THESE MINUTES ARE SUBJECT TO BOARD APPROVAL AT THE Nov. 01, 2018 MEETING
REGIONAL SCHOOL DISTRICT NO. 4 Board of Education

A regular meeting of the Regional School District No. 4 Board of Education was held on Thursday, Sept. 06, 2018 in the John Winthrop Middle School Library, with the following Board members in attendance:

Jennifer Clark, DG Fitton, Jane Cavanaugh, Mario Gioco (arrived 7:01 p.m.), Trisha Brookhart, Lori Ann Clymas, Rick Daniels, Michelle Grow, Kate Sandmann (arrived 7:02 p.m.), as well as Senior Student Representatives Kate Farrell and Cooper McCormick

Also in attendance:

Administrators: Superintendent Dr. Ruth I. Levy,
Assistant Superintendent Dr. Kristina Martineau
Business Manager Kim Allen;
Valley Regional Principal Mike Barile;
John Winthrop Principal William Duffy
Region 4 Director of Facilities Leigh Rankin

Board Clerk: Jennifer Bryan

CALL TO ORDER
Chair Jennifer Clark called the meeting to order at 7:00 p.m.

Chair Clark introduced new Region 4 Board member, DG Fitton, who was recently appointed to fill a vacancy.

CONSENT AGENDA
On motion duly made and seconded, the Board VOTED (5 Yes, 4 abstentions = Gioco, Fitton, Daniels, Sandmann) to approve the consent agenda consisting of the minutes from the Annual Meeting of May 01, 2018, Minutes from the regular meeting of May 03, 2018, Minutes from the special meeting of June 18, 2018 and the Accounts Payable Report.

AUDIENCE OF CITIZENS
Approximately 21 citizens were present.

Sue Strecker of Essex thanked the Board for implementing the new cell phone procedures at the high school which disallow the use of cell phones in the classroom. She did ask that administration consider allowing phones to stay in student backpacks instead of being put into a cell hotel in the classroom.

Kim Uradnick stated that she agreed with not allowing cell phones in the class environment, but she does feel that students should be allowed to have them in the bathrooms and hallways. She also disagreed with the procedures form and way it describes consent.

Julie Ann Divis of Chester mentioned her concern with finding out that there are 61 students in a physical education class at VRHS. She also mentioned that when visiting the English classroom at the recent Back-to-School night she found that the seats were too close to allow easy teacher interaction with students.

Jim Olson of Deep River said it sounds like the new cell phone procedures at VRHS are a good idea, especially given concerns about the past use of phones for cyberbullying during the school day. He also thanked everyone in the District for their support and allowing the use of Valley Regional to hold his Father's memorial service recently.

Loretta McCluskey of Essex thanked the Board and said the teachers are to be commended for the new cell phone procedures.

Theresa McPhereson thanked the Board for their quick action on cell phones.

Board members read letters they had received from citizens who were unable to be present but wanted their comments read including: Paula Weglarz, Tim Keyworth, and Melissa Symonds. The three letters voiced their support for the new cell phone procedures. Letters submitted to the clerk for inclusion on the record are attached at the end of these minutes.

An unnamed Deep River resident voiced her concern over what she feels was misinformation regarding changes in the cell phone procedure and said that she doesn't agree with some of the language on the new procedures form.

Chair Clark thanked the public for sharing their views.

Chair Clark stated that the Board would like to publicly recognize and posthumously thank John Olson for his pivotal role in the creation of the manufacturing program at VRHS.

OTHER ITEMS

Principals Mike Barile and Bill Duffy introduced new teachers hired at Valley Regional High School and John Winthrop Middle School for the 2018-19 school year.

Superintendent Levy introduced Leigh Rankin, the newly appointed Director of Facilities for Region 4.

Region 4 Student Representatives Report

Senior Student Representatives Kate Farrell and Cooper McCormick updated the Board on the opening of school last week and on Fall sports activities. The musical this year will be "Newsies".

The agenda item to move into Executive Session to discuss key provisions in the Region 4 Custodians Contract for 2018-21 and a possible vote to ratify the agreement was tabled due to counsel being unexpectedly unable to attend the meeting. It will be placed on the November agenda.

Director of Technology Pam Murphy and Region 4 faculty members Jonathan Corbett and Jill Esernia provided the Board with an update on 1:1 Chromebook use in their classrooms as the Board had requested.

Principal Updates

Valley Regional High School Principal Mike Barile updated the Board on the opening of the 2018-19 school year.

John Winthrop Middle School Principal Bill Duffy updated the Board on the opening of the 2018-19 school year. Principal Duffy reported that Edward Lenz built a pergola at the JWMS "farm" as part of his eagle-scout project.

Region 4 Director of Facilities, Leigh Rankin provided an update on summer projects in Region No. 4 including the driveway paving project at JWMS. Ms. Rankin outlined the purpose and structure of the new Grounds and Buildings Maintenance and Oversight Committee, which includes representation from the towns and I intended to provide regular recommendations to the board.

Board member Daniels voiced his displeasure over the driveway project happening at JWMS without explicit board authorization. A lengthy discussion ensued.

The Board requested that administration provide them with a summary of state statutes regarding expenditures from capital sinking funds at their next Board meeting.

On motion duly made and seconded, the Board unanimously VOTED to place the following agenda item on their November regular meeting agenda: Select a date for a BOE Workshop regarding Board policy and state statutes with regards to capital sinking funds.

On motion duly made and seconded, the Board unanimously VOTED to remove the Executive Session from the agenda and instead hold a discussion of the possible sale of Falls Landing Road property in public session. The Board then took a 5 minute recess from 9:02 – 9:07 before beginning the discussion.

Director of Facilities Rankin reviewed the appraisal that former Director of Facilities Glowac had prepared at the request of the Board for the Falls Landing Road property owned by Region 4. She told the Board she is prepared to move the process forward, or not, based on how the Board decides to direct her.

On motion duly made and seconded, the Board unanimously VOTED to request that Director of Facilities Rankin contact the four real estate agents, as presented, to ask them to prepare information on possible marketing strategies to be shared with the Board as soon as possible.

REPORTS

Financial Status Updates

Business Manager Kim Allen reviewed the financial status reports, as well as highlights of the cafeteria account reports for both year-end and the current fiscal year.

Committee Reports

The Joint BOE Policy Committee and the Joint BOE Curriculum Committee are both scheduled to meet again on Sept. 17th. The Joint BOE Finance Committee is scheduled to meet again on Sept. 25th.

A First Reading and discussion was held on Policy #5131.81 Addendum for VRHS ONLY and on Policy #9132.1 (R4 BOE Bylaw).

On motion duly made and seconded the Board unanimously VOTED to send Policy #5131.81 back to the Policy Committee and ask that they revise the entire policy to encompass all schools, removing the need for a special addendum that only applies to VRHS.

Policy #9132.1 will come back for a second reading and possible VOTE at the Sept. 12th Region 4 BOE special meeting.

Supervision District Committee Update - The Committee met on August 27th and reviewed the events of the summer and the Superintendent's goals.

Ad hoc Committees Update -

School Security Advisory Committee:
Superintendent Levy updated the Board on the first meeting of the School Security Advisory Committee.

Superintendent's Report
Superintendent Levy gave a general District update to the Board including the opening day across all of the schools. She also reviewed recent changes in legislation that will affect the schools and/or Board policies for 2018-19.

Dr. Levy asked the Board to appoint a representative to a new Joint BOE Ad Hoc Tuition Committee - the first meeting will be held Oct. 2nd @ 9:00 a.m. in Central Office. Michelle Grow was appointed to be the Region 4 Board representative on this committee.

Assistant Superintendent's Report
Dr. Martineau gave a general update on activities within the districts including new state regulations regarding Next Generation Science Standards.

AUDIENCE OF CITIZENS – approximately 8 were present. A few more comments about class size and the cell phone procedure were made and one citizen provided the board with state statute references.

FUTURE AGENDA ITEMS

Region 4 BOE Special Meeting at Central Office for BOE Self Evaluation, Sept. 12, 2018 @ 8:00 p.m.
Next Joint BOE meeting is October 04, 2018
Next Region 4 BOE regular BOE meeting is ~~November 01~~, (correction = November 13), 2018
Election of Board officers *(Nov. or after seating of new members)*
BOE and Community input for 2019-20 budget (on-going)
Profile of 2018 Graduation Class (Nov.)
Presentation of Major Budget Drivers for 2019-20 (TBD)

ADJOURNMENT

On motion duly made and seconded the Board unanimously VOTED to adjourn at 10:23 p.m.

Respectfully Submitted,

Jennifer Clark, BOE Chair

Jennifer Bryan, Clerk

When the new cell phone procedures for Valley were first introduced my first, emotional reaction was disappointment because I love being able to communicate with my daughter while she is at school. Once I got past my feelings and started looking at the facts I realized this new procedure is in the best interest of all students and I whole heartedly support it.

During my research on the subject I learned that schools that ban cell phones see better academic results and the effect of a ban on phones adds up to the equivalent of an extra week of classes per school year (Study done by the Centre for Economic Performance in London).
A 2011 study in Journal of Children and Society found that frequent internet users are more likely to perpetrate acts of cyber bullying. Out of 500 American teens 42% of heavy cell users (defined as sending more than 60 texts per day) have engaged in negative or inappropriate activity on their phones compared to 18% of light users. The same survey found 46%of heavy users experienced cyber bullying on their cells. Before parents can say "not my kid" it's interesting to note a survey in US News and World Report found that 1/3 of teens admit to using cell phones to cheat in school yet only 3% of the parents of those same kids believe their child would use a phone to cheat.

For anyone still opposed to this new procedure one only has to talk to the teachers. I attended parent night at Valley last night and the teachers all spoke very favorably of the procedure and have noticed a huge difference in less than a week of school. The teachers are no longer competing with snap chat or Netflix and they don't have to look at the tops of students heads as they not so subtly try to use their phone under their desk during class time. One comment from a teacher that really stood out was that during down time in class kids are actually talking to each other instead of spending it on their phones.

Two other concerns that I've heard a small group mention are that this is a change of policy and that in an emergency parents need to get a hold of their child. As to the first one this is not a change in BOE policy but in procedure which Mr. Barile has the authority to do. This new procedure came about due to teacher concerns and I'm very pleased that he listened to and worked with his staff for the betterment of our school community.
For the other concern-emergency situations- for personal issues the school office is more than able to reach students during the day if a parent needs to contact their child. Larger school wide emergencies I have two perspectives. As a parent I completely understand the impulse to make contact and get to my child. However, coming from a law enforcement background and being in a law enforcement family it is best if during a crisis students take direction from an adult and if they are busy on their phones texting their parents or anyone else they may miss potentially life saving instruction. Also students texting parents may encourage parents to rush to the scene thus impeding first responders who should be focused on the crisis at hand.

Again I am in full support of this new procedure.

Thank you for your time

Paula Weglarz
Deep River

---------- Forwarded message ----------
From: **Melissa S** <msymonds12@msn.com>
Date: Thu, Sep 6, 2018 at 1:43 PM
Subject: Cell phone policy support
To: "mgrow@reg4.k12.ct.us" <mgrow@reg4.k12.ct.us>
Cc: "jenclark@reg4.k12.ct.us" <jenclark@reg4.k12.ct.us>

Before I discuss my support of the new cell phone procedures, I would like to point out something that a teacher said at back to school night last night. This teacher said that we are lucky to have this school and it's resources compared to a lot of other schools in our own state. His educator peers see what VRHS has available to it's students and teachers and are blown away by how fortunate we are as a region. We are fortunate to not have to come tonight and ask to update text books or ask for additional technology because we have resources we need to educate our children, we have varied sports and extra curricular and an amazing music, theatre and arts program in addition to a foundation that supports our schools "Extra" needs via the Ref 4 education foundation.

I know some may be here tonight to "debate" and argue the cell phone policy - I would also like share that what I learned really quick in a hospital setting, that when dealing with teams of people in charge of my daughter we are ALL ON THE SAME TEAM. There is no value or positive aspect to the creation of negative rhetoric or rallying up the parental troops against the administration because we are all on the same side. It should not be an atmosphere of parents versus administration and did not feel that way on Back to School night when referring to this cell phone procedure. What it DID feel like was administration listening to teachers when they said that they needed another layer of procedure to support the education process. One teacher indicated that prior to this procedure, cell phone use was out of control and students were doing anything they could to maintain access to their cell phones for non academic purposes. It seemed that teachers are now able to get down to educating our children and not having to navigate monitoring cell phone use and having students attention. This is a good thing for our children. I would like to thank the administration for being proactive and instituting these cell phone rules.

I acknowledge the positive aspects of having access to technology and the information it provides for our students. However, "research supporting the idea that smartphones—specifically—can be used to enhance learning for all students, even underachievers, is hard to find…Stanford University's 2014 study on at-risk students' learning with technology concludes that providing "one-to-one access" to devices in school (students don't have to share) provides the most benefit. The study does not, however, mention smartphones as a choice tool to achieve greater engagement and academic success." We have in place now a one to one situation for access to technology.

In fact it seems banning as a huge benefit "The findings of a recent study onstudent phone access and the achievement gap by Louis-Philippe Beland and Richard Murphy for the London School of Economics and Political Science echoed my concerns. "We find that mobile phone bans have very different effects on different types of students," the authors wrote. "Banning mobile phones

improves outcomes for the low-achieving students … the most, and has no significant impact on high achievers."

The negatives to having access to cell phones far outweigh the benefits. Cell phones in the hands of the students during class are a distraction. Your student may argue that they have the ability to listen in class, take notes, and check their cell phone. A lot of students tend to think that they are good at multitasking," or doing more than one thing at a time, says Saraswathi Bellur, a communications researcher at the University of Connecticut (UConn) in Storrs reports that she and her colleagues found, multitasking in class "is likely to harm their academic performance." "We also have data that show that people who multitask during class or while doing homework have to spend more time studying," notes UConn coauthor Kristine Nowak. In other words, she argues, students who use mobile devices for something other than research or note-taking during class "are not efficient, and it is costing them time." Concludes Nowak, "People believe they are better at multitasking than they are and this is leading them to bad study habits." Her group shared its findings in the December 2015 issue of *Computers in Human Behavior*.

Cell phones put a huge strain on the mental health of our children - putting them at risk actually. Research shows that using a cell phone more than 2 hours a day contributes to anxiety and correlates to a spike in teen depression and an alarming increased rate of attempted and completed suicides, and increased the rates of reported incidents of bullying that rivals the percentage of graduates. As reported by Dr. Micheal Unger PhD, "Maybe it's time schools created cell-free zones, just as many corporations have done the same so workers are less distracted by the constant interruptions that plague them. Of course, there will be the inevitable parent who complains that he, or she, can't reach their child at a moment's notice. Maybe it's time schools spoke back to these overprotective parents that are literally harming their children and threatening their psychosocial development. On this issue, we know the harm is real."

I would like conclude that, as much as we want to think that we NEED to be able to communicate to our children while they're in school the negatives to having that capability outweigh that perceived need. This age group is literally forming their prefrontal lobe, and the increased access to "Screen" are negatively impacting this developmental process. They are becoming addicted to the notifications on their apps. And this age group will do and say whatever they need to to get access to their phones. This procedure and potential policy puts in place a tool for educators to enforce and encourage engaging, interacting, communicating, and learning all while protecting the health of the student.

Thank you

Melissa Symonds, LPC

The above information can be found in these articles.

https://www.google.com/amp/s/www.psychologytoday.com/us/blog/nurturing-resilience/201801/teens-and-dangerous-levels-cell-phone-use%3famp

https://www.google.com/amp/s/amp.businessinsider.com/undercover-high-smartphones-2018-2

https://www.theatlantic.com/education/archive/2016/04/do-smartphones-have-a-place-in-the-classroom/480231/

https://www.sciencenewsforstudents.org/article/when-smartphones-go-school

https://www.safesearchkids.com/cell-phones-in-school/#.W47u7KQpDDs

1:1 Technology Environment

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Chromebooks & G-Suite

Region 4 Public Schools
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The Journey at Region 4 Schools

- In the 2016-17 school year, we began moving to a 1:1 technology environment
- In the 2017-18 school year, we continued to roll out the 1:1 model to all students in grades 4th - 12th
- In the 2018-19 school year, we rolled out the 1:1 model to 3rd grade students

Why the Change
Secure Data and Network

- CT Student Data Privacy Act 16-189
- Reduce the risks of malware, ransomware, keyloggers, rootkits, etc. by restricting personal devices
- School issued devices are managed by the IT department. Updates are done regularly to all devices
- Only district applications are installed

Why the Change
Common Experience

- Research shows:
  - 1:1 computing environment is the most cost effective way to implement technology
  - Continuous access to a computing device for every student leads to increased academic achievement and financial benefits
- We believe:
  - That we can leverage technology to increase student engagement
  - Provide opportunities for students to create, collaborate, communicate effectively and practice critical thinking

Why Chromebooks & G-Suite

- State testing is done through the secure app on the Chromebooks to ensure compliance with testing regulations.
- Eliminate the typical distractions that come with mixed technology in the classroom for the teachers
- Creates a common experience for all students
- Cost-effective instructional device that fits student and staff educational needs

GoGuardian - Instructional Benefits

- The ability to manage and support student's work in progress
- Can communicate privately and in real time with students
- Can streamline delivery of instructional resources
- Maximizes instructional time
- Provides focus for students

GoGuardian - Other Benefits

- Crisis intervention for students by sending smart alerts
- Locating lost or stolen machines
- Security benefits of whitelists and blacklists

Next Steps….

Technology Advisory Committee comprised of educators, board members, students, and community members.

The committee will be charged with:

- Reviewing current policy and procedures;
- Researching, designing, planning, and recommending policy, procedures, and guidelines to the Joint Policy Committee of the Board of Education;
- On going committee meetings for continual review

Encl #5

REAL ESTATE APPRAISAL

-of-

9.0+/- ACRES – W/S FALLS LANDING ROAD
DEEP RIVER, MIDDLESEX COUNTY, CT

Appraisal File #: RPT2018.056

PREPARED FOR:

MR. BRUCE GLOWAC
DIRECTOR OF FACILITIES, REGIONAL SCHOOL DISTICT #4
OFFICE OF THE SUPERINTENDENT, P.O. BOX 187
DEEP RIVER, CT 06417

PREPARED BY:

STEVEN L. FREY & ASSOCIATES, INC.
121 SAMSON ROCK DRIVE, SUITE 2C
MADISON, CT 06443

VALUATION DATE:

May 17, 2018

Steven L. Frey & Associates, Inc.

May 30, 2018

Mr. Bruce Glowac
Director of Facilities
Regional School District #4
Office of the Superintendent
P.O. Box 187
Deep River, CT 06417
(860) 398-0812
bglowac@rwg4.k12.ct.us

Re: 9.0+/- Acres - W/S Falls Landing Road
Deep River, Middlesex County, CT

Dear Mr. Glowac:

In accordance with the client's request, the above-captioned property has been physically inspected and all necessary investigation/analysis has been conducted which has enabled me to form an opinion of the *as is* value, reflecting market conditions as of May 17, 2018. It is my understanding that the *intended use* of this appraisal report is for marketing purposes and, the only *intended user* is Regional School District #4 and/or designated affiliates. Market data as well as calculations leading to the final value conclusion have been incorporated in this report following the transmittal letter. This letter of transmittal should only be utilized in conjunction with the entire written, accompanying report. Any separation of the signature page from the appraisal invalidates the conclusions found therein.

