 and January 1, 2004.

The next approach to value developed by the three appraisers was the sales comparison approach. Kelly estimated the North Site with 1,948,213 square feet of building area had an estimated market value of $3.00 per square foot of building area or $5,840,000 and the South Site with 587,399 square feet of building area had a market value of $6.00 per square foot or $3,525,000. Kelly also added his value estimate for the excess land and the depreciated value of the sheds developed under the cost approach of $135,900 to arrive at an estimate of value under the sales comparison approach of $15,675,000 as of January 1, 2004.

For 2003, Herman estimated the North Site with 1,949,265 square foot of building area had an estimated market value of $2.50 per square feet of building area or $4,873,163 and the South Site with 590,783 square feet of building area had a market value of $5.00 per square foot or $2,953,915. Herman also added his value estimate for excess land to arrive at an estimate of value for the subject property under the sales comparison approach of $11,450,000 as of January 1, 2003. For 2004, Herman estimated the North Site with 1,943,598 square feet of building area had an estimated market value of $2.50 per square foot of building area or $4,858,995 and the South Site with 590,783 square feet of building area had a market value of $5.00 per square foot or $2,953,915. Herman also added his value estimate for excess land to arrive at an estimate of value for the subject property under the sales comparison approach of $10,900,000 as of January 1, 2004.

Byrnes only developed a sales comparison approach with reference to his subjects A, C and F. For 2003 Byrnes estimated subjects A, C and F had indicated market values using the sales comparison approach of $9,350,000 ($7.00 per square foot of building area), $7,296,525 ($15.00 per square foot of building area) and $8,885,865 ($15.00 per square foot of building area), respectively. For subjects C and F, Byrnes also added a component for the excess land to arrive at final estimates of market value under the sales comparison approach of $9,350,000 and $10,200,000, respectively. For 2004 Byrnes estimated subjects A, C and F had indicated market values using the sales comparison approach of $9,675,000 ($7.25 per square foot of building area), $7,418,134 ($15.25 per square foot of building area) and $9,009,441 ($15.25 per square foot of building area), respectively. For subjects C and F, Byrnes also added a component for the excess land to arrive at final estimates of market value under the sales comparison approach of $9,870,000 and $12,665,000, respectively.

In contrasting the improved sales presented by the appraisers with the subject improvements, the Board finds the subject improvements are generally inferior with respect to size, age and configuration. As stipulated by the parties in 2003 the subject property was improved with a manufacturing facility containing approximately 2,540,048 square feet of gross building area and in 2004 the property was improved with a manufacturing facility containing approximately 2,534,381 square feet of gross building area. The parties further stipulated that in 2003 the subject property contained a total of 189 buildings and in 2004 the subject property contained 191 buildings. The parties stipulated the subject property was also improved with numerous shed structures that ranged in size from 19 to 1,260 square feet. The parties stipulated there were approximately 314 sheds on the property in 2003 with a total square footage of 119,215 and approximately 308 sheds on the property in 2004 with a total square footage of 117,537. The subject buildings range in age from 32 to 83 years old with average ages by zone ranging from 32 to 54 years. The clear ceiling heights of the subject's buildings range from 9 to 30 feet with the average ceiling height by zone ranging from 12 to 27 feet. The Board also finds the subject buildings were constructed over time resulting in a jumbled configuration, which is dissimilar to modern industrial or warehouse buildings.

Kelly utilized 10 sales and 1 offering. The comparable sales occurred from September 1995 to April 2005. The comparables ranged in size from 295,469 to 2,479,000 square feet of building area and were composed of from 1 to 14 buildings. Their ages ranged from 10 to 59 years old. The comparables had clear ceiling heights ranging from 18 to 42 feet; office space ranging from 1% to 20% of building area; and land to building ratios ranging from 1.42:1 to 5.31:1. The comparables were located in Illinois, Indiana, Ohio, Missouri and Iowa. The sales prices ranged from $1,000,000 to $10,500,000 or from $1.76 to $6.51 per square foot of building area. The offering was located in Galesburg, Illinois and was composed of a 39 year old building containing 1,508,554 square feet. This property had a clear ceiling height of 23 feet; office space of 5% of building area; and a 1.26:1 land to building ratio. This property had an asking price of $3,400,000 or $2.25 per square foot of building area.