As previously agreed, this valuation assignment is to be representative of an ***appraisal*** report prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2018-2019 Edition, as promulgated by the Appraisal Standards Board of the Appraisal Foundation. Furthermore, this appraisal incorporates the requirements set forth by Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) and the subsequent issuance of the regulatory agencies Appraisal Rules, dated September 1990 and revised in Final Rule Action as of June 1994. This appraisal has also been prepared in accordance with the terms and conditions set forth in the Letter of Engagement. A copy of the engagement letter is included within the Addenda of this report.

The subject property represents a 392,000 square foot or 9.0 acre site located along the northwest corner of Kelsey Hill Road and Falls Landing Road within the central portion of Deep River, Middlesex County, CT. Per available maps, the lot configuration is L-shaped and, the rear boundary line abuts inland-wetlands, assumed to be formed by the close proximity of Pratte Read Reservoir. The topography is generally level throughout, and the parcel is heavily wooded. The extensive road frontage available allows for the site to be subdivided into an estimated, 4 lots with a 2 acre minimum.

An extensive search was conducted throughout Middlesex County for recent land sales offering subdivision potential similar to the subject property. Given the general lack of market data available for analysis, a direct sales comparison approach could not be performed. A detailed discussion of alternative valuation methods associated with vacant land is provided on the following page.

The valuation of vacant land can be estimated via several procedures:

1. Sales Comparison Approach
2. Allocation
3. Extraction
4. Capitalization of Ground Rental
5. Land Residual Technique of the ICA

The highest & best use of the subject represents residential subdivision in conformance with the R-60 zone. Of the available procedures, the *as is* market value has been estimated utilizing a Land Residual technique which represents a variation of the Income Approach referred to as the Subdivision Development Model (SDM). That is, I have presumed the sale of the parcel in bulk to a single purchaser whose intent would be to build-out the lots with marketable single-family dwellings. This approach first establishes the gross revenue to be achieved through the sale of the improved building lots. Therefore, the Sales Comparison Approach has been utilized in this valuation method in order to estimate achievable market prices. Appropriate expenses and carrying costs inclusive of real estate taxes, marketing (sales commissions), insurance/overhead, legal and closing fees and a provision for developer's profit, etc. are then deducted, establishing the net income. The resultant net income (revenues) from the sale of the improved lots is then discounted over a projected absorption period in order to estimate a present value (PV) to a single purchaser. A deduction for profit is required to reflect typical risk for developing this type of project subject to current market conditions. The percentage typically recognizes the magnitude of sales revenue and developer's profit which can be utilized as an expense in order to separate the management's effort from that of the real property being appraised. The Land Residual technique provides the most reliable value based on the data.

After carefully considering all available information regarding the subject property, and all apparent factors affecting value, it is my opinion that the *as is* value, in the *fee simple estate*, reflecting market conditions as of May 17, 2018, is:

TWO HUNDRED FORTY THOUSAND DOLLARS
($240,000)

The opinion of market value expressed herein is subject to the assumptions and limiting conditions, definitions, market research, analysis of data, and conclusions contained within the *appraisal* report to follow. I further certify that to the best of my knowledge and belief, the information and statements contained in this report are correct; that the values found represents my best judgment as to the market value; that I have no personal interest, present or prospective in said property or in the amount of the appraisal values thereof; that my employment or fee is not contingent upon the values reported; and that the appraisal has been prepared in accordance with the standards and practices of the *Appraisal Institute*.

Critical Disclosures & Limiting Conditions

The value estimate also is based on the assumption that the subject property is not negatively affected by the existence of hazardous substances and/or detrimental environmental conditions unless otherwise stated in this report. Should subsequent information be provided which conflicts with what has been assumed herein, I reserve the right to modify this appraisal and/or final value estimate.

The land area utilized herein was calculated from a boundary survey map found on file in the Deep River Town Clerks Office. This map was prepared by Donald R. Carlson-Registered Land Surveyor, and is included within the site data section of this report for a visual reference.

Critical Disclosures & Limiting Conditions (Continued)

It should be noted that the use of any extraordinary assumptions and/or hypothetical conditions could affect the assignment results. Consequently, I reserve the right to modify this appraisal and/or value, if subsequent information is provided which reveals conditions not previously known to the fee appraiser.

Extraordinary Assumptions: None were assumed within this report.

Hypothetical Conditions: I have assumed that a 4-lot subdivision would be approved by the town of Deep River for purposes of this analysis. The parcel appears to meet all requirements within the R-60 zone.

Estimated Marketing/Exposure Time

In the subject case, it is my opinion that if the site was made available for sale on the open market, the marketing time would, in all probability be within a 6 month period. Based on discussions with area agents, there is a modest-to-steady demand for residential building lots as well as newly constructed dwellings. The value conclusion recognizes the physical characteristics of the real estate and considers the current economic environment and its effect on real property. Based on market conditions prevailing as of the valuation date and, the position of the subject property in relation to the rear, a marketing period of 6 months is considered reasonable in which to induce the sale of the subject at the value estimated in this report.

In the case of exposure time, the subject would require a similar length of time (6 months) on the open market prior to the hypothetical consummation of a sale @ the estimated market value reported within this appraisal. Exposure is defined within the Dictionary of Real Estate Appraisal as "the time a property remains on the market; the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges under various market conditions."

Comments on Scope of Work Rule

The Scope of Work Rule, as described within the Uniform Standards of Professional Appraisal Practice (USPAP), Edition 2018-2019, requires an appraiser to identify the problem, determine and perform the scope of work necessary to develop credible assignment results and disclose the scope of work within the report. Based on discussions with the client, the appraisal to follow is considered to include the appropriate scope of work to render a credible report for the intended use.

The market value estimated within this report is subject to the assumptions and limiting conditions as well as certification of appraisal, as documented in the accompanying report. I certify that Steven L. Frey, SRPA has no present and/or contemplated future interest in the property beyond this estimate of value. I have performed no prior services, as an appraiser or in any other capacity, regarding the property that is the subject of this report in the 3-year period immediately preceding acceptance of the appraisal assignment.

Comments on Competency Rule

The Competency Rule, as described in Uniform Standards of Professional Appraisal Practice (USPAP), states that prior to entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge/experience to complete the assignment competently. Enclosed are my qualifications and related appraisal experience which demonstrate my level of competency with respect to the valuation of the subject. In order to develop the opinion of market value, I, Steven L. Frey, SRPA have prepared a narrative appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2.2(a) of the USPAP.

Respectfully submitted,

Steven L. Frey, SRPA
Certified General Appraiser
CT. State License No. RCG.0000218
Expiration Date: 4-30-2019

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EXECUTIVE SUMMARY

PROPERTY ADDRESS:	Falls Land Road / Kelsey Hill Road Deep River, Middlesex County, CT
OWNER OF RECORD:	Regional School District #4
LEGAL REFERENCE:	Volume 120, Pages 577
ASSESSOR'S REFERNCE:	Map 48. Lot 7B
INTENDED USER:	Regional School District #4
PURPOSE OF APPRAISAL:	Estimate the *as is* value
INTENDED USE OF APPRAISAL:	Potential Marketing of Real Estate
PROPERTY RIGHTS APPRAISED:	Fee Simple Estate
TYPE OF REPORT:	Narrative Appraisal
DATE OF APPRAISAL:	May 17, 2018
DATE OF TRANSMITTAL:	May 30, 2018
ZONE CLASSIFICATION:	R-60 (Low Density Residential)
ANNUAL RE TAX BURDEN:	Refer to Assessment & Tax Data section
TOTAL LAND AREA:	392,000 Square Feet or 9.0+/- Acres
FEMA FLOOD ZONE:	Zone X; Community Panel #09007C0327G
HIGHEST & BEST USE:	*As Vacant*: Single Family Development
APPROACHES TO VALUE:	Income Capitalization Approach i.e. Subdivision Development Model
POTENTIAL # OF LOTS:	4 Lots (2 Acre Minimum)
INITIAL RETAIL DWELLING PRICE:	$450,000
ESTIMATED ABSORPTION PERIOD:	24 Months or 2 Years
INTERNAL RATE OF RETURN (IRR):	15%

ESTIMATED VALUES:

Cost Approach ..... Not Developed
Sales Comparison Approach..... Supportive
Income Capitalization Approach:
As Is Market Value $240,000

Steven L. Frey & Associates, Inc.
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Office: (203) 421-4700 / Cell: (475) 227-9009 / Email: slfreyappraisalco@gmail.com

APPRAISER'S CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this appraisal assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

8. I, Steven L. Frey, have made a personal inspection of the property that is the subject of this appraisal report.

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

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

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

12. As of the date of this appraisal report, Steven L. Frey, SRPA has completed the voluntary requirements of the continuing education program of the Appraisal Institute.

13. The appraisal firm of Steven L. Frey & Associates, Inc. has not appraised this particular property or provided any other related services within the past 3 years. Steven L. Frey, SRPA has not previously appraised the subject property.

_____

Certified General Appraiser
CT. State License No. RCG.0000218
Expiration Date: 4-30-2019

ASSUMPTIONS & LIMITING CONDITIONS

1. No investigation of title to the property has been made, and the premises are assumed to be free and clear of all deeds of trust, leases, use restrictions and reservations, easements, cases or actions pending, tax liens, and bonded indebtedness, unless otherwise specified. No responsibility for legal matters is assumed. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, unless otherwise specified.

2. The maps, plats, and exhibits included in this report are for illustration only to help the reader visualize the property. They should not be considered as surveys or relied upon for any other purpose. No appraiser responsibility is assumed in connection therewith.

3. This appraiser, by reason of this report, is not required to give testimony or be in attendance in any court or before any governmental body with reference to the property in question unless arrangements have been previously made.

4. If an engineering survey has been furnished to the appraiser, no responsibility is assumed for engineering matters, mechanical or structural. Good mechanical and structural condition is assumed to exist.

5. In this appraisal assignment, the existence of potentially hazardous material used in the operation of any on-site business as well as in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, asbestos, and/or the existence of toxic waste which may or may not be present on the property, was not observed by me nor do I have any knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The existence of urea-formaldehyde insulation, radon gas, asbestos, or other potentially hazardous waste material may have an effect on the value of the property, and the client is urged to retain an expert in this field if desired.

6. No soil survey has been furnished, and it is assumed that no surface or subsurface contaminants, pollutants, or discharge is present. The appraiser reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.

7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless noncompliance is stated and considered in this report.

8. No available soil borings or analyses have been made of the subject. It is assumed that soil conditions are adequate to support standard construction consistent with the highest and best use as stated in this report.

9. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless noncompliance is stated and considered in this report.

10. The individual values estimated for the various components of the subject property are valid only when taken in the context of this report and are invalid if considered individually or as components in connection with any other appraisal.

ASSUMPTIONS & LIMITING CONDITIONS
(Continued)

11. When the Discounted Cash Flow Analysis is utilized, it is prepared on the basis of information and assumptions stipulated in this report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variations may be material.

12. The date of value of which the opinions expressed in this report is set forth in a letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.

13. If this report is used within a credit sale-leaseback type transaction, or the offering structure of a syndicate or syndication partnership, joint venture, or association, it is to be noted that the market value estimate rendered is restricted exclusively to the underlying real property rights defined in this report. No consideration whatsoever is given to the value of any partnership units or interest(s), broker or dealer selling commissions, general partners' acquisition fees, operating deficit reserves, offering expenses, atypical financing, and other similar considerations.

14. The value estimate presumes that all benefits, terms and conditions have been disclosed in any lease agreements, and that the appraiser has been fully informed of any additional considerations (i.e., front-end cash payments, additional leasehold improvement contributions, space buybacks, free rent, equity options).

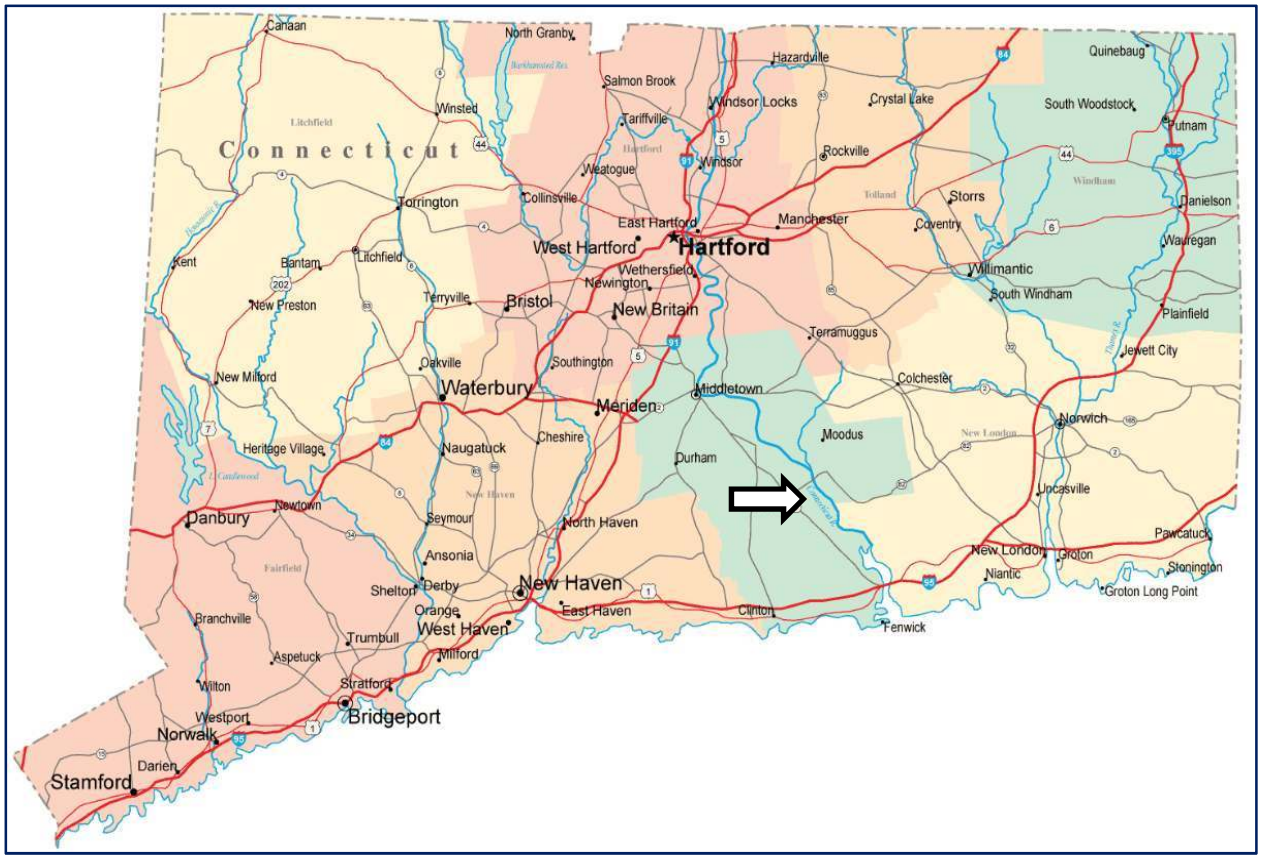
15. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the author(s) or firm with which they are connected.

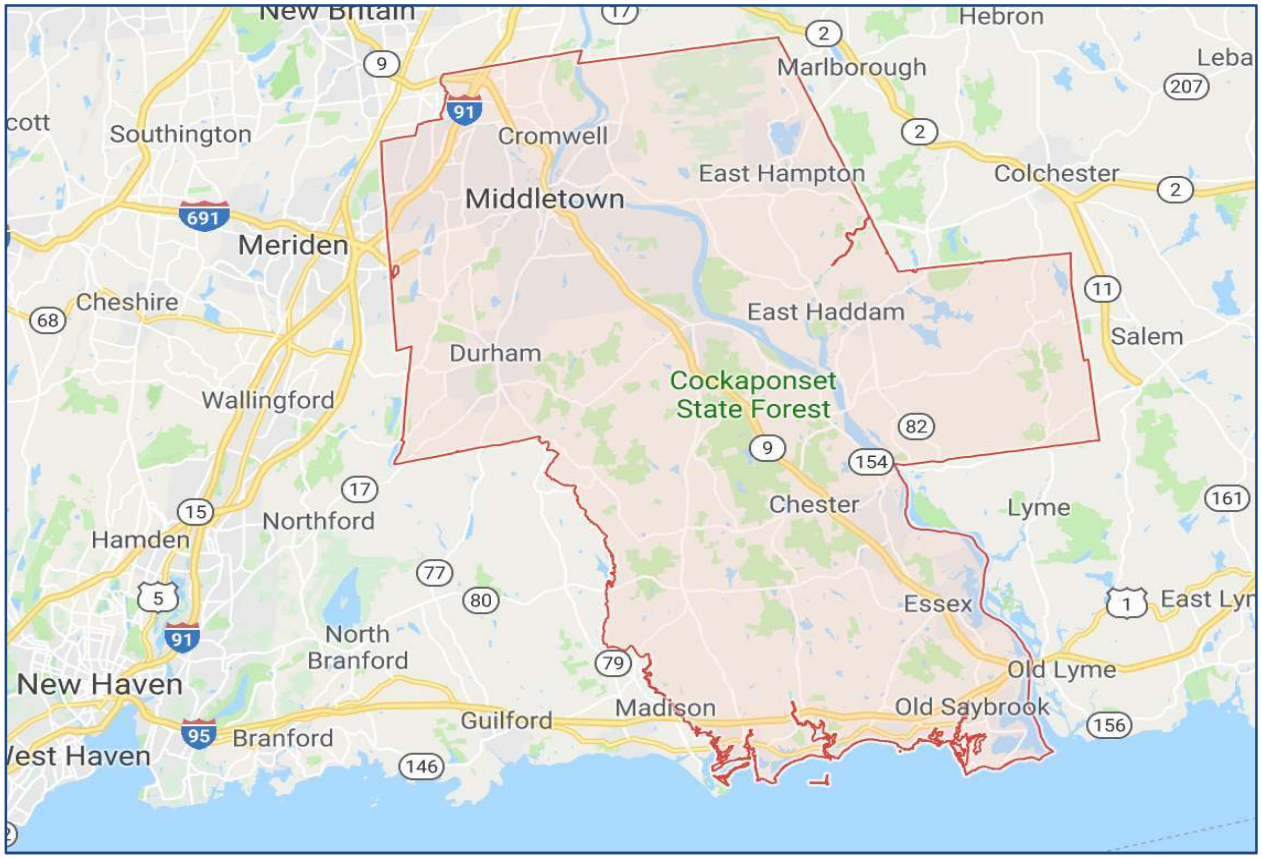
16. This appraisal was prepared for the confidential use of the client for the purpose specified and must not be used in any other manner without the written consent of the appraiser. The report and the data herein contained, except that provided by the client, remain the exclusive property of my firm.