For 2004, Herman utilized two sets of sales; one set composed of sales 1 through 6 and offering 1 were used to value the Route 3 site, and another set composed of sales 7 through 12 and offering 2 were used to value the North Site or Main Plant. The sales used to value the Route 3 property contained from 658,695 to 942,900 square feet of building area. The comparables ranged in age from 29 to 60 years old; had from 3% to 6% of building area devoted to office space; weighted average clear ceiling heights that ranged from 25 to 30 feet; and land to building ratios that ranged from 3.51:1 to 6.33:1. These comparables sold from January 1997 to November 2004 for prices ranging from $1,530,000 to $6,800,000 or from $2.18 to $7.21 per square foot of building area. The listing contained 619,000 square feet and was 57 years old. This property had 4% office space, a clear ceiling height of 32 feet and land to building ratio of 2.81:1. This property was listed for a price of $2,500,000 or $4.04 per square foot of building area. The sales used to value the North Site contained from 1,983,885 to 3,179,850 square feet of building area in multiple or interconnected buildings. The comparables ranged in age from 27 to 55 years old; had from 2% to 11% of building area devoted to office space; weighted average clear ceiling heights that ranged from 19 to 40 feet; and land to building ratios that ranged from 1.25:1 to 8.40:1. These comparables sold from October 1997 to September 2004 for prices ranging from $500,000 to $15,350,000 or from $.23 to $5.05 per square foot of building area. The listing contained 1,508,554 square feet of multiple-interconnected building area and was 35 years old. This property had 4% office space, a clear ceiling height of 23 feet and land to building ratio of 1.27:1. This property was listed for a price of $3,400,000 or $2.25 per square foot of building area.

Herman utilized the same comparables sales in 2003 with the exception that comparable sale 5 in the 2004 report was listed as an offering in 2003, comparable sale 11 in the 2004 report that is located in Philadelphia was not included in the 2003 appraisal, offering 1 in the 2004 report that is located in Euclid, Ohio was not included in the 2003 appraisal, offering 2 in the 2004 appraisal that is located in Galesburg was not included in the 2003 appraisal and offering 1 in the 2003 appraisal that is located in Baltimore was excluded in the 2004 appraisal.

In developing the sales comparison approach in the 2003 appraisal, Byrnes used 12 comparables. The comparable sales were improved with industrial properties located in Illinois, Wisconsin, and Indiana. In summary, the comparables ranged in age from 21 to 53 years old, had clear ceiling heights ranging from 12 to 40 feet, and ranged in size from 464,818 to 3,179,880 square feet of building area. Some of the comparables were described as being improved with multiple buildings and many were purchased to be re-developed or converted into multi-tenant properties. The sales had land to building ratios ranging from 1:34:1 to 6.33:1. The sales occurred from July 1996 to June 2003 for prices ranging from $1,530,000 to $15,350,000 or from $2.18 to $17.75 per square foot of building area.

For 2004 Byrnes used 16 comparables with the comparable sales 1 through 12 also being used in the 2003 appraisal prepared by Byrnes. The four additional comparables ranged in size from 305,740 to 903,640 square feet and sold from May 1997 to September 2004 for prices ranging from $7,500,000 to $14,000,000 or from $15.49 to $22.33 per square foot of building area.

Byrnes' comparable sales 5 through 12 were also utilized by Herman. Byrnes' comparable sale 8 and Herman's comparable sale 1 was also used by Kelly as his comparable sale 3. This common comparable contained 658,695 square feet and sold in June 2001 for a price of $1,750,000 or $2.66 per square foot of building area. Kelly offering 1 was also used by Herman as his offering 2, this property had an asking price of $2.25 per square foot of building area.

In reviewing the sales comparison approaches developed by the respective appraisers, the Board finds the analysis used by both Kelly and Herman was superior to that of Byrnes. Kelly indicated that he considered such additional items as number of buildings, clear ceiling heights, and percent of office in contrasting the comparables with the subject. Herman likewise indicated that he considered percent of office space, multi-story area and clear ceiling heights in his analysis of the sales. Byrnes' appraisals do not disclose that clear ceiling height, office space, and number of buildings were considered in evaluating the comparable sales.

In reviewing the sales data, the Board gave less weight to Byrnes' comparables 13, 14 and 15 used in the 2004 appraisal due to these properties being leased at the time of sale and being superior to the subject in number of buildings. The Board also finds that those comparables in Byrnes' appraisals that were used for warehousing purposes at the time of sale had prices ranging from $8.66 to $24.53 per square foot of building area. The Board finds these properties are superior to the subject and are given less weight.