17. The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of, and inquiries about, the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or about the property that would negatively affect its value. The appraiser assumes no responsibility for the presence of radon gas, as the appraiser has no expertise in this area.

18. All values rendered within this report assume marketing times of twelve months or less unless otherwise indicated.

STATE/COUNTY MAP





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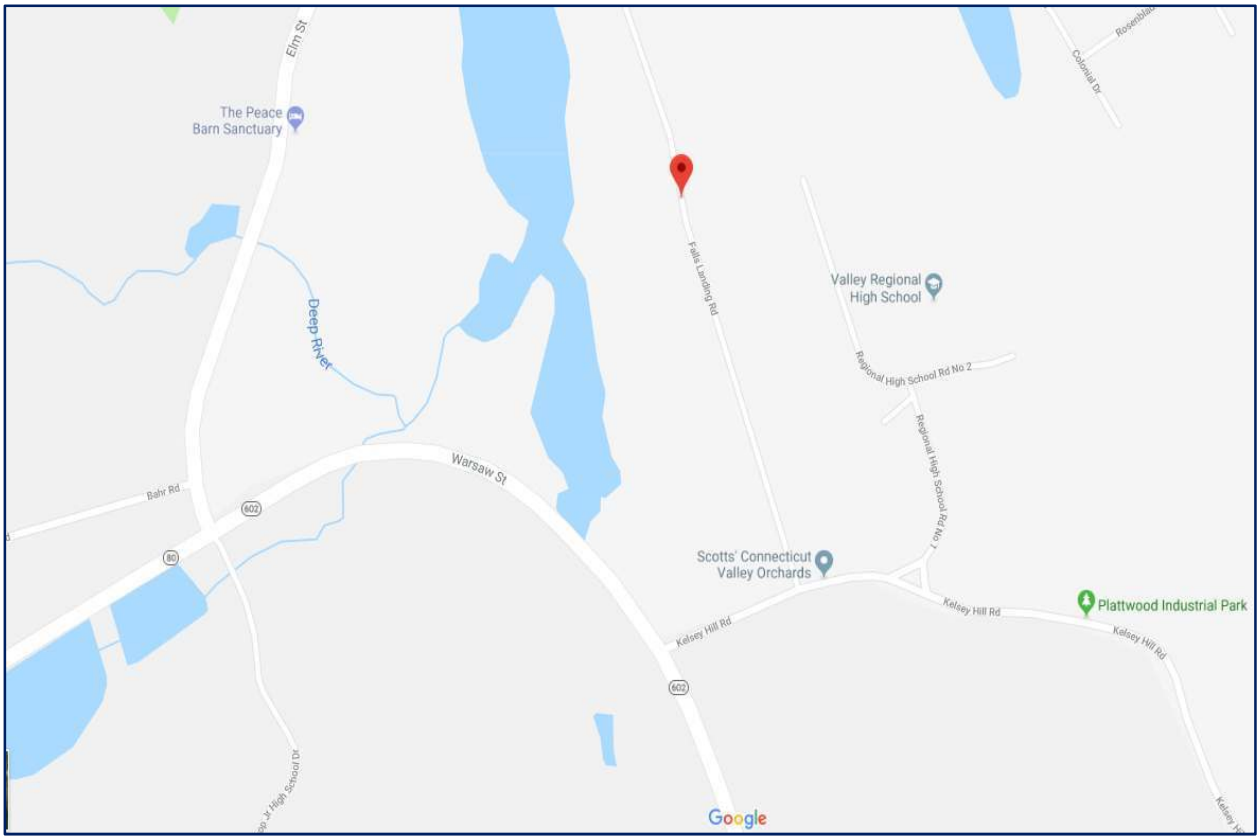
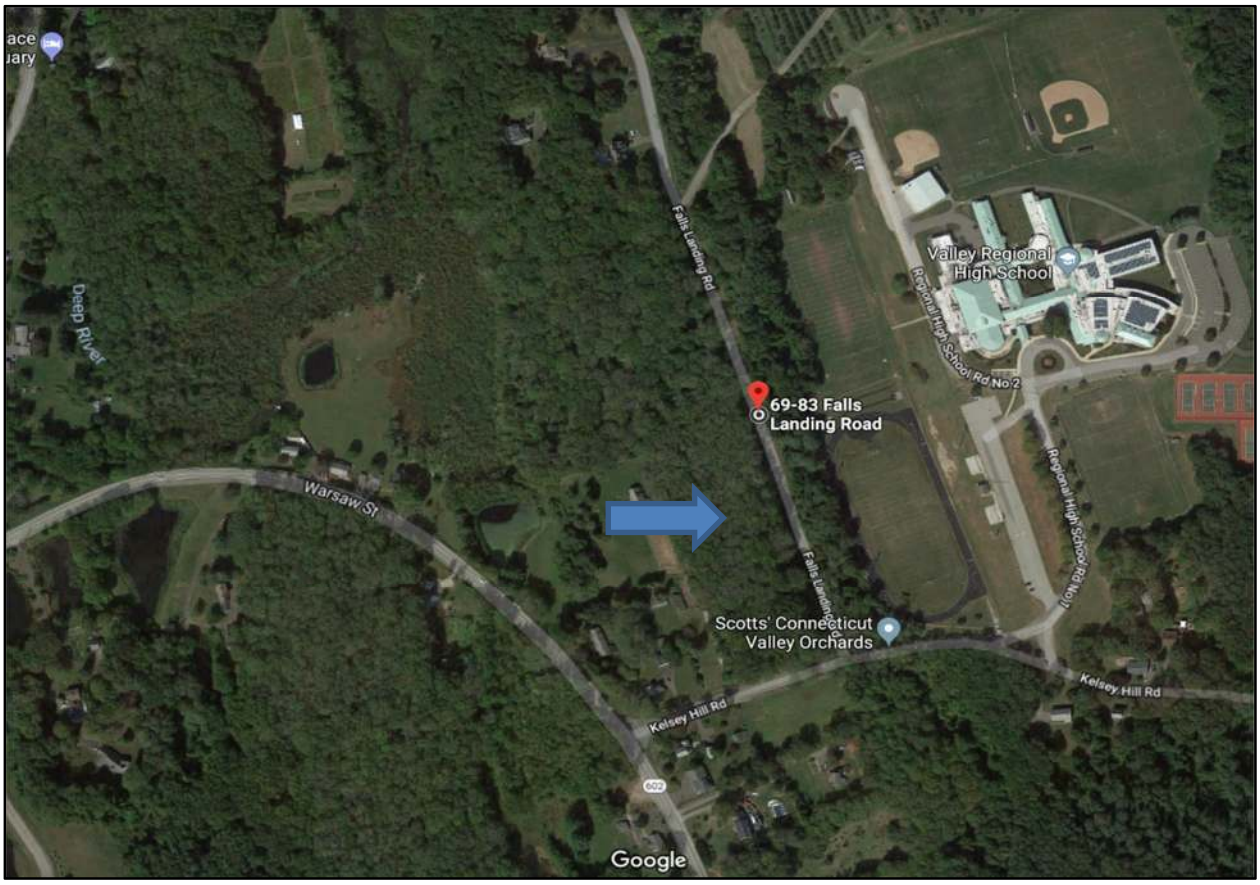
LOCATION MAP/SATELITE IMAGE





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EXTERIOR PHOTOGRAPHS

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EXTERIOR PHOTOGRAPHS
(Continued)

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APPRAISAL DEFINITIONS

Market Value

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

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

Source: Federal Register, Volume 77-No. 237, Dated December 10, 2010

Appraisal Report

A written report prepared under Standards Rule 2-2(a) or 8-2(a) of the Uniform Standards of Professional Appraisal Practice (2018-2019).

Extraordinary Assumption

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

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

Hypothetical Condition

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

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

Source: Uniform Standards of Professional Appraisal Practice (USPAP)–2018-2019 Edition.

APPRAISAL DEFINITIONS
(Continued)

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Income Capitalization Approach

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflect s a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Subdivision Development Method

A method estimating land value when subdivision and development are the highest and best use of the parcel of land being appraised. All direct and indirect costs and entrepreneurial profit are deducted from an estimate of the anticipated gross sales price of the finished lots; the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the raw land.

Aggregate Retail Values (ARV)

The sum of the appraised values of the individual units in a subdivision, as if all of the units were completed and available for retail sale, as of the date of the appraisal. The sum of the retail sales includes an allowance for lot premiums if applicable, but excludes all allowances for carrying costs.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marking time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Exposure Time

The estimated length of time the property interest being appraised would have been offered on the open market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort.

Source: The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Chicago Ill., Copyright 2010.

SCOPE OF ASSIGNMENT

As part of this appraisal assignment, Steven L. Frey & Associates, Inc. has conducted an independent investigation/analysis. The following summarizes the basic outline of activities undertaken.

- The scope of this appraisal assignment included a physical inspection of the subject property conducted as of May 17, 2018. In addition, the appraiser has reviewed the Deep River Land Records, Zoning Department file, as well as available maps. Joe Wren, PE of Indigo Land Design, LLC was contacted to discuss the development potential of the site.

- The subject market area has been analyzed for county, community, neighborhood as well as residential-related trends and their effect on market value in relation to the appraised property. Various data sources, including demographic statistics that are compiled by various state agencies, zoning files, available site/building information, the land records of all comparable sales, and other sources of public information were reviewed and utilized as a guide in estimating the *as is* value.

- The highest & best use of the subject represents residential subdivision in conformance with the R-60 zone. Of the available procedures, the *as is* market value has been estimated utilizing a Land Residual technique which represents a variation of the Income Approach referred to as the Subdivision Development Model (SDM). That is, I have presumed the sale of the parcel in bulk to a single purchaser whose intent would be to build-out the lots with marketable single-family dwellings. This approach first establishes the gross revenue to be achieved through the sale of the improved building lots. Therefore, the Sales Comparison Approach has been utilized in this valuation method in order to estimate achievable market prices. Appropriate expenses and carrying costs inclusive of real estate taxes, marketing (sales commissions), insurance/overhead, legal and closing fees and a provision for developer's profit, etc. are then deducted, establishing the net income. The resultant net income (revenues) from the sale of the improved lots is then discounted over a projected absorption period in order to estimate a present value (PV) to a single purchaser. A deduction for profit is required to reflect typical risk for developing this type of project subject to current market conditions. The percentage typically recognizes the magnitude of sales revenue and developer's profit which can be utilized as an expense in order to separate the management's effort from that of the real property being appraised. The Land Residual technique provides the most reliable value based on the data.

- Reconciliation of the value indications derived via applicable approaches provide a single value indication or a range of most probable values. In reconciliation, the appraiser weighs the relative significance, applicability, and defensibility of each value indication and relies most heavily on the approach that is most appropriate to the nature of the appraisal assignment. Reconciliation also provides an opportunity to resolve variations as well as inconsistencies among the value indications.

IDENTIFICATION OF PROPERTY

The property being appraised represents a 9.0+/- acre parcel fronting along the northwest corner of Kelsey Hill Road and Falls Landing Road within the central portion of Deep River, Middlesex County, CT. More specifically, the property is referenced on the Deep River Tax Assessor's Records as Lot 7B, on Map 48. Reference can also be made to a map entitled "Site Development Plan of Property Belonging to Kelsey Falls Associates located at Kelsey Hill Road Deep River, Connecticut," dated March 23, 1989. This map was prepared by Rowley Engineering and Associates P.C. The land area utilized herein was calculated from a boundary survey map found on file in the Deep River Town Clerks Office. This map was prepared by Donald R. Carlson-Registered Land Surveyor, and is included within the site data section of this report.

PURPOSE OF APPRAISAL

The purpose of this appraisal assignment is to estimate the *as is* value, in the *fee simple estate*, reflecting market conditions as of March 17, 2018.

INTENDED USE/USER OF APPRAISAL

It is my understanding that the *intended use* of this appraisal report is for marketing purposes and, the only *intended user* is Regional School District #4 and/or designated affiliates.

PROPERTY RIGHTS APPRAISED

The subject as is has been appraised as a fee simple estate. That is, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by governmental power of taxation, eminent domain, police power, and eschet."[1]

STATEMENT OF OWNERSHIP

The subject property is reputedly owned by Regional School District # 4 as recorded in Volume 120, Pages 577-578 of the Deep River Land Records. A copy of this deed is included within the Addenda.

HISTORY OF SUBJECT PROPERTY

Based on a review of the Deep River Land Records, there has been no deed transactions associated the subject property within the past 3 years. The most recent represents a Quit Claim Deed between Regional School District No. 4 and Winston D & Diane L. Scott, dated April 13, 1989. It has been reported that this parcel was separated from the Valley Regional School Campus during 1989 when Winston Scott developed a subdivision along Falls Landing Road. Land was exchanged between these two parties.

[1] The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Chicago Ill., Copyright 2010, Page 78.

NATIONAL/REGIONAL/STATE ANALYSIS

National Market Overview

Real estate cycles vary across markets and geographic areas as well as in markets & geographic locations based on property type-office, retail, industrial, multi-family and development land. National cycles differ for the same property type across individual markets. It also means that within a specific location, the cycle for each property type can be in a different phase at any given time.

A synopsis of each real estate sector performance is discussed below:

Office Sector

The national office sector is forecast to remain fundamentally strong through 2017 with the majority of metros in the expansion phase of the real estate cycle. However, softer fundamentals are forecast for 2018 through 2020 as new supply could potentially exceed net demand in a growing number of markets. On a positive note, the near-term adjustment to the U.S. office sector's cycle may be mild since any new supply remains relatively restrained compared to previous cycles.

Retail Sector

The national retail sector continues to transform due to the continued growth and popularity of on-line shopping. As the U.S. retail sector moves through 2018, a rising number of retail metros are forecast to see supply outpace leasing demand as merchants continue to address the changing buying habits of consumers, resulting in downsizing and store closures. The northeast is expected to have the highest percentage of metros in recession by year-end 2018.

Industrial Sector

The PwC barometer indicates that the national industrial sector is expected to remain quite healthy through year-end 2017 into 2018. Net leasing is expected to remain positive even though new supply will outpace demand in various cities. By year-end 2018, 85% of the metros analyzed will be in the contraction phase of the real estate cycle, characterized by increasing vacancy rates, rising overall cap rates and slowing rent growth. Since vacancy rates are at or near historical lows, it could take some time for the excess new supply to negatively impact rental rates.

Multi-Family Sector

Steady additions to supply have changed the U.S. multi-family real estate barometer outlook dramatically over the past year. Many multi-family markets spend the later part of 2017 successfully absorbing new supply. While strong demand in most metros will continue to allow new units to be leased, the portion of the multi-family sector in recession is expected to range between 21-23% through 2018-2010. Over this time period, the national multi-family vacancy rate is projected to slowly rise, resulting on downward pressure on rent growth.

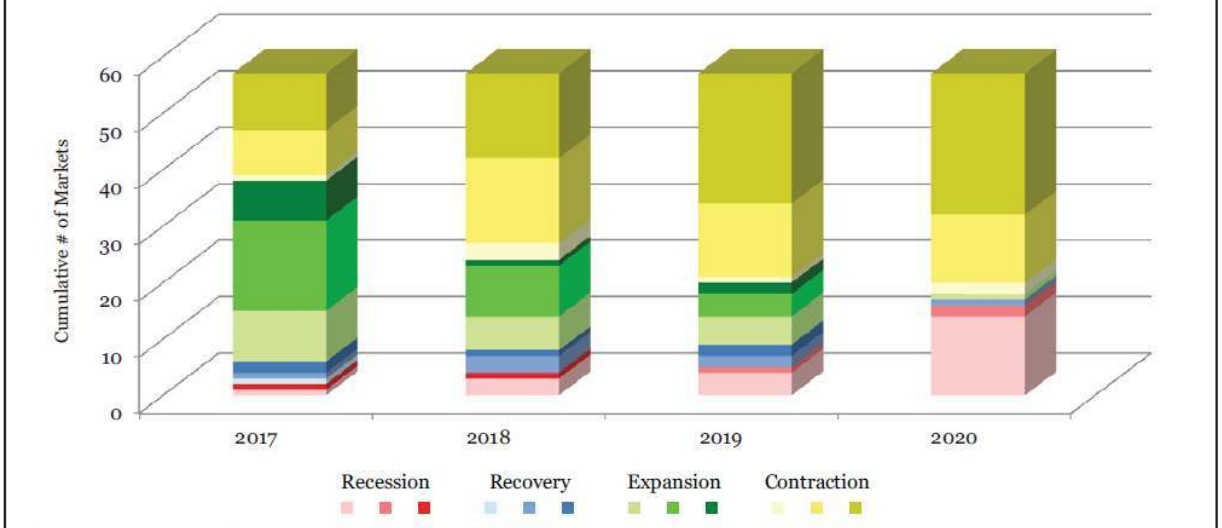
National Development Land Market

Free-and-clear or unleveraged discount rates (including developer's profit) range from 10%-20%; the average approximating 15.40%. This average is 60 basis points lower than the average 6 months ago. The typical marketing time is 3 to 36 months; the average approximating 16 months. Looking ahead over the next 12 months, surveyed investors forecast property values in the national development land market to increase as much as 10% or decrease as much as 5%. The average expected appreciation rate is 3.55 which is well below the rate of 5.6% six months ago.

National Market Overview (Continued)

Office Sector

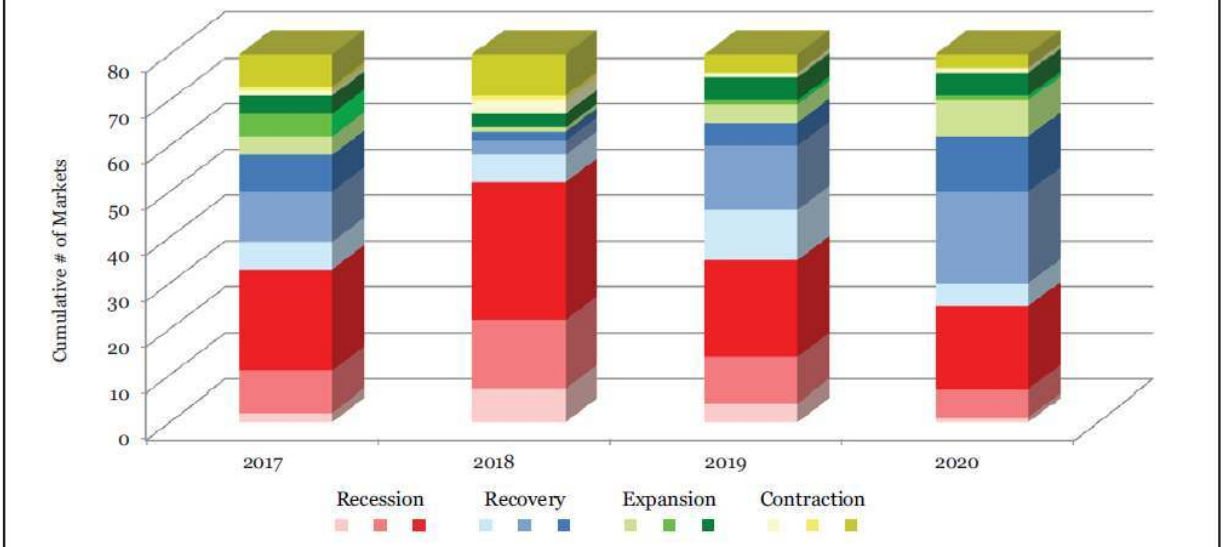
Chart REB-1
PwC REAL ESTATE BAROMETER
U.S. Office Markets – 2017 to 2020



Source: Data provided by CBRE; compiled and analyzed by PwC

Retail Sector

Chart REB-2
PwC REAL ESTATE BAROMETER
U.S. Retail Markets – 2017 to 2020

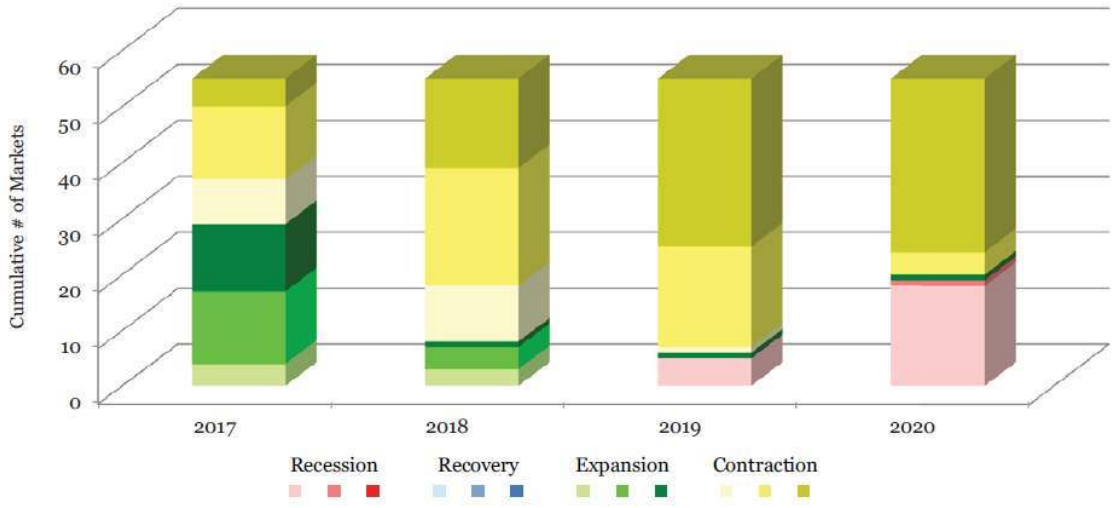


Source: Data provided by Reis; compiled and analyzed by PwC

National Market Overview (Continued)

Industrial Sector

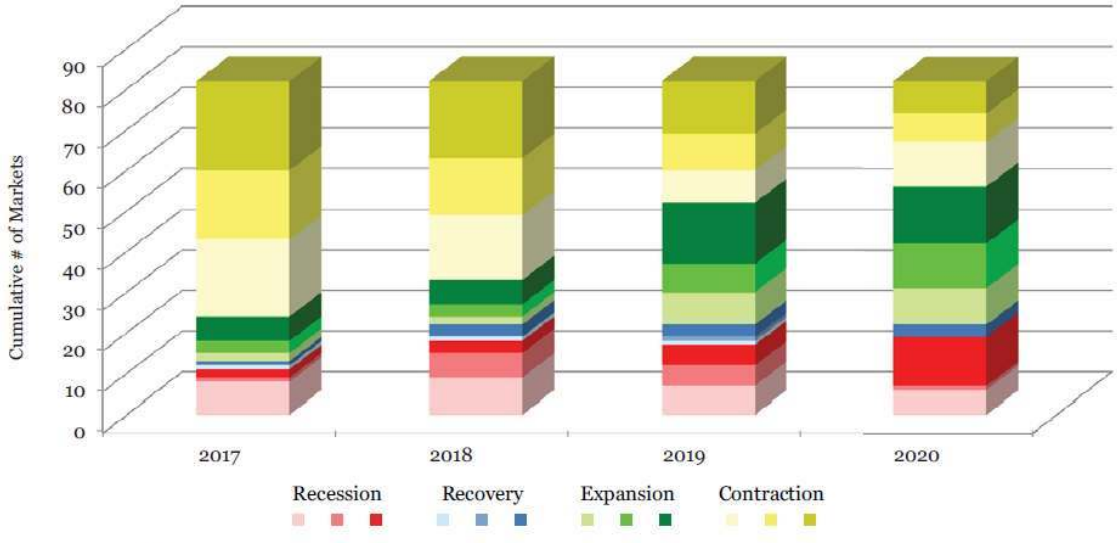
Chart REB-3
PwC REAL ESTATE BAROMETER
U.S. Industrial Markets – 2017 to 2020



Source: Data provided by CBRE; compiled and analyzed by PwC

Multi-Family Sector

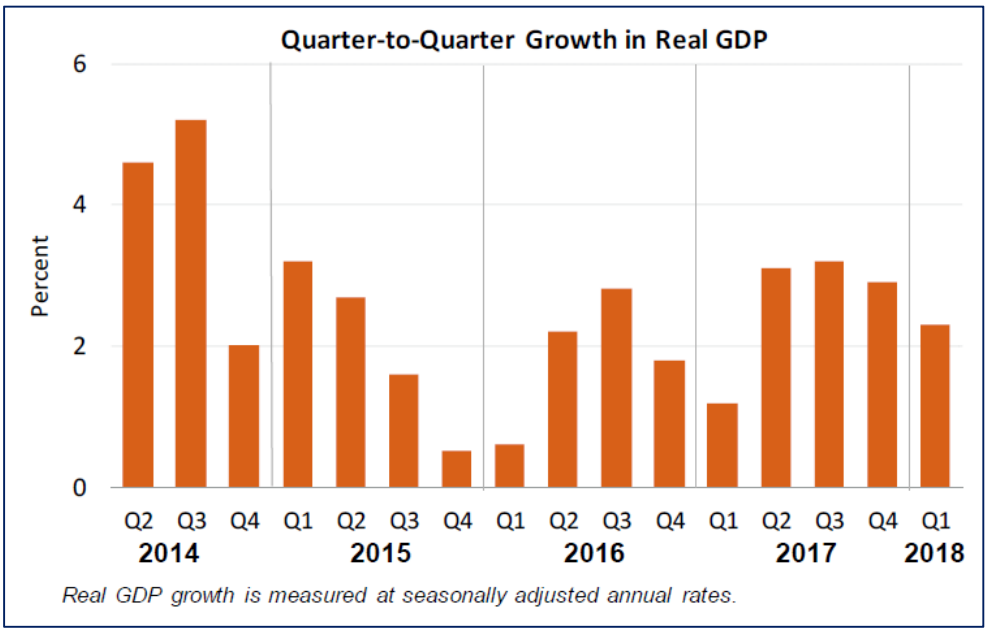
Chart REB-4
PwC REAL ESTATE BAROMETER
U.S. Multifamily Markets – 2017 to 2020



Source: Data provided by Reis; compiled and analyzed by PwC

National Market Overview (Continued)

Gross domestic product (GDP) is the value of all goods and services produced in the United States. Real gross domestic product is used to measure economic output. GDP increased by 2.3% during the 1st Quarter 2018. During the 1st Q 2017, the GDP increased by 1.2%, and 3.0% during the 2nd Quarter, and 3.2% in the 3rd Quarter and, finally 2.9% in the 4th Quarter. Prices of goods and services purchased by U.S. residents increased 2.8% during the 1st Quarter 2018, up from 2.5% during the 4th Quarter 2017.



Illustrated below in chart form are equity and debt rates associated with capital and money markets provided by the Federal Reserve and Federal Home Loan Mortgage Corp.

INTEREST RATES

(Percent)	Mar 2018	Feb 2018	Mar 2017
Prime	4.58	4.50	3.88
Federal Funds	1.51	1.42	0.79
3 Month Treasury Bill	1.73	1.59	0.75
6 Month Treasury Bill	1.92	1.79	0.89
1 Year Treasury Note	2.06	1.96	1.01
3 Year Treasury Note	2.42	2.36	1.59
5 Year Treasury Note	2.63	2.60	2.01
7 Year Treasury Note	2.77	2.78	2.30
10 Year Treasury Note	2.84	2.86	2.48
20 Year Treasury Note	2.97	3.02	2.83
Conventional Mortgage	4.44	4.33	4.20

Sources: Federal Reserve; Federal Home Loan Mortgage Corp.

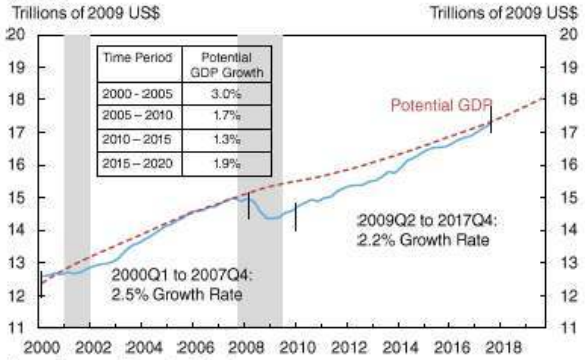
In formulating the nation's monetary policy, the Federal Reserve considers a number of factors that include both financial and economic indicators. The more well-known indices are discussed on the following page along with graphs which trend the changes within these financial & economic indicators.

National Market Overview (Continued)

OVERVIEW

- Real consumer spending growth remained weak in February.
  - **Nondurable goods and services expenditures exhibited continued softness.**
- Business equipment spending continued to increase robustly in 2017Q4, and exhibited brisk growth overall in 2017.
  - **Capital goods shipments data suggest that solid growth continued into 2018Q1.**
  - **However, recent monthly data on new orders suggest some slowing in near-term momentum.**
- Housing indicators generally point to continued gradual improvement in this sector.
  - **Tight housing supply and a strong labor market have the potential to provide continuing support to the housing sector.**
- Payroll growth was moderate in March following a strong increase in February, in part reflecting weather conditions. The unemployment rate and the employment-to-population ratio were unchanged, while the labor force participation rate declined slightly in the month.
  - **The latest readings of various measures of labor compensation continued to indicate modest firming.**
- Core PCE inflation continued to run below the FOMC's longer-run objective, but near-term momentum has firmed.
- U.S. equity indices declined over the past month, and volatility remained elevated. The nominal 10-year Treasury yield was little changed over the past month. The broad trade-weighted dollar index fell slightly.

GDP



Source: Bureau of Economic Analysis, Congressional Budget Office via Haver Analytics
Note: Shading shows NBER recessions.

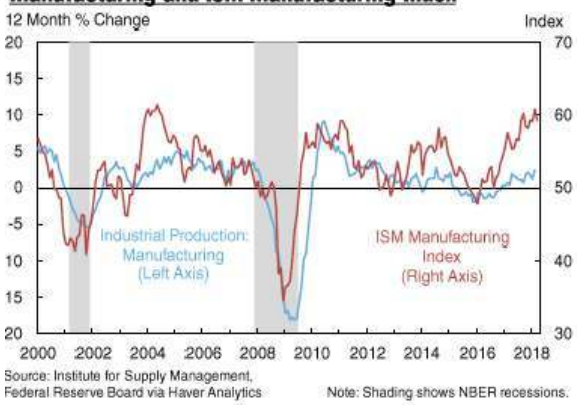
Output near its potential level

- Real GDP in 2017Q4 was 0.25% below the Congressional Budget Office's (CBO) measure of real potential GDP.
  - **In its April economic outlook, the CBO revised up its estimate of real potential GDP for 2017Q4 by 0.8%. Estimates for 2019 – 2027 were revised upward by more than 1%.**
  - **The 4.1% March unemployment rate is below many estimates of its natural rate, including that of the CBO (4.62%).**
  - **CBO estimates of the natural rate of unemployment were revised down about 0.1 percentage point for 2018 – 2027.**
- The CBO output gap indicates little resource slack in the U.S. economy, while the unemployment gap signals tighter resource constraints.
  - **However, capacity utilization rates remain below their historical averages, suggesting some remaining slack by that measure.**

Industrial Production

Industrial production is an estimate of change in level of output in the industrial sector of the economy.

Manufacturing and ISM Manufacturing Index



Source: Institute for Supply Management, Federal Reserve Board via Haver Analytics
Note: Shading shows NBER recessions.

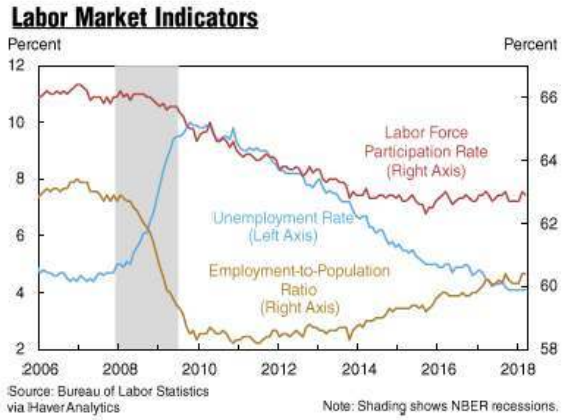
Manufacturing surveys signal continued growth

- Manufacturing production rose by 1.4% in February following a 0.2% fall in January.
  - **Manufacturing production increased by 2.5% in February on a 12-month change basis.**
- The ISM PMI fell by 1.5 percentage points to 59.3 in March, indicating continued expansion but at a slower pace compared to February.
  - **The Prices Index jumped 3.9 percentage points to 78.1, reaching its highest level since April 2011.**
- All regional Fed manufacturing surveys indicated continued expansion in March, with only the Empire State index indicating faster expansion than in February.

National Market Overview (Continued)

Unemployment Rate

The unemployment rate is a measure of the prevalence of unemployment and is calculated as a percentage by dividing the number of unemployed individuals by all individuals in the labor force.

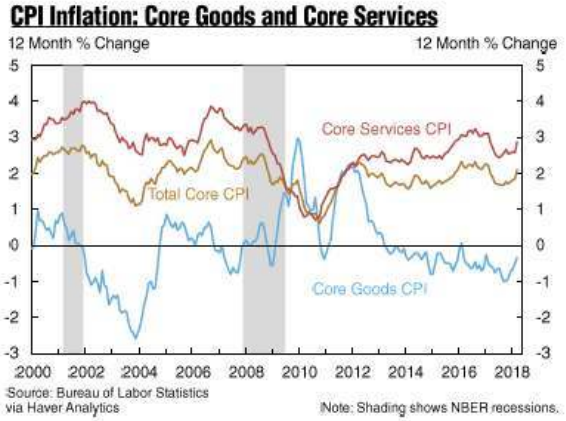


Unemployment rate remains unchanged

- The unemployment rate remained at 4.1% in March.
  - **It has stayed at that level for the past six months.**
- The labor force participation rate declined slightly from 63.0% to 62.9%.
  - **The labor force participation rate declined for both male and female workers, from 69.4% to 69.3% and from 57.0% to 56.9%, respectively.**
- The employment-to-population ratio was unchanged in March at 60.4%.
  - **The male employment-to-population ratio stayed at 66.5%. The female employment-to-population-ratio declined slightly, from 54.7% to 54.6%, moving the aggregate employment-to-population ratio by less than 0.1 percentage point.**

Consumer Price Index

An index designed to measure the change in price of a fixed market basket of goods and services. The rate of change in the CPI is a key measure of inflation in the economy.



Core CPI back above 2%

- Core CPI inflation was 0.2% in March, but it climbed to 2.2% on a 12-month basis, up from 1.8% in February.
  - **This notable increase was mostly driven by the unusual negative reading of -0.1% in March 2017 dropping out of the 12-month average.**
  - **On a 3-month basis, core CPI inflation has been hovering at around 3% (annualized) in 2018.**
- Core services prices rose 0.3% in March, up from 0.2% in February.
- Core goods prices fell 0.1% in March after rising for the previous two months, but their 12-month change continued to recover.

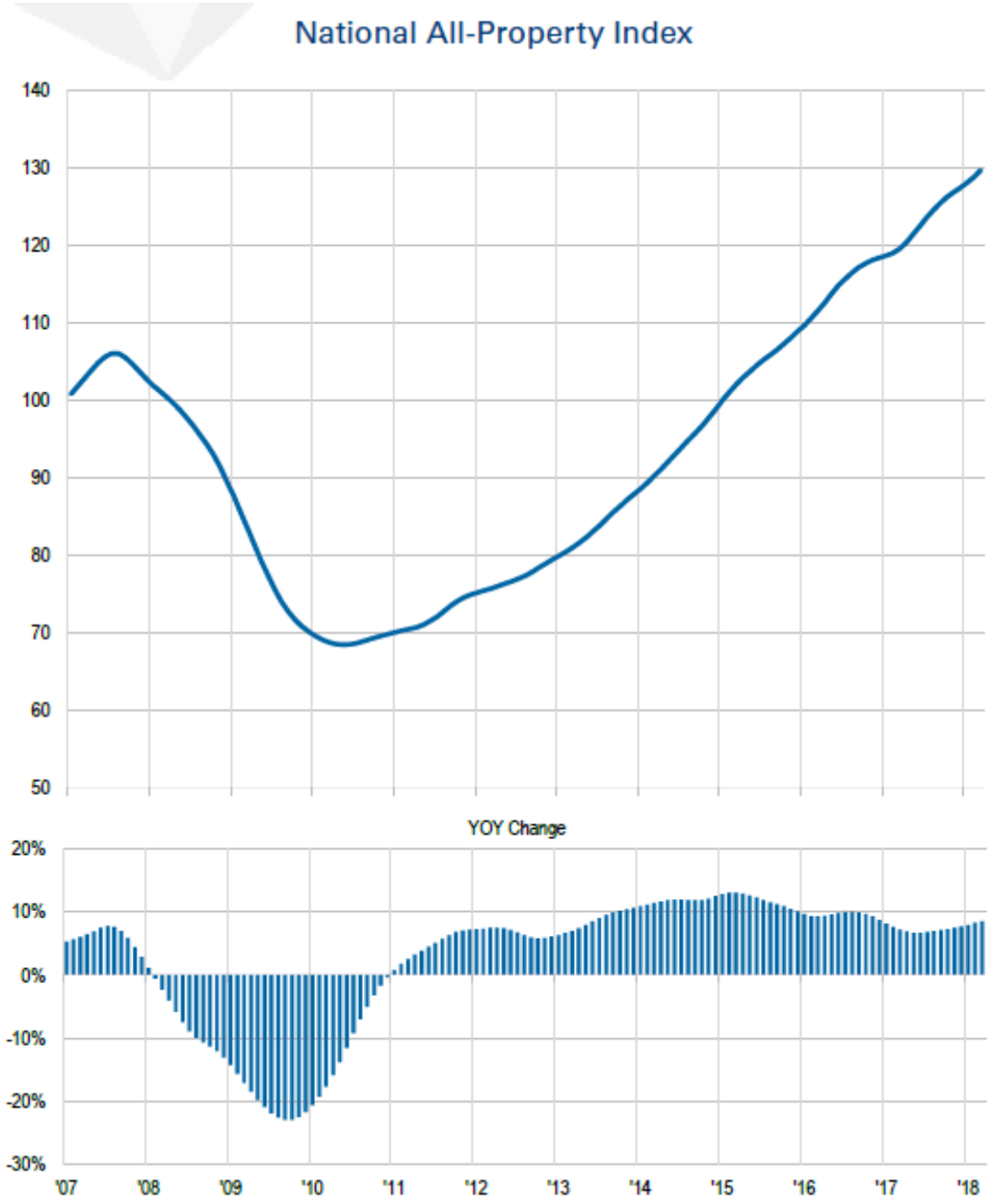
Single-Family Housing

Home prices continue to display strong increases

- The CoreLogic single family national home price index rose 6.8% in February from a year ago.
  - **This is the seventh consecutive month of year-over-year growth measuring above 6%.**
  - **All states experienced 12-month home price increases, with Washington, Nevada, Idaho and Utah leading the way with double-digit increases.**
- The inventory of single family homes was 1.41 million units in February, equivalent to a 3.4 months' supply at the current sales pace.
  - **Since late 2015, the inventory of single family homes for sale has remained below the normal range of 5-7 months.**
  - **The lean supply of homes for sale along with a healthy job market have created upward pressures on home prices.**

National Market Overview (Continued)

Historical trends have been analyzed herein utilizing Moody's Investors Service's REAL CPP Indices. These indices measure the change in actual transaction prices for national and regional commercial real estate assets based on the *repeat sales of the same assets*. **The chart presented below illustrates the changes in the national real estate sector between the years 2007-2018**. The national all-property composite index increased 0.7% in March 2018 from the previous month, and 8.5% from March 2017 to March 2018. Price growth for the apartment and industrial sectors continues to lead the pack.