The Board finds that comparables 5 through 12 in Byrnes' appraisals were used by Herman and Byrnes' comparable 8 was also a common comparable used by Kelly. Byrnes agreed that his comparables 5, 6, 8, 9, 10 and 12 were multi-building comparables that were used for manufacturing purposes before the transaction. These common sales had unit prices per square foot of $6.24, $4.83, $2.66, $2.18, $3.33 and $5.57, respectively. The Board finds that these common comparables were most similar to the subject in use as industrial facilities and should be given most weight.

After considering the testimony of the appraisers and reviewing the comparable sales submitted by the parties, the Property Tax Appeal Board finds the improved portion of the North Site had an indicated market value of $3.00 per square foot of building area, including land. Using 1,948,213 square feet of building area, the North Site had an estimated market value of $3.00 per square foot of building area or $5,845,000, rounded, as of both January 1, 2003 and January 1, 2004. The Board further finds the South Site with 587,399 square feet of building area had a market value of $6.00 per square foot or $3,525,000, rounded, as of both January 1, 2003 and January 1, 2004. To these findings of market value the Property Tax Appeal Board finds that the value of the excess land of $12,400,000, rounded for 2003 and, $12,350,000 rounded for 2004 should be added. The Board also finds the depreciated value of the sheds located on the subject property of $135,900 as calculated by Kelly should also be included for each year. Based on these findings the Property Tax Appeal Board finds the subject property had a market value of $21,900,000, rounded, as of both January 1, 2003 and January 1, 2004.

After considering both the cost approach and the sales comparison approach developed by the appraisers, and giving most weight to the comparable sales contained in the record, the Property Tax Appeal Board finds the subject property had a market value of $21,900,000, rounded, as of both January 1, 2003 and January 1, 2004.

The next issue before the Board is to determine whether or not portions of the subject property are entitled to a farmland classification and an agricultural assessment.

Farm is defined in the PTC in part as, "any property used solely for the growing and harvesting of crops." 35 ILCS 200/1-60. Furthermore, the PTC provides that in order to qualify for a farmland assessment, the land has to be used as a farm the two preceding years. 35 ILCS 200/10-110. The courts have concluded that the present use of the land determines whether it receives an agricultural assessment. Kankakee County Board of Review v. Illinois Property Tax Appeal Board, 305 Ill.App.3d 799, 802, 715 N.E.2d 274, 239 Ill.Dec. 829 (3rd Dist. 1999); Santa Fe Land Improvement Co. v. Property Tax Appeal Board, 113 Ill.App.3d 872, 875, 448 N.E.2d 3, 69 Ill.Dec. 708 (3rd Dist. 1983). A parcel of property may properly be classified as partially farmland, provided those portions of the property so classified are used solely for the growing and harvesting of crops. Kankakee County Board of Review v. Illinois Property Tax Appeal Board, 305 Ill.App.3d at 802, 715 N.E.2d at 276, 239 Ill.Dec. at 831 (3rd Dist. 1999).

In these appeals the appellant presented testimony by Mann that portions of the subject property were farmed from more than two years prior to the assessment dates at issue through 2004. Mann identified Olin Exhibit No. 41(a) as a document he prepared in

2004 entitled "Agricultural Acreage Estimate" using information from Farmers National Company, the company hired to manage the day-to-day operations of the farm. The exhibit indicated that of the 1,647.25 acres under appeal, 387.31 acres were used for agricultural purposes namely crop land devoted to corn and soybeans. Mann testified that records back to 1975 reflect that generally the same areas have been farmed.

Mann identified Olin Exhibit No. 41(b) as the farm lease entered in 2001 with Dennis Rapp, the individual that farms the property. The lease identifies 448.2 acres as the acreage being farmed. Mann identified Olin Exhibit No. 41(c) as the 2002 farm lease. Mann identified Exhibit 41(d) as the 2003 farm lease. Mann identified Olin Exhibit No. 41(e) as the 2004 farm lease. The lease terms for each year were essentially the same with the tenant receiving 60% of the crops. Mann also identified Olin Exhibit Nos. 41(f), 41(g) & 41(h) as documents he prepared using information from Farmers National Company in connection with the 2001, 2002, and 2003 farming operations. Mann also testified the subject property was farmed 2004. Mann identified Olin Exhibit No. 41(i) as a document from Farmers National Company providing a six-year summary of the crop income from 1998 through 2003.