New England/CT Overview (Continued)

Population Statistics

The population in the State of CT (2011-2015) was 3,593,222 persons, which was up 5.5% from the 2000 census figures. The population is expected to increase to 3,702,469 residents or by 3.0% by the year 2020. Middlesex County (2011-2015) had 165,165 residents, which was up 6.5% from the 2000 census figures and down 0.31 from the 2010 census figures. The 2020 projection is 170,518 residents, which represents a 3.2% increase over the next five years.

The estimated population in the town of Deep River, as of the 2010 census, was 4,629 persons. The population, as of the 2011-2015 was 4,571 persons; a 1.25% decrease from the 2010 census figures. The population is forecasted to further decrease to 4,249 persons by the year 2020; per the CT Economic Resource Center (CERC), a 7.0% reduction over the next five years.

Personal Income Statistics

The 2010-2015 Median Household Income was $70,331 for the State of CT, $69,117 for Middlesex County, and *$69,395 for the town of Deep River.*

Employment Statistics

The unemployment rate in Connecticut (seasonally adjusted) was 4.5%, as of April 2018, per the Labor Department. In comparison, the national unemployment rate was 3.9%. The New Haven Labor Market, which includes the subject community, posted a 4.1% unemployment rate. *In the town of Deep River, the unemployment rate was 3.5%, with 101 of 2,876 labor participants unemployed.*

Non-Farm Employment Statistics

Listed below is a summary of the Labor situation (non-farm employment) dated March 22, 2018 as provided by The Connecticut Department of Labor.

	March 2018 P		March 2017 R		Change		February 2018 R	
	Number	Rate	Number	Rate	Number	Points	Number	Rate
Bridgeport-Stamford	21,200	4.6	23,600	5.0	-2,400	-0.4	23,200	5.0
Danbury	4,200	3.9	4,800	4.4	-600	-0.5	4,600	4.3
Danielson-Northeast*	2,200	5.1	2,400	5.5	-200	-0.4	2,400	5.5
Worcester NECTA	2,100	5.1	2,300	5.5	-200	-0.4	2,300	5.6
Hampton	100	4.3	100	5.7	0	-1.4	100	4.7
Enfield	2,300	4.5	2,500	5.0	-200	-0.5	2,500	5.1
Hartford	29,100	4.7	31,700	5.0	-2,600	-0.3	31,800	5.1
New Haven	14,700	4.6	16,500	5.0	-1,800	-0.4	16,100	4.9
Norwich-New London	6,600	4.6	7,100	5.0	-500	-0.4	7,400	5.2
Torrington-Northwest**	2,300	5.0	2,600	5.4	-300	-0.4	2,600	5.5
Torrington NECTA	1,500	5.8	1,600	6.2	-100	-0.4	1,700	6.4
Litchfield	800	4.0	900	4.4	-100	-0.4	900	4.4
Waterbury	6,600	6.0	7,300	6.5	-700	-0.5	7,300	6.6
CONNECTICUT	88,300	4.7	97,700	5.1	-9,400	-0.4	96,900	5.1
UNITED STATES	6,671,000	4.1	7,284,000	4.6	-613,000	-0.5	7,091,000	4.4

P = Preliminary R = Revised

New England/CT Overview (Continued)

Presented below and on the following pages is market data reflecting the State of CT, Middlesex County and, the town of Deep River single-family sector as prepared by Raveis Real Estate Company.

State of Connecticut - Single Family Properties
Year to Date:

	Through April, 2018	Through April, 2017	% Chg
Unit Sales	8,929	9,106	-1.9%
Average Sale Price	$372,291	$363,721	2.4%
Median Sale Price	$250,000	$235,000	6.4%
Average List Price	$702,314	$686,318	2.3%
Inventory	16,334	17,871	-8.6%
Months of Supply	5.5	6.1	-9.9%
Market Time (Days)	104	94	10.6%
Price per Sq Ft for Sold	$169	$176	-4.2%
Sales to List Price Ratio	96.0%	95.4%	0.7%
New Listings	18,748	20,557	-8.8%

Middlesex County, CT - Single Family Properties
Year to Date:

	Through April, 2018	Through April, 2017	% Chg
Unit Sales	508	540	-5.9%
Average Sale Price	$298,100	$280,982	6.1%
Median Sale Price	$256,500	$255,000	0.6%
Average List Price	$462,792	$478,014	-3.2%
Inventory	995	1,019	-2.4%
Months of Supply	5.9	6.1	-2.8%
Market Time (Days)	114	92	23.9%
Price per Sq Ft for Sold	$148	$148	0.2%
Sales to List Price Ratio	95.9%	96.0%	-0.2%
New Listings	1,037	1,117	-7.2%

Deep River, CT - Single Family Properties
Year to Date:

	Through April, 2018	Through April, 2017	% Chg
Unit Sales	17	11	54.5%
Average Sale Price	$279,438	$283,622	-1.5%
Median Sale Price	$230,000	$222,000	3.6%
Average List Price	$578,407	$446,051	29.7%
Inventory	27	30	-10.0%
Months of Supply	6.4	8.4	-24.1%
Market Time (Days)	138	132	4.5%
Price per Sq Ft for Sold	$141	$142	-0.9%
Sales to List Price Ratio	95.9%	92.0%	4.3%
New Listings	25	29	-13.8%

RESIDENTIAL HOUSING MARKET

Single-Family Sector

Presented below is summary chart form are recent home sales located in the subject community

Deep River, CT - Single Family Properties

February, 2018

Address	BR	List Price ($)	Sale Price ($)	Market Time (Days)	Square Feet	Tax Assessment ($)
120 Warsaw	3	$224,900	$219,000	139	2,283	$162,750
126 Essex	4	$750,000	$707,500	701	3,944	$567,630
138 River	2	$145,000	$166,138	16	1,032	$163,800
166 Cedar Lake	2	$140,000	$95,550	49	1,272	$125,650
20 Hemlock	4	$475,000	$455,000	32	2,901	$306,740
40 Shailer Pond	4	$463,000	$435,000	43	2,718	$297,920
52 Glen Grove	4	$265,900	$243,750	89	1,958	$167,440
57 Rosemont	3	$259,900	$252,500	196	1,469	$164,360
58 Cedar Lake	3	$238,777	$238,000	39	1,806	$147,000
February Averages	3	$329,164	$312,493	145	2,154	$233,699

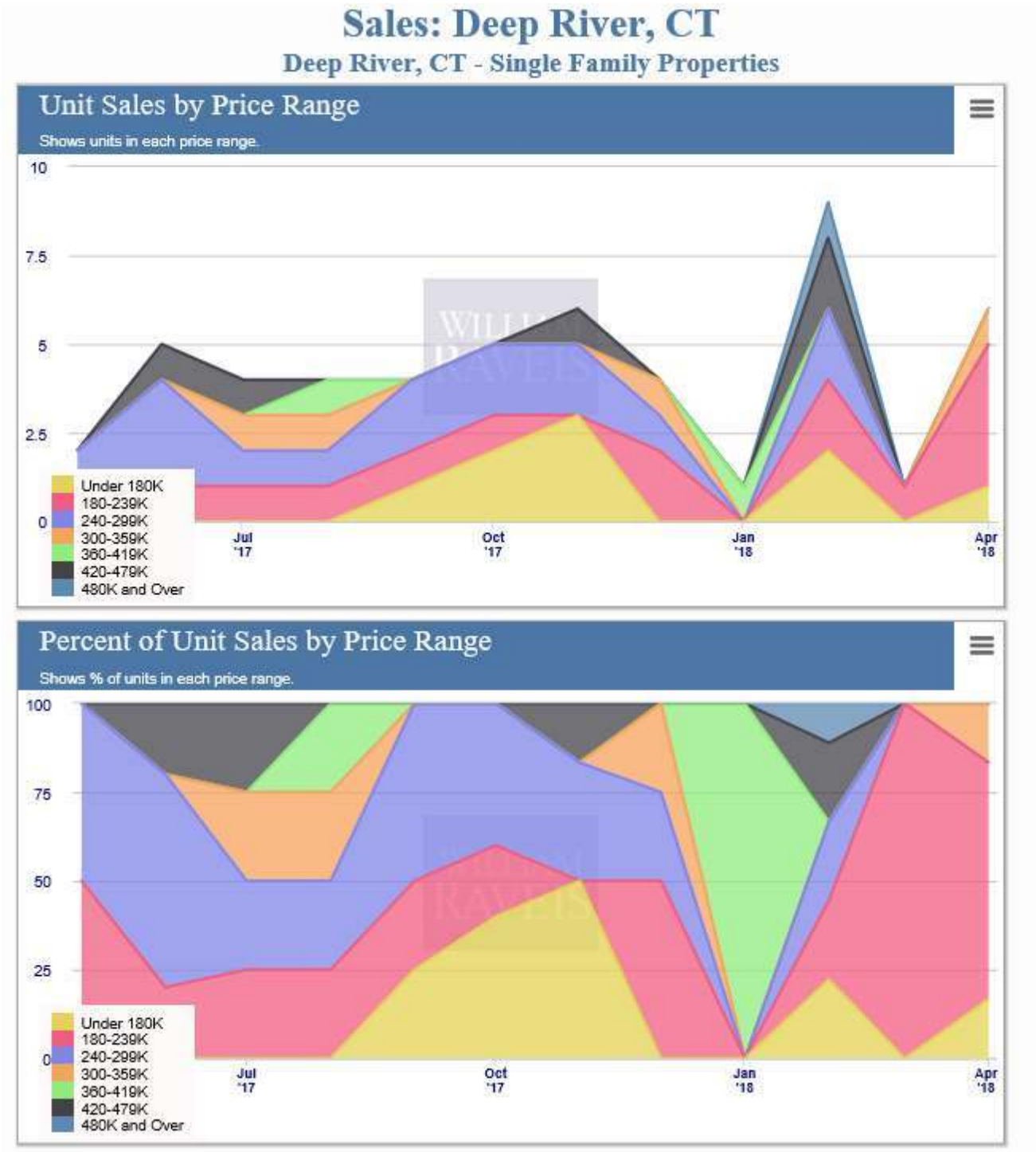
March, 2018

Address	BR	List Price ($)	Sale Price ($)	Market Time (Days)	Square Feet	Tax Assessment ($)
109 Kelsey Hill	3	$199,900	$185,000	78	2,272	$164,290
March Averages	3	$199,900	$185,000	78	2,272	$164,290

April, 2018

Address	BR	List Price ($)	Sale Price ($)	Market Time (Days)	Square Feet	Tax Assessment ($)
10 Tower Hill Lake	3	$219,900	$213,500	61	1,064	$119,000
11 Union	3	$299,900	$310,000	230	1,442	$180,880
120 Bushy Hill	2	$234,900	$230,000	62	1,538	$146,370
66 High	3	$170,000	$162,000	281	1,612	$151,130
7 Prospect	3	$214,995	$200,500	100	1,320	$113,610
8 Whittlesey Brook	3	$229,000	$229,000	57	1,788	$160,370
April Averages	3	$228,116	$224,167	132	1,460	$145,227

Single-Family Sector (Continued)



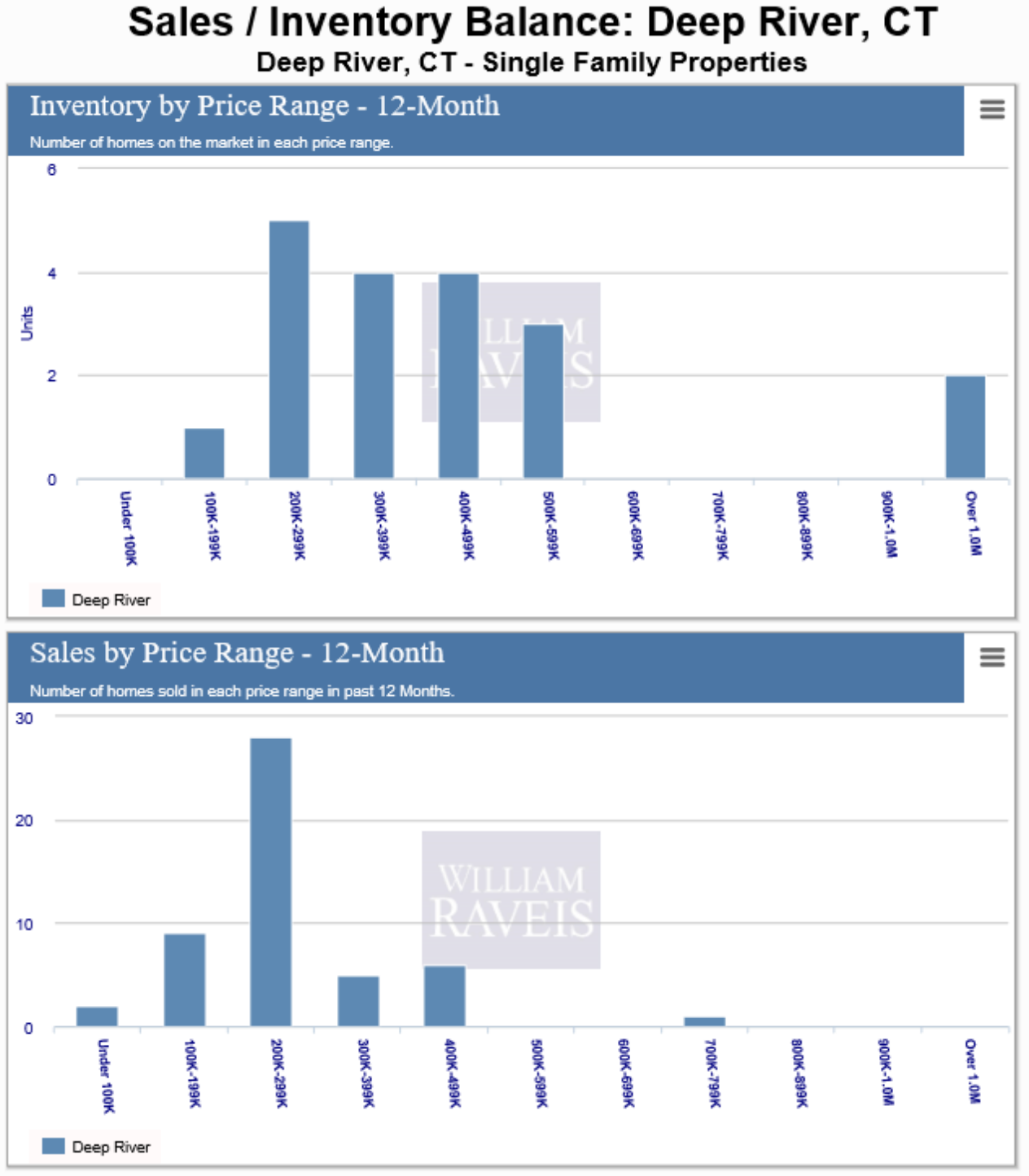
RESIDENTIAL HOUSING MARKET

Single-Family Sector (Continued)

Price Range	Unit Sales - Past 12 Months	Inventory	Months of Supply	% of Total Sales
Under $50K	0	0		0.00%
$50K - $99K	2	0	0.00	3.92%
$100K - $149K	1	0	0.00	1.96%
$150K - $199K	8	1	1.50	15.69%
$200K - $249K	16	5	3.75	31.37%
$250K - $299K	12	0	0.00	23.53%
$300K - $349K	4	3	9.00	7.84%
$350K - $399K	1	1	12.00	1.96%
$400K - $449K	4	3	9.00	7.84%
$450K - $499K	2	1	6.00	3.92%
$500K - $549K	0	2		0.00%
$550K - $599K	0	1		0.00%
$600K - $649K	0	0		0.00%
$650K - $699K	0	0		0.00%
$700K - $749K	1	0	0.00	1.96%
$750K - $799K	0	0		0.00%
$800K - $849K	0	0		0.00%
$850K - $899K	0	0		0.00%
$900K - $949K	0	0		0.00%
$950K - $999K	0	0		0.00%
$1.00M - $1.49M	0	0		0.00%
$1.50M - $1.99M	0	2		0.00%
$2.00M - $2.49M	0	0		0.00%
$2.50M - $2.99M	0	0		0.00%
$3.00M - $3.49M	0	0		0.00%
$3.50M - $3.99M	0	0		0.00%
$4.00M - $4.49M	0	0		0.00%
$4.50M - $4.99M	0	0		0.00%
$5M	0	0		0.00%
$6M	0	0		0.00%
$7M	0	0		0.00%
$8M	0	0		0.00%
$9M	0	0		0.00%
$10M and Over	0	0		0.00%

RESIDENTIAL HOUSING MARKET

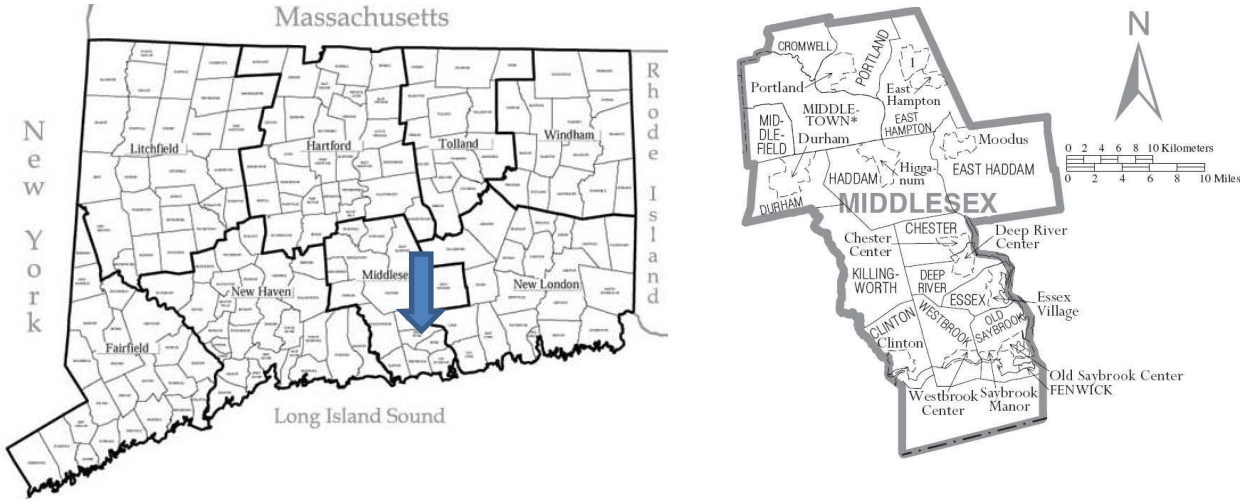
Single-Family Sector (Continued)



COMMUNITY & NEIGHBORHOOD DATA

Community Analysis

The town of Deep River is located in the central portion of Middlesex County. The community is bordered to the north by the town of Chester; to the east by the Connecticut River; to the south by the towns of Essex and Westbrook; and to the west by the town of Killingworth. The geographic area of the town is 14 square miles with an estimated population 4,571 persons which reflects a density of development approximating 327 persons per square mile.