The following parcels under appeal were identified as being farmed:

ASSESSMENT YEAR 2003

NORTH SITE (MAIN PLANT)

Docket No.	Parcel No.	Total Acres	Farm Acres
03-01680.001-I-3	19-1-08-10-00-000-003.003	130.74	13.07
03-01680.003-I-3	19-1-08-15-00-000-001	82.47	8.25
03-01680.007-I-3	19-1-08-04-00-000-009	4.01	4.01
03-01680.012-I-3	19-1-08-16-00-000-003.002	166.90	16.69
03-01680.015-I-3	19-1-08-09-00-000-004	254.00	38.10

SOUTH SITE (ROUTE 3)

Docket No.	Parcel No.	Total Acres	Farm Acres
03-01680.004-I-3	19-1-08-20-00-000-009.001	132.89	106.31
03-01680.005-I-3	19-1-08-20-00-000-009.002	122.25	97.80
03-01680.006-I-3	19-1-08-21-00-000-004	85.43	68.34
03-01680.008-I-3	19-1-08-21-00-000-004.001	43.41	34.73

ASSESSMENT YEAR 2004

NORTH SITE (MAIN PLANT)

Docket No.	Parcel No.	Total Acres	Farm Acres
04-01191.001-I-3	19-1-08-10-00-000-003.003	130.74	13.07
04-01191.003-I-3	19-1-08-15-00-000-001	82.47	8.25
04-01191.013-I-3	19-1-08-16-00-000-003.002	166.90	16.69
04-01191.014-I-3	19-1-08-09-00-000-004	254.00	38.10

SOUTH SITE (ROUTE 3)

Docket No.	Parcel No.	Total Acres	Farm Acres
04-01191.004-I-3	19-1-08-20-00-000-009.001	132.89	106.31
04-01191.005-I-3	19-1-08-20-00-000-009.002	122.25	97.80
04-01191.006-I-3	19-1-08-21-00-000-004	85.43	68.34
04-01191.007-I-3	19-1-08-21-00-000-004.001	43.41	34.73

Neither the board of review nor the intervenors presented any testimony or evidence that refuted the Mann's testimony that the acreage in question was used for farming purposes during the assessment years in question. Based on this record the Property Tax Appeal Board finds the acres devoted to a farmland use are to receive an agricultural assessment for both 2003 and 2004.

In conclusion, the Property Tax Appeal Board finds the correct assessed valuation of the property for the assessment years at issue is[4]:

2003 ASSESSMENT

Docket No.: 03-01680.001-I-3 Parcel No. 19-1-08-10-00-000-003.003

Farmland	Land	Impr.	Total
$1,720	$501,660	$39,250	$542,630

Docket No.: 03-01680.002-I-3 Parcel No. 19-1-08-15-00-000-001.001

Farmland	Land	Impr.	Total
$0	$238,050	$48,150	$286,200

Docket No.: 03-01680.003-I-3 Parcel No. 19-1-08-15-00-000-001

Farmland	Land	Impr.	Total
$930	$316,410	$0	$317,340

Docket No.: 03-01680.004-I-3 Parcel No. 19-1-08-20-00-000-009.001

Farmland	Land	Impr.	Total
$19,920	$113,320	$182,430	$315,670

Docket No.: 03-01680.005-I-3 Parcel No. 19-1-08-20-00-000-009.002

Farmland	Land	Impr.	Total
$11,020	$104,230	$158,420	$273,670

Docket No.: 03-01680.006-I-3 Parcel No. 19-1-08-21-00-000-004

Farmland	Land	Impr.	Total
$9,560	$72,860	$0	$82,420

Docket No.: 03-01680.007-I-3 Parcel No. 19-1-08-04-00-000-009

Farmland	Land	Impr.	Total
$250	$0	$0	$250

Docket No.: 03-01680.008-I-3 Parcel No. 19-1-08-21-00-000-004.001

Farmland	Land	Impr.	Total
$6,710	$37,010	$168,500	$212,220

[4] To arrive at the correct assessment, the acreage classified as farmland was valued at $10,000 per acre. The farmland value was then deducted from the overall land value to arrive at the non-farmland market value.