The subject community is serviced by a relatively limited roadway network. Highway accessibility is available via CT. Route 9 (Chester Bowles Highway) which bisects the easterly portion of Deep River in a north/south direction. This limited access highway provides convenient accessibility to Interstate 95 (south) in the town of Old Saybrook and, Interstate 91 (north) in the City of Middletown. Secondary thoroughfares within the subject community include CT. Routes 80, 145 & 154. These aforementioned roadways provide good local access within the town as well as to neighboring communities.

The social & economic characteristics of the community are considered average-to-good. Valley Regional High School which services the town of Deep River as well as the surrounding communities of Chester and Essex is located within the central portion of town. State colleges as well as the University of CT are within a reasonable commuting distance from the town. Although a major medical facility is not located within the confines of Deep River, the recently constructed, Shoreline Medical Center is situated along Flat Brook Place within the town of Westbrook. In addition, Middlesex Memorial Hospital is located in Middletown, approximately 10 miles to the north. Recreational facilities are scattered throughout the town and include Cockaponsett State Forest, various tennis courts/ball fields and marinas associated with the CT River.

The highest concentration of commercial development is found within the central business district (CBD) which is located @ the intersection of CT. Routes 80 & 154. Improvements found within this section include single & multi-tenant commercial buildings, branch bank facilities, converted residences to retail or office use, mixed-use facilities, the Deep River Shopping Center, local restaurants and a scattering of industrial buildings. Other notable improvements within the CBD include the Town Hall, fire station, U.S. Post Office, Historical Society as well as several churches.

Presented in the Addenda is additional information associated with the town of Deep River regarding demographics, economics, education, government, housing, labor force and quality of life as compiled by the CT. Department of Economic and Community Development.

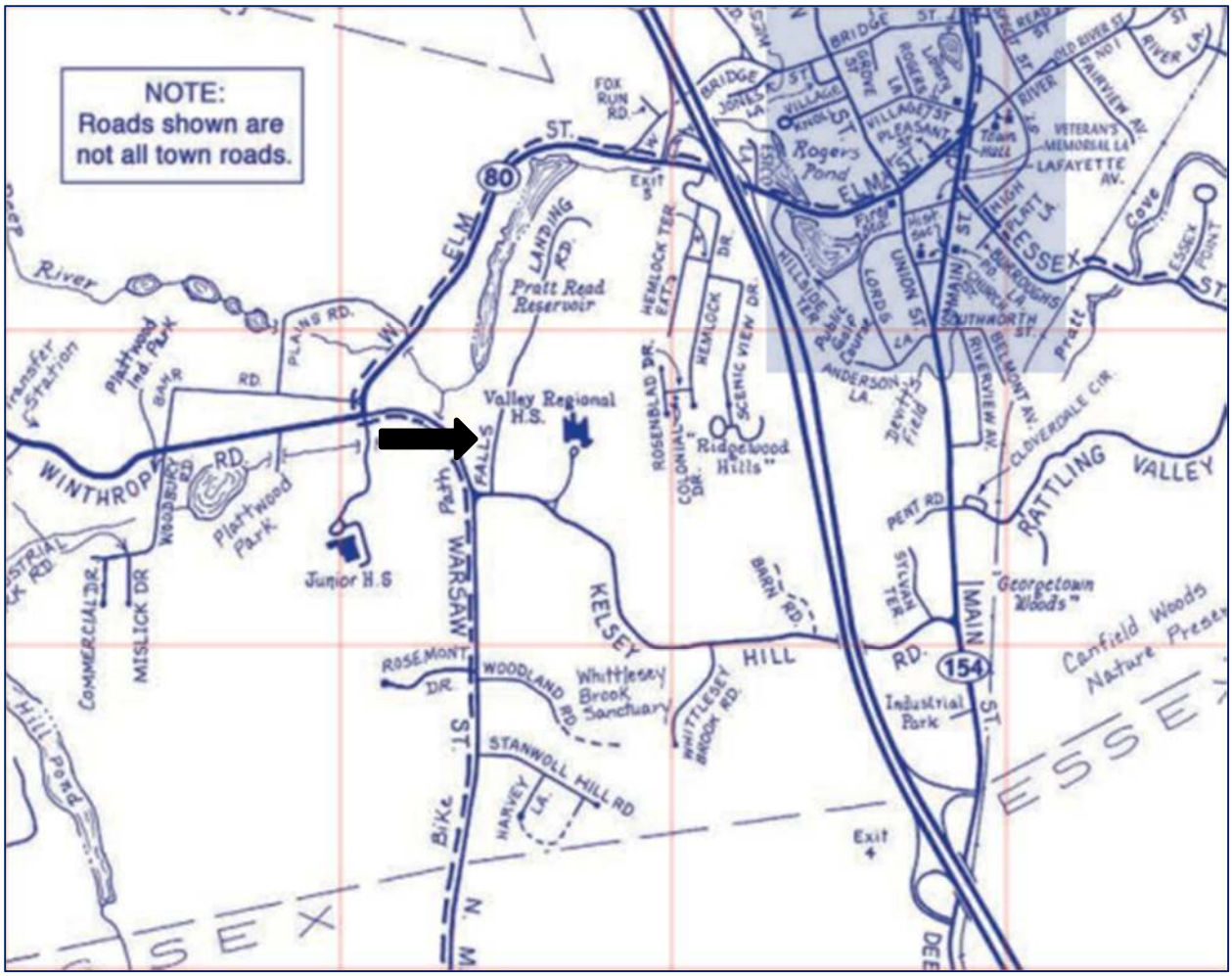
COMMUNITY & NEIGHBORHOOD ANALYSIS
(Continued)

Neighborhood Analysis

The subject property is located in the central portion of Deep River and fronts along the northwest corner of Kelsey Hill Road and Falls Landing Road. The neighborhood boundaries include Elm Street aka CT Route 80 to the north and west, the Essex municipal line to the south, and CT Route 9 to the east.

The general neighborhood is homogeneous in character with existing improvements primarily devoted to both older and newer, single-family dwellings interspersed with some tracts of vacant land. The vacant land is utilized for orchards and/or farming. A notable amount of the neighborhood land is devoted to Valley Regional High and Junior High Schools. Located west of the subject along CT Route 80 is Plattwood Recreational Park, and Plattwood Industrial Park.

Access to CT Route 9 can be achieved from Exits 4 &5 located southeast and northeast of the neighborhood. All factors considered, the subject neighborhood represents a homogeneous residential setting offering convenient access to CT Route 9 and the town center which is approximately 1.5 miles to the northeast.



ZONING DATA

The site is located within the R-60 (Low Density Residential) zone classification. The paragraph below was extracted from the Deep River Zoning Regulations.

> **VERY LOW AND LOW DENSITY RESIDENTIAL DISTRICTS (R-80 and R-60, respectively).** These Districts include areas of the town intended to be used primarily for low density residential purposes in a manner that will preserve the rural, open space character and protect the physical and environmental amenities of these areas. Development in the R-80 and R-60 Districts should strive to be consistent with and enhance existing character, scale and development patterns. Development should be planned to protect the public health and to avoid degradation of groundwater resources while at the same time minimize the need for structural solutions for sewerage treatment and future sewer expansion.

Permitted Uses

Among the permitted uses allowed in the R-60 zone by right, site plan approvals or special permit include:

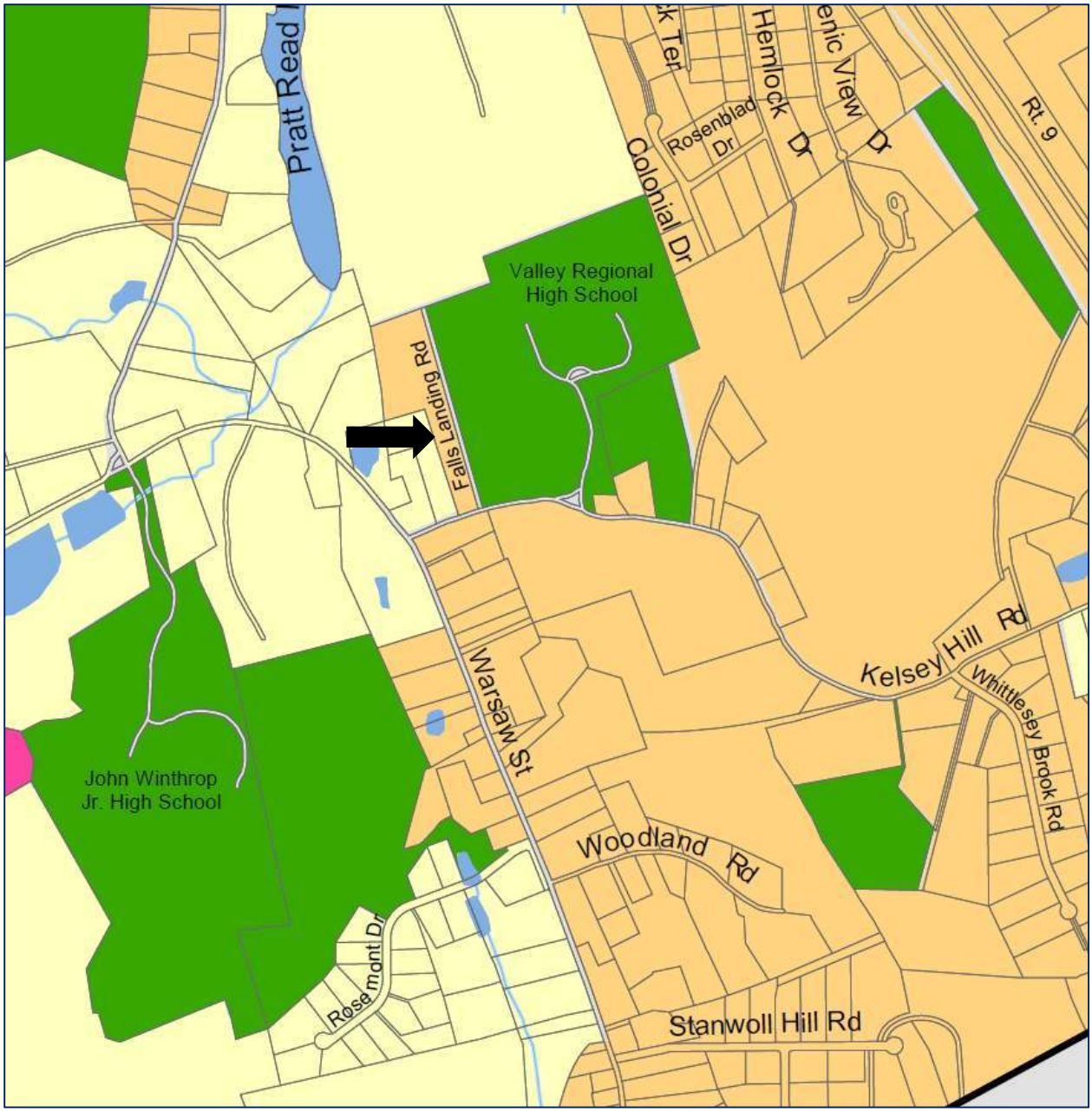
> Single-family dwellings, commercial agricultural operations, forestry and forest reserve, fish 7 wildlife refuges, lot line revision (change of business name or business ownership), private gardens, garden houses, tool houses, play houses, & boat docks, private swimming pools, customary home occupations, the incidental storage of registered RVs, trailer campers, boats 7 vehicles, other accessory buildings and uses, accessory buildings and uses for multiple-family dwellings, signs, and livestock & poultry.

Yard & Bulk Requirements

The following yard & bulk requirements are for the R-60 zone:

Yard & Bulk Item	Requirement
Minimum Gross Lot Area	60,000 SF
Minimum Net Buildable Lot Area	50,000 SF
Minimum Lot Width	150 feet
Minimum Lot Depth (from street line)	200 feet
Minimum Front Setback	20/30/40 feet
Minimum Any One Side Yard	150 feet
Minimum Total of Both Side Yards	40 feet
Minimum Rear Yard	30 feet
Minimum Building Rectangle	150 ft. x 2020 ft.
Maximum Building Height	2 Stories & an Attic above Grade OR 35 feet (whichever is less)
Maximum Lot Coverage	10%
Maximum Impervious Surfaces (including roofs)	15%

ZONING DATA
(Continued)



Low Density Residential District (R-60)

SITE DATA

General Site Characteristics

Assessor's Reference ..... Map 48, Lot 7B

Total Land Area ..... 392,000+/ Square Feet or 9.0+/- Acres

Survey Map Reference:..... Map #48 – Boundary Survey
Regional School District No. 4

Street Frontage ..... 211.31 LF (N/S Kelsey Hill Road)
39.15 LF (Corner)
1,166.94 LF (W/S Falls Landing Road)

Configuration ..... L-Shaped

Topography ..... Generally Level / Heavily Wood

Inland/Wetlands ..... None per Available Maps

FEMA Zone Classification ..... Refer Below

MAP DATA

FEMA Special Flood Hazard Area: **No**
Map Number: **09007C0327G**
Zone: **X**
Map Date: **August 28, 2008**
FIPS: **09007**

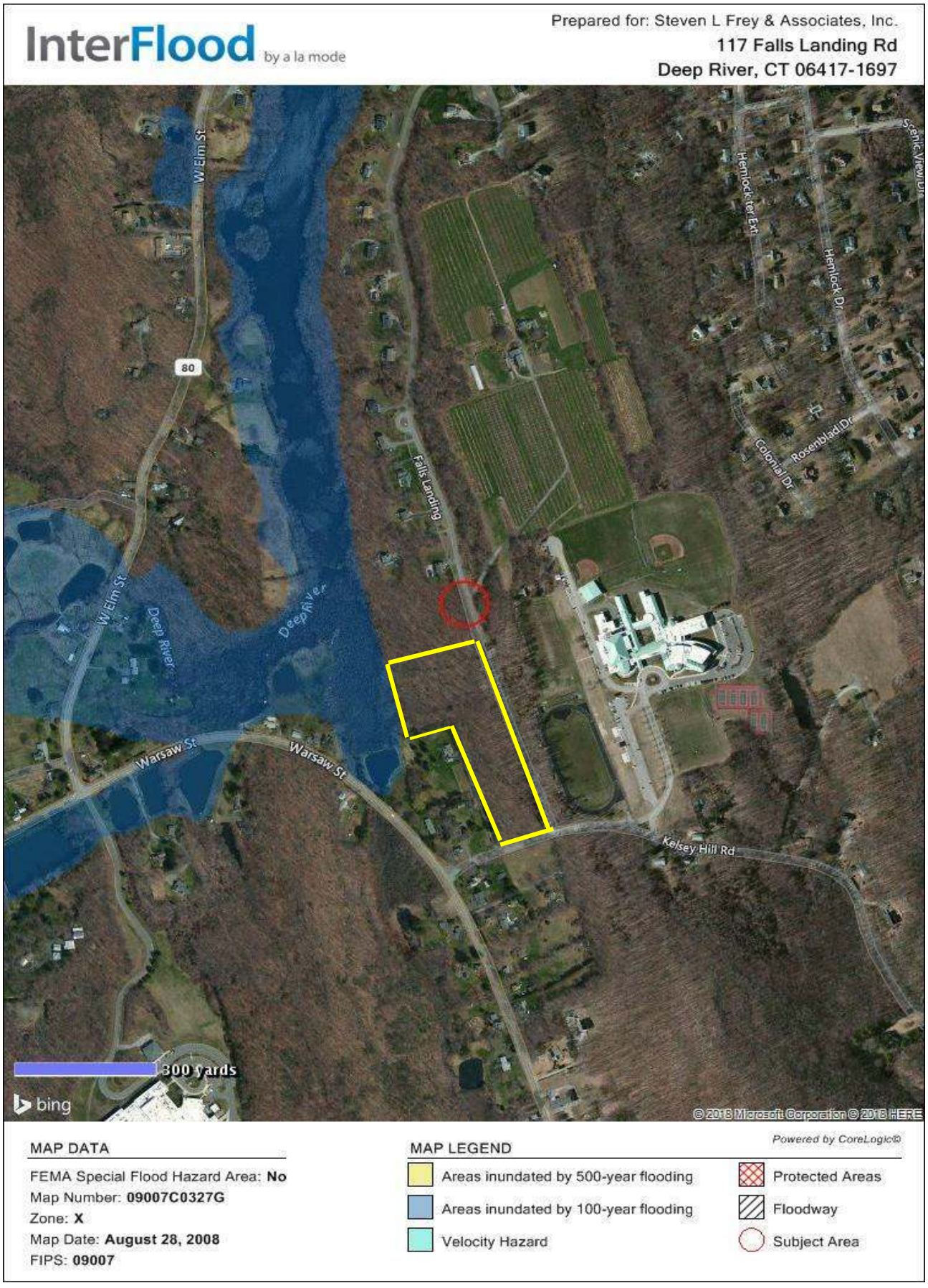
The subject property represents a 9.0 acre site located along the northwest corner of Kelsey Hill Road and Falls Landing Road within the central portion of Deep River, Middlesex County, CT. Per available maps, and the lot configuration is L-shaped and, the rear boundary line abuts inland-wetlands, assumed to be formed by the close proximity of Pratte Read reservoir. The topography is generally level throughout, and the parcel is heavily wooded. Based on a review of the Deep River Land Records, the parcel not appear to be subject to any atypical easements, reservations, conditions or agreements that adversely affect or restrict the subject property. This office is not a title searching firm, however, and a more detailed review of the Land Records should be made if the client so desires. Sewage disposal is accomplished via a private septic system whereas; water supply will be provided via a drilled well.

ASSESSMENT & TAX DATA

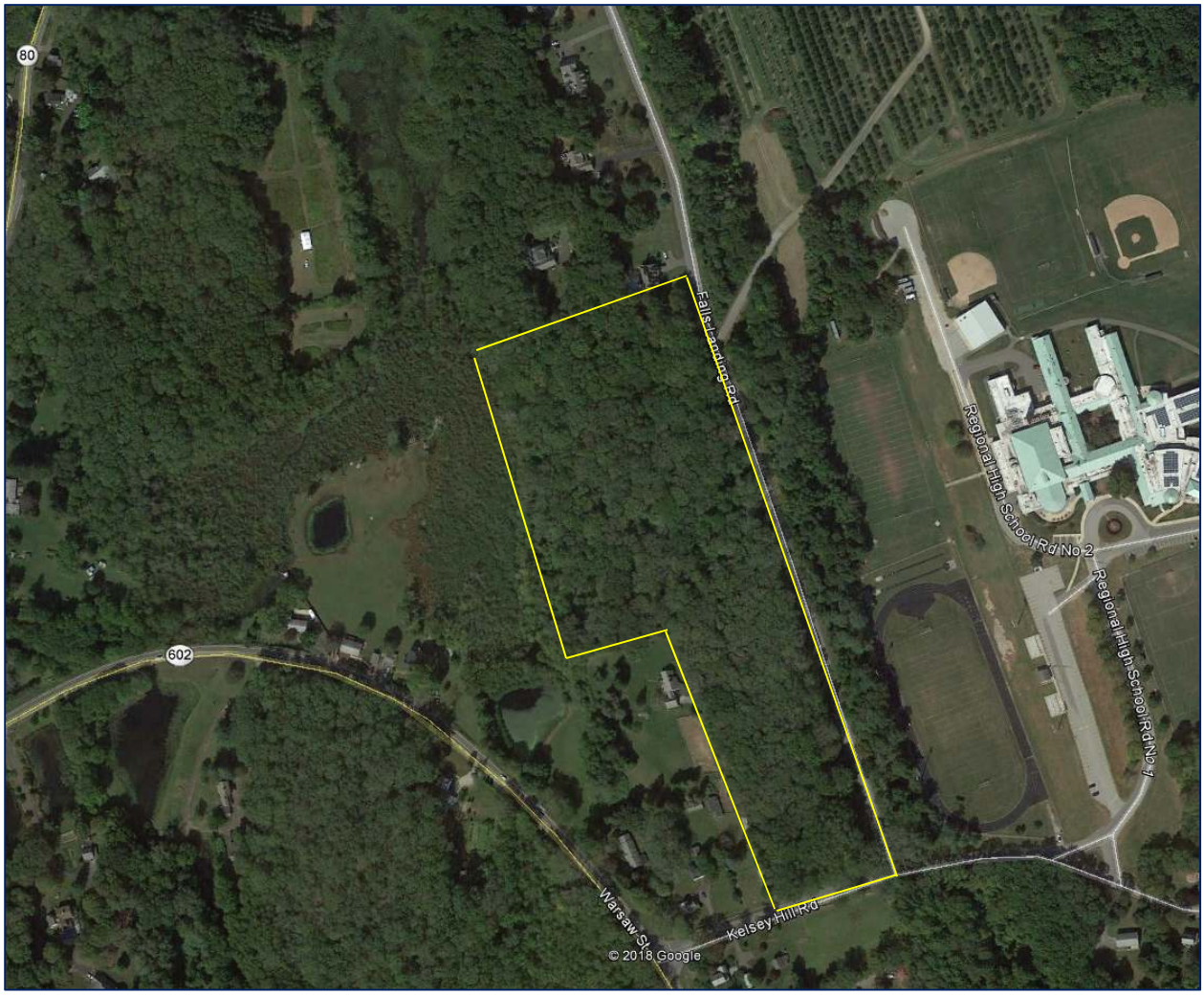
The subject property is identified on the Deep River Tax Assessment Records as Lot 55, on Map 56. The town of Deep River completed its most recent revaluation in 2015 with all assessments reported to represent 70% of market value at that time. All towns and cities within the State of Connecticut require property owners to pay ad valorem taxes each year based upon the value of real estate, motor vehicles and personal property. Property owners within a community are required to pay taxes as of the ownership of property on October 1 of the prior year. The tax rate applicable to the 2017 Grand List is 28.92 mills.

The subject property has a 100% market value of $397,700, and a 70% assessed value of $278,390 which produces an annual tax liability of $8,051. The subject parcel is tax exempt since it is owned by the town. Based on area homes, I have estimated a tax burden of $2,300 for purposes of the subdivision analysis.

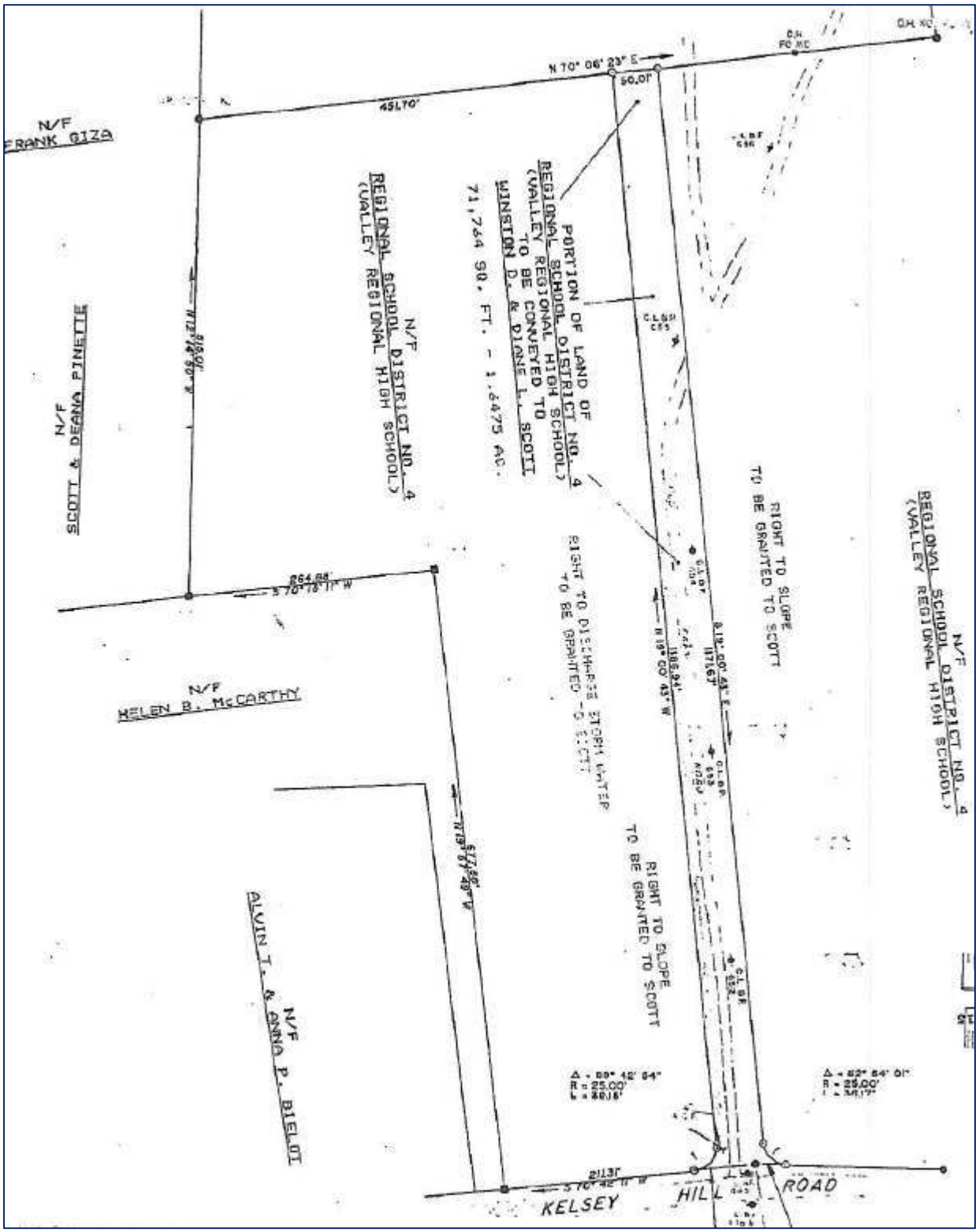
FLOOD MAP


InterFlood by a la mode
Prepared for: Steven L Frey & Associates, Inc.
117 Falls Landing Rd
Deep River, CT 06417-1697
W Elm St
80
Falls Landing
Hemlock Ter Ext
Hemlock Dr
Colonial Dr
Rosenblad Dr
Deep River
Warsaw St
Kelsey Hill Rd
300 yards
bing
© 2015 Microsoft Corporation © 2015 HERE
MAP DATA
FEMA Special Flood Hazard Area: No
Map Number: 09007C0327G
Zone: X
Map Date: August 28, 2008
FIPS: 09007
MAP LEGEND
Powered by CoreLogic®
Areas inundated by 500-year flooding
Areas inundated by 100-year flooding
Velocity Hazard
Protected Areas
Floodway
Subject Area

SATELLITE VIEW



SURVEY MAP


N/F
FRANK GIZA
N/F
SCOTT & DEANA PINETTE
N/F
HELEN B. McCARTHY
N/F
ALVIN T. & ANNA P. BIELOT
N/F
REGIONAL SCHOOL DISTRICT NO. 4
(VALLEY REGIONAL HIGH SCHOOL)
N/F
REGIONAL SCHOOL DISTRICT NO. 4
(VALLEY REGIONAL HIGH SCHOOL)
PORTION OF LAND OF
REGIONAL SCHOOL DISTRICT NO. 4
(VALLEY REGIONAL HIGH SCHOOL)
TO BE CONVEYED TO
WINSTON D. & DIANE L. SCOTT
71,764 SQ. FT. - 1.6475 AC.
RIGHT TO SLOPE
TO BE GRANTED TO SCOTT
RIGHT TO DISCHARGE STORM WATER
TO BE GRANTED TO SCOTT
RIGHT TO SLOPE
TO BE GRANTED TO SCOTT
KELSEY
HILL
ROAD

HIGHEST & BEST USE - DEFINED

Highest and best use is defined as:

> "The reasonably probable use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."[1]

The highest and best use of land or a site as though vacant is specified as:

> "Among all reasonable, alternative uses, the use that yields the highest present land value, after payment are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."[2]

The definition associated with highest and best use of a property as improved is:

> "The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as is continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."[3]

In determining highest and best use when a site contains improvements, the highest and best use may be different from the existing use. The current or existing use will be considered the highest and best use until the value of the land component, as vacant and available, exceeds the value of the property as currently improved plus the cost associated with removing the existing structures. In order to arrive at a conclusion of highest and best use, as both vacant and as improved, the appraiser addresses the elements affecting the utilization of the subject property. That is, the physically possible, legally permissible, financially feasible, and maximally productive use which will result in the highest and best use. In this analysis, the appraiser will consider these elements sequentially to arrive at the conclusion. The reason for this is that a use must first be physically possible/legally permissible before it can be financially feasible & maximally productive.

[1]The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, Ill., Copyright 1993, Page 171

[2]Ibid

[3]Ibid

HIGHEST & BEST USE - ANALYSIS

As previously indicated, when estimating the highest and best use of a particular site as though vacant and as improved, the following four criteria must be addressed:

> *Physically Possible:* Consideration of physical possible uses include the analysis of those uses for which the site is physically suited. Relevant characteristics in determining the highest and best use of the site as though vacant include size, configuration, road frontage, topography, depth, capacity and availability of utilities, and subsoil conditions.
>
> *Legally Permissible:* Legally permissible uses include those physically possible uses that may be legally permitted on the site. Private restrictions, zoning, building codes, historic district controls, environmental regulations as well as governmental and other related factors must be given consideration.
>
> *Financially Feasible:* These uses include all physically possible and legally permissible uses that are analyzed to determine which will produce an income or return equal to, or greater than, the amount needed to satisfy capital amortization, financial obligations and operating expenses. In short, if the returns are judged to be positive, the uses are considered financially feasible.
>
> *Maximally Productive:* An analysis of the maximally productive use addresses the potential financially feasible uses. The use that produces the highest value or price, taking into consideration appropriate rate of return for that use is considered the highest & best use.

Subject Property as Vacant

The estimation of highest & best use, as though vacant, assumes that the site is currently vacant or can be made vacant by demolition of existing improvements. The subject represents a 9.0 acre or 392,000 square foot parcel of vacant land which offers subdivision potential. That is, the site provides extensive street frontage along two, town-accepted roadways, a generally level topography, and limited inland-wetlands. Sewage disposal is accomplished via individual septic systems, and water is supplied via drilled wells.

Physically Possible

This appraisal firm was not provided with any soil or subsoil report. Consequently, I have assumed that development of the site is physically possible based on the completed condition of neighboring properties. An additional concern related to physical possibility is that of neighborhood conformity, which also drives demand for a site's use. The physical nature of the parcel, inclusive of neighborhood conformity, would not limit other than size and configuration, typical development.

Legally Permissible

Legal permissibility also depends on other public restrictions such as building codes, historic preservation regulations and environmental controls as well as private or contractual restrictions found in deeds and long-term leases. Based upon permitted uses, single-family development is permitted as of right. The subject parcel is situated in the R-60 (Low Density Residential) zone classification for the town of Deep River. The parcel represents a conforming site and can be improved primarily with single-family dwellings.

Financially Feasible

The financially feasible analysis begins with all uses which are physically and legally permissible. A positive return or income equal to, or greater than, the amount required to satisfy operating expenses and the debt service is expected from a financially feasible use.

HIGHEST & BEST USE - ANALYSIS

Subject Property as Vacant (Continued)

Financially Feasible

Based upon an analysis of the Deep River residential sector, there appears to be a modest-to-steady demand for newly constructed, single-family dwellings. Limited (speculative) development has taken place over the past several years with the majority of new development contracted prior to commencement of construction.

I have examined the potential financially feasible uses/alternatives of the subject parcel, as vacant and available for development through a simplified construction cost/income potential analysis. Based upon a review of the physically possible and legally permissible uses, it appears that current market conditions in the town of Deep River for single-family dwellings, provide a rate of return sufficient enough to encourage speculative, residential development. As a result, it is my opinion that subdivision of the property to allow for the development and sell-off of newly constructed homes is financially feasible.

Maximally Productive

The use which results in the maximum profitability of the subject site is beyond the scope of this appraisal assignment. That is, a recipient of the property's productivity e.g., the lender, equity investor, the public, etc., greatly diminishes what the use should be. Regardless, the use for the subject parcel should conform to the neighborhood trends and be consistent with existing land uses.

Based upon an analysis of all the preceding information, it is my opinion that subdivision of the parcel to allow for development with marketable, single-family homes, would be the highest & best use of the subject as though vacant. This type of development would produce the greatest return to the land and would satisfy the four criteria of highest & best use.

VALUATION PREMISE

The valuation of vacant land can be estimated via several procedures:

1. Sales Comparison Approach
2. Allocation
3. Extraction
4. Capitalization of Ground Rental
5. Land Residual Technique of the ICA

Of the available procedures, the *as is* market value has been estimated utilizing a Land Residual technique which represents a variation of the Income Approach referred to as the Subdivision Development Model (SDM). That is, I have presumed the sale of the parcel in bulk to a single purchaser whose intent would be to build-out the lots with marketable single-family dwellings. This approach first establishes the gross revenue to be achieved through the sale of the improved building lots. Therefore, the Sales Comparison Approach has been utilized in this valuation method in order to estimate achievable market prices. Appropriate expenses and carrying costs inclusive of real estate taxes, marketing (sales commissions), insurance/overhead, legal and closing fees and a provision for developer's profit, etc. are then deducted, establishing the net income. The resultant net income (revenues) from the sale of the improved lots is then discounted over a projected absorption period in order to estimate a present value (PV) to a single purchaser. A deduction for profit is required to reflect typical risk for developing this type of project subject to current market conditions. The percentage typically recognizes the magnitude of sales revenue and developer's profit which can be utilized as an expense in order to separate the management's effort from that of the real property being appraised. The Land Residual technique provides the most reliable value based on the data.

INCOME APPROACH

(Subdivision Development Model)

In order to estimate the *as is* market value, a gross sell-out or aggregate retail value must first be established via the Sales Comparison Approach. That is, the Sales Comparison Approach has been utilized to determine an average market price for newly constructed homes which have recently transferred within the greater Deep River market area. When selecting appropriate sales data, I have attempted to utilize sales associated with similar characteristics. This approach is defined as "the process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison."[1]

When employing this approach, the appraiser is guided by a number of appraisal principles such as supply and demand, balance, substitution and conformity. Estimating market value via this approach or technique is the interpretation of the actions of the typical users and investors within the market place. As a result, the basis of the Sales Comparison Approach is the principle of substitution which implies that the value of a property tends to be set by the cost of acquiring an equally desirable substitute property. In applying the Sales Comparison Approach, the appraiser follows a systematic procedure. This procedure begins with researching the subject market in an effort to compile information about comparable closed sales, pending sales and current offerings similar to the subject property. The information is then verified to confirm its factual accuracy and to determine whether the transaction reflects "arm's length" conditions of sale. After market data has been verified, the appropriate units of comparison are considered.

In the analysis of the comparable sales data, it is important to note that the sales are always adjusted to the subject property based on an appropriate unit of measure. The use of an analysis grid provides an opportunity to compare the subject with the comparable sales to detect differences in real property rights conveyed, financing terms, conditions of sale, market conditions (time), location & physical characteristics. The differences in the comparable sales are compensated for by the use of appropriate adjustments.

In estimating the gross sales proceeds or aggregate retail value (ARV) via the Sales Comparison Approach, an investigation was made within the subject market for recently consummated sales of newly constructed, similar-sized, colonial style, single-family dwellings which offer competing locational attributes.

The adjustment process to follow is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are typically developed as dollar or percentage amounts and are most credible when sufficient data exists to perform a paired sales or statistical analysis. While I present numerical adjustments within the following analysis, these percentages are based on qualitative judgment rather than empirical data as there is not sufficient data to develop a reliable quantified value estimate within a reasonable range.

Presented on the following page is a summary of the dwelling sales chosen for inclusion within this analysis. The pages to follow provide a more detailed description of the market data.

[1]The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Chicago, IL, Copyright 2010, Page 175.

INCOME APPROACH
(Subdivision Development Model)

Summary of Home Sales

My research revealed an adequate supply of recently consummated single-family dwelling sales located in the town of Deep River. The appropriate unit of comparison in the appraisal of single-family dwellings is the recorded *sale price*. Present below is a summary of the sale selected for analysis.

Sale #	Property Address	Recorded Sale Date	Land Area (Acres)	Bldg. Age Condition	GLA (Sq. ft.)	Rms/Brm/Ba	Recorded Sale Price
1	76 Shailer Pond Road Deep River, CT	6/23/2017	1.85	1999 Good	3,673	9/4/2.5	$440,000
2	117 Falls Landing Road Deep River, CT	7/27/2017	1.80	2002 Good	2,915	10/4/2.5	$450,000
3	63 Falls Landing Road Deep River, CT	1/2/2018	3.6	2000 Good	2,240	9/3/2.5	$408,000
4	40 Shailer Pond Road Deep River, CT	2/20/2018	1.84	2000 Good	2,398	9/4/2.5.5	$435,000
Extra	78 Meadow Woods Road Deep River, CT	2/8/2016	3.21	2001 Good	2,264	9/4/2.5	$425,000
Subject	Kelsey Hill Road Deep River, CT	5/17/2018 Appraisal	2.00 (Minimum)	2018 Proposed	2,600	9/4/2.5	N/A

NOTE: Based on the market data presented herein, I have assumed a dwelling size of 2,600 square feet

IMPROVED PROPERTY SALE NO. 1

76 Shailer Pond Road, Deep River

Grantor (Seller)	Chad Ryan Marion & Lesley Marion
Grantee (Buyer)	Patrick M. Collins & Laura Collins
Legal Reference	Volume 238, Page 542
Date of Sale	June 23, 2017
Reported Sale Price	$440,000
Sale Price per SF	$120
Verification Source	Land Records / MLS / Agent

Parcel Size	1.85 Acres
Configuration/Topography	Triangular / Level-to-Sloping
Street Frontage	262.76 LF (Shailer Pond Road)
Available Utilities	Well / Septic
Zone Classification	R80
Parking	2 Car Attached Garage
Additional Features	Central A/C, Porch & Wrap-around Deck

Dwelling Size	3,673 Square Feet
Dwelling Type	Colonial
Year Built/Condition Rating	1999 / Good
Quality of Construction	Average-to-Good
Number of Rooms	9
Number of Bedrooms	4
Number of Bathrooms	2 Full & 2 Partial
Original List Price	$449,000
Days on Market	15
Prior Sale Price/Date	$330,000 / June 2017
Real Estate Taxes	$9,537/Year

Financing	William Raveis Mortgage LLC / $352,000

This sale property represents a colonial style dwelling located conveniently four miles west of downtown Deep River in the Shailer Farms Subdivision. The home consists of four bedrooms, 2.5.5 bathrooms, a two-car attached garage, a newly renovated kitchen, 2 fireplaces, and an updated exterior deck. Per the MLS, the property required 15 days of marketing exposure prior to sale. Reportedly, the building and site improvements were in good overall condition.

IMPROVED PROPERTY SALE NO. 2

117 Falls Landing Road, Deep River

Grantor (Seller)	Steven Franz & Cynthia K. Franz
Grantee (Buyer)	Evan Piacente & Sonya Piacente
Legal Reference	Volume 238, Page 808
Date of Sale	July 27, 2017
Reported Sale Price	$450,000
Sale Price per SF	$154
Verification Source	Land Records / MLS / Agent

Parcel Size	1.80 Acres
Configuration/Topography	Rectangular / Level-to-Sloping
Street Frontage	200 LF (Shailer Pond Road)
Available Utilities	Well / Septic
Zone Classification	R80
Parking	2 Car Attached Garage
Additional Features	Central A/C, Waterfront, Barn, Deck, Storage Building

Dwelling Size	2,915 Square Feet
Dwelling Type	Colonial
Year Built/Condition Rating	2002 / Good
Quality of Construction	Average-to-Good
Number of Rooms	10
Number of Bedrooms	4
Number of Bathrooms	2 Full & 1 Partial
Original List Price	$479,500
Days on Market	273
Prior Sale Price/Date	None within 3 years
Real Estate Taxes	$9,124

Financing	Village Mortgage Company / $360,000

This sale property represents a colonial style dwelling located on the Pratt Read Reservoir. The home consists of four rooms, 2.5 bathrooms, an eat-in kitchen, a 2-car attached garage, 20' x 40' post & beam barn, partially finished basement area, and outdoor deck. The rear wood deck overlooks the professionally landscaped and lightly wooded yard. Per the MLS, the property required 273 days of marketing exposure prior to sale. Reportedly, the building and site improvements were in good overall condition.

IMPROVED PROPERTY SALE NO. 3

63 Falls Landing Road, Deep River

Grantor (Seller)	Edward William & Sandra Elain Camarda
Grantee (Buyer)	Neil & Joanne M Ducoff
Legal Reference	Volume 240, Page 193
Date of Sale	January 2, 2018
Reported Sale Price	$408,000
Sale Price per SF	$182
Verification Source	Land Records / MLS / Agent

Parcel Size	3.60 Acres
Configuration/Topography	Rectangular (Flag Lot) / Level-to-Sloping
Street Frontage	57 LF (Shailer Pond Road)
Available Utilities	Well / Septic
Zone Classification	R80
Parking	2 Car Attached Garage
Additional Features	Central A/C, Waterfront, Deck & Porch, Fireplace

Dwelling Size	2,240 Square Feet
Dwelling Type	Colonial
Year Built/Condition Rating	2000 / Good
Quality of Construction	Average-to-Good
Number of Rooms	9
Number of Bedrooms	3
Number of Bathrooms	2 Full & 1 Partial
Original List Price	$419,900
Days on Market	190
Prior Sale Price/Date	None within 3 years
Real Estate Taxes	$7,988

Financing	None

This sale property represents a colonial style dwelling located on the Pratt Read Reservoir. The dwelling offers three bedrooms, 2.5 bathrooms, fireplace, a two-car attached garage, wood deck & porch along with boat dock access. The partially finished basement provides an additional 1,000 square feet. In addition, the house is equipped with a generator. Per the MLS, the property required 190 days of marketing exposure prior to sale. Reportedly, the building and site improvements were in good overall condition.

IMPROVED PROPERTY SALE NO. 4

40 Shailer Pond Road, Deep River

Grantor (Seller)	Don J & Susan N Peterson
Grantee (Buyer)	Kan & Linda A Tanabe
Legal Reference	Volume 240, Page 592
Date of Sale	February 20, 2018
Reported Sale Price	$435,000
Sale Price per SF	$181
Verification Source	Land Records / MLS / Agent

Parcel Size	1.84 Acres
Configuration/Topography	Rectangular / Level-to-Sloping
Street Frontage	200 LF (Shailer Pond Road)
Available Utilities	Well / Septic
Zone Classification	R80
Parking	2 Car Attached Garage
Additional Features	Central A/C, Wood Deck, Partial Finished Basement

Dwelling Size	2,398 Square Feet
Dwelling Type	Colonial
Year Built/Condition Rating	2000 / Good
Quality of Construction	Average-to-Good
Number of Rooms	9
Number of Bedrooms	4
Number of Bathrooms	2 Full & 1 Partial
Original List Price	$463,000
Days on Market	42
Prior Sale Price/Date	None within 3 years
Real Estate Taxes	$8,616

Financing	Guaranteed Rate Affinity LLC / $160,000

This sale property represents a colonial style dwelling located on a cul-de-sac roadway within Shailer Farms subdivision. The dwelling consists of four rooms, 2.5 bathrooms, a two-car attached garage, rear wood deck, and a view of Cranberry Pond. The property comes with an unfinished attic and full, partially finished basement Per the MLS, the property required 42 days of marketing exposure prior to sale. Reportedly, the building and site improvements were in good overall condition.

EXTRA DWELLING SALE

78 Meadow Woods Road, Deep River

Grantor (Seller)	Edmund Burke & Suzanne Davidson
Grantee (Buyer)	Charles G. Walker & Sara B
Legal Reference	Volume 234, Page 343
Date of Sale	February 8, 2016
Reported Sale Price	$425,000
Sale Price per SF	$188
Verification Source	Land Records / MLS / Agent

Parcel Size	3.21 Acres
Configuration/Topography	Rectangular (Flag Lot) / Generally Level
Street Frontage	15 LF (Meadow Road)
Available Utilities	Well / Septic
Zone Classification	R80
Parking	2 Car Detached Garage (Barn)
Additional Features	Central A/C, Security System, Unfinished Basement Area

Dwelling Size	2,264 Square Feet
Dwelling Type	Colonial
Year Built/Condition Rating	2001 / Good
Quality of Construction	Average-to-Good
Number of Rooms	9
Number of Bedrooms	4
Number of Bathrooms	2 Full & 1 Partial
Original List Price	$489,000
Days on Market	177
Prior Sale Price/Date	None within 3 Years
Real Estate Taxes	$9,955

Financing	None

This sale property represents a colonial style dwelling located 2.5 miles between downtown Essex and Deep River. The home consists of 4 bedrooms, 2.5 bathrooms, a 2-car detached garage, generator, and a wood deck overlooking the professionally landscaped back yard. Per the MLS, the property required 177 days of marketing exposure prior to sale. Reportedly, the building and site improvements were in good overall condition.

INCOME APPROACH
(Subdivision Development Model)

SINGLE-FAMILY SALES ADJUSTMENT GRID																				
Address	**Falls Landingl Road Deep River, CT.**			**76 Shailer Pond Road, Deep River, CT.**				**117 Falls Landing Road, Deep River, CT.**				**63 Falls Landing Road, Deep River, CT.**				**40 Shailer Pond Road, Deep River, CT.**			
Proximity to Subject	N/A			3.5 Miles Northwest				0.5 Miles North				0.3 Miles North				3.4 Miles Northwest			
Sale Price	**N/A**			**$440,000**				**$450,000**				**$408,000**				**$435,000**			
Sale Price/SF	**N/A**			**$120.00**				**$154.00**				**$182.00**				**$181.00**			
Date Sources(s)	Inspection			Multiple Listing Service				Multiple Listing Service				Multiple Listing Service				Multiple Listing Service			
Verification Source(s)	Town Hall			Town Hall				Town Hall				Town Hall				Town Hall			
Value Adjustments	DISCRIPTION			DESCRIPTION			+ (-) $ Adjustment	DESCRIPTION			+ (-) $ Adjustment	DESCRIPTION			+ (-) $ Adjustment	DESCRIPTION			+ (-) $ Adjustment
Financing	Conventional			Conventional				Conventional				No Financing				Conventional			
Date of Sale/Time	5/17/2018			6/23/2017				7/27/2017				1/02/2018				2/20/2018			
Adjusted Sale Price	N/A						**$440,000**				**$450,000**				**$408,000**				**$435,000**
Location	Good			Good				Good				Good/Reservoir Frontage			($5,000)	Good/Pond Views			($2,500)
Interest Appraised	Fee Simple			Fee Simple				Fee Simple				Fee Simple				Fee Simple			
Site	2.00 Acre Minimum			1.85 Acres				1.80 Acres				3.60 Acres			($4,000)	1.84 Acres			
View	Average			Average				Average				Average				Average			
Design (Style)	Colonial			Colonial				Colonial				Colonial				Colonial			
Construction Quality	Average/Good			Average/Good				Average/Good				Average/Good				Average/Good			
Actual Age	2018 - Proposed			1999				2002				2000				2000			
Condition	New			Good			$25,000	Good			$25,000	Good			$25,000	Good			$25,000
Above Grade	Total	Bdms.	Baths	Total	Bdms.	Baths		Total	Bdms.	Baths		Total	Bdms.	Baths		Total	Bdms.	Baths	
Room Count	8	4	2.5	9	4	2.5		10	4	2.5		9	3	2.5	$10,000	9	4	2.5.5	($5,000)
Gross Living Area	2,600 sq.ft.			3,673 sq.ft.			($53,650)	2,915 sq.ft.			($15,750)	2,240 sq.ft.			$18,000	2,398 sq.ft			$10,100
Basement & Finished Rooms Below Grade	Full / Unfinished			Full / Unfinished				Full / Partial Finish			($5,000)	Full / Partial Finish			($5,000)	Full / Partial Finish Plus 3-fixture bathroom			($10,000)
Functional Utility	Average			Average				Average				Average				Average			
Heating/Cooling	Typical / Central Air			Typical / Central Air				Typical / Central Air				HW-Propane / Central Air				HW-Oil / Central Air			
Energy Efficient Items	1-Fireplace			2-Fireplaces			($2,500)	1-Fireplace				2-Fireplace			($2,500)	1-Fireplace			
Garage/Carport	2 Car Attached Garage			2 Car Attached Garage				2 Car Attached Garage				2 Car Attached Garage				2 Car Attached Garage			
Porch/Patio/Deck	Wood Deck / Porch			Deck / Porch				Deck / Porch				Deck / Porch				Deck			
Outbuildings	None			None				Post & Beam Barn			($10,000)	None				None			
Utilities	Well / Septic			Well / Septic				Well / Septic				Well / Septic				Well / Septic			
Net Adjustment (Total)							($31,150)				($5,750)				$36,500				$17,600
Adjusted Sale Price	**N/A**			**$408,850**				**$444,250**				**$444,500**				**$452,600**			

INCOME APPROACH
(Subdivision Development Model)

Analysis of Single-Family Sales

The following analysis compares the improved property sales chosen for analysis and measures their degree of comparability to the subject property. When analyzing the sales data, 8 common elements of comparison were addressed within this analysis including:

1) Property Rights Conveyed
2) Financing Terms
3) Conditions of Sale
4) Expenditures after Sale
5) Market Conditions
6) Locational Characteristics
7) Physical Characteristics
8) Economic Characteristics

Real Property Rights Conveyed

I have identified the real property rights conveyed within each comparable transaction selected for analysis. The property rights associated with the subject are reflective of a fee simple interest. Based on the verification process, closed sales 1-4 transferred a fee simple interest, requiring no adjustment.

Financing Terms

The sales must be adjusted for any preferential (atypical) financing received which may have encouraged the purchaser to pay more for the property than might have otherwise been the case if conventional financing had been employed. When a comparable sale is determined to have obtained favorable financing, it is adjusted accordingly to bring it to a cash-equivalent value. No adjustments were required.

Conditions of Sale

An attempt must be made in understanding the motivation of the seller and the purchaser when establishing market value. When atypical market criteria influences sale prices in the market place, the differences must be isolated and identified for potential adjustments if this data is to be utilized for analysis. Based upon available information, it appears that the closed sales represented "arm's length" transactions having no undue influence on the recorded prices.

Expenditures after Sale

An adjustment is required when expenditures were made by the buyer immediately after the sale. That is, this adjustment applies to those sales which were negotiated based on various costs that the buyer was aware of and be would be required to spend shortly after the time of transfer. These items may include environmental remediation, demolition of existing improvements and/or the cost to obtain a zone change.

Based on the verification process, it was determined that all of the sales selected for analysis did not require any immediate expenditures after transfer. Therefore, no adjustments were deemed warranted.

Market Conditions

Market conditions in the town of Deep River have remained relatively stable over the past 12-18 months. As a result, no adjustments were deemed warranted to sales 1-4.

Analysis of Single-Family Sales (Continued)

Locational Characteristics

Overall, the locational characteristics associated with the subject are judged to be good. In determining a location adjustment to the comparative sales selected for analysis, consideration was given to accessibility to interstate highway systems, land values within the city/town, homogeneity, etc. All 4 comps are located within competing neighborhoods; however in the case of sales 3-4, these properties are slightly superior. In the case of sale 3, direct frontage is available on the Pratt Read Reservoir whereas; a pond view is associated with sale 4. Consequently, these sales were adjusted downward.

Physical Characteristics

Parcel Size - Consideration was given to the market trend that: as the size of a parcel increases, the value per acre (unit of measure) tends to decrease. Conversely, as the size of a parcel decreases, the value per acre tends to increase. The subject is assumed to contain a minimum lot area of 2.0 acres, assuming a 4-lot subdivision. Sales offer in access of ½ acre differential were adjusted @ a unit rate of $2,500/acre.

View – Accounted for under location.

Design – No adjustments required.

Quality of Construction – No adjustments required.

Age/Condition – Each closed sale was adjusted upward since they were built between 1999-2002.

Room Count – Additional 2-fixture bathrooms were adjusted @ $5,000. Addition bedrooms were adjusted @ $10,000 each.

Gross Living Area – Differences in GLA above 100 square feet were adjusted @ $50 PSF.

Basement Finish – Sales 2 & 4 offer FBA's and were adjusted downward accordingly.

Functional Utility – No adjustments required.

Heating/Cooling – The subject and sales offered similar HVAC systems and required no adjustments

Fireplaces – Each additional fireplaces was adjusted @ $2,500.

Garages – No adjustment required

Porch/Deck/Patio – No adjustments required.

Outbuildings – Sale 2 has a 20' x 40' post & beam barn; warranting a downward adjustment.

Water Supply – All dwellings are serviced by drilled wells; no adjustment.

Sewage Disposal – All dwellings are serviced by individual septic systems; no adjustment.

Concluding Comments

After making all appropriate adjustments, the adjusted sale prices ranged from $409,000 to $453,000 (rounded), the average equating to $437,500 (rounded). Least weight was assigned to sale 1 given the large GLA disparity. The 3 remaining sales were afforded equal weight.

Based upon an analysis of all the preceding data, after making adjustments for all variables having influence on value, it is my opinion that the estimated average (2,600 square feet) subject dwelling could command an initial selling price of $450,000 or $173 PSF of gross living area.

As stated within this report, the median sale prices within Deep River have remained relatively stable over the past 1-2 years. All factors considered, I have increased the initial sale price of $450,000 by 3% after the first 12 months of the absorption period. The calculation for potential gross sales proceeds aka aggregate retail value (ARV) will be discussed within the absorption analysis to follow.

Estimate of Absorption

A survey of the Deep River Land Records was made in order to establish a reasonable absorption rate for the proposed subject lots. In addition, various real estate agents located throughout Middlesex County were interviewed. The overall consensus is that the demand for newly constructed dwellings within the town of Deep River has experienced stabilization over the past 12-18 months. I have attempted to extract absorption rates from other subdivisions located within the greater Deep River area however, only limited activity has occurred. All factors considered, I have estimated an absorption rate of 2 years. This indicates an absorption rate of 1 house per 6 months. It should be noted that this marketing period reflects the average sale price previously estimated by the appraiser. It is essential to understand that an exact marketing period and sales revenue is virtually impossible to estimate. However, the purpose of this analysis is to reflect the reasonable anticipations that would be inherent in any purchase of the subject property by knowledgeable investors and reflects the sale price estimated by the appraiser. The estimated absorption period and gross sales proceeds projected for the subject property is presented below.

2 Year Absorption			
Months	**# of Dwellings Sold**	**Projected Selling Price**	**Gross Sales Proceeds**
1 – 6	1	$450,000	$450,000
7 – 12	1	$450,000	$450,000
13 – 18	1	$463,500	$463,500
19 – 24	1	$463,500	$463,500
			$1,827,000

Estimated Development Expenses

In estimating the value of the subject property, it is necessary to deduct the appropriate expenses incurred throughout the projected absorption period. The most significant expense items have been discussed with the remainder illustrated within the Subdivision Development Model.

Real Estate Taxes

Real estate taxes were estimated @ $2,300 per approved building lot. This unit rate was based on area homes located within the immediate subject neighborhood. Real estate taxes were decreased in direct relation to those lots sold. That is, taxes are based on the average inventory of lots per period retained by the developer. Real estate taxes were increased @ a rate of 1.5% per period throughout the SDM.

Estimated Development Expenses (Continued)

Sales Commissions

This expense was estimated on the basis of 5% of gross sales proceeds (GSP) and reflects the commissions that are anticipated in the marketing of newly constructed homes within a competitive market. That is, typical sales commissions range between 4%-6% for new homes. An additional 1.0% of GSP has been deducted for marketing and promotional expenditures.

Insurance & Overhead

The insurance/overhead expenses during the development process were estimated @ 1.5% of gross sales proceeds. This figure