Docket No.: 03-01680.009-I-3 Parcel No. 19-1-08-29-00-000-003

Farmland	Land	Impr.	Total
$0	$198,920	$36,910	$235,830

Docket No.: 03-01680.010-I-3 Parcel No. 19-1-08-16-00-000-003.001

Farmland	Land	Impr.	Total
$0	$42,690	$5,010	$47,700

Docket No.: 03-01680.011-I-3 Parcel No. 19-1-08-16-00-000-003

Farmland	Land	Impr.	Total
$0	$1,126,500	$347,070	$1,473,570

Docket No.: 03-01680.012-I-3 Parcel No. 19-1-08-16-00-000-003.002

Farmland	Land	Impr.	Total
$0	$10,010	$0	$10,010

Docket No.: 03-01680.013-I-3 Parcel No. 19-1-08-17-12-201-025

Farmland	Land	Impr.	Total
$0	$48,930	$17,170	$66,100

Docket No.: 03-01680.014-I-3 Parcel No. 19-1-08-10-00-000-003.002

Farmland	Land	Impr.	Total
$3,020	$640,370	$546,490	$1,189,880

Docket No.: 03-01680.015-I-3 Parcel No. 19-1-08-09-00-000-004

Farmland	Land	Impr.	Total
$4,470	$937,670	$61,450	$1,003,590

2004 ASSESSMENT

Docket No.: 04-01191.001-I-3 Parcel No. 19-1-08-10-00-000-003.003

Farmland	Land	Impr.	Total
$1,540	$501,610	$39,640	$542,790

Docket No.: 04-01191.002-I-3 Parcel No. 19-1-08-15-00-000-001.001

Farmland	Land	Impr.	Total
$0	$238,000	$48,630	$286,630

Docket No.: 04-01191.003-I-3 Parcel No. 19-1-08-15-00-000-001

Farmland	Land	Impr.	Total
$840	$316,360	$0	$317,200

Docket No.: 04-01191.004-I-3 Parcel No. 19-1-08-20-00-000-009.001

Farmland	Land	Impr.	Total
$17,940	$113,270	$184,260	$315,470

Docket No.: 04-01191.005-I-3 Parcel No. 19-1-08-20-00-000-009.002

Farmland	Land	Impr.	Total
$9,920	$104,180	$160,000	$274,100

Docket No.: 04-01191.006-I-3 Parcel No. 19-1-08-21-00-000-004

Farmland	Land	Impr.	Total
$8,600	$72,810	0	$81,410

Docket No.: 04-01191.007-I-3 Parcel No. 19-1-08-21-00-000-004.001

Farmland	Land	Impr.	Total
$6,040	$36,960	$170,190	$213,190

Docket No.: 04-01191.008-I-3 Parcel No. 19-1-08-29-00-000-003

Farmland	Land	Impr.	Total
$0	$198,870	$37,280	$236,150

Docket No.: 04-01191.009-I-3 Parcel No. 19-1-08-16-00-000-003.001

Farmland	Land	Impr.	Total
$0	$42,640	$5,010	$47,650

Docket No.: 04-01191.010-I-3 Parcel No. 19-1-08-16-00-000-003

Farmland	Land	Impr.	Total
$0	$1,126,440	$350,510	$1,476,950

Docket No.: 04-01191.011-I-3 Parcel No. 19-1-08-16-00-000-003.002

Farmland	Land	Impr.	Total
$0	$9,960	$0	$9,960

Docket No.: 04-01191.012-I-3 Parcel No. 19-1-08-17-12-201-025

Farmland	Land	Impr.	Total
$0	$48,880	$18,890	$67,770

Docket No.: 04-01191.013-I-3 Parcel No. 19-1-08-10-00-000-003.002

Farmland	Land	Impr.	Total
$2,720	$640,330	$551,900	$1,194,950

Docket No.: 03-01680.014-I-3 Parcel No. 19-1-08-09-00-000-004

Farmland	Land	Impr.	Total
$4,020	$937,670	$62,060	$1,003,750

Subject only to the State multiplier as applicable.

DOCKET NO.: 03-01680.001-I-3 through 03-01680.015-I-3 &
04-01191.001-I-3 through 04-01191.014-I-3

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

Chairman

Member

Member

Member

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: December 19, 2008

Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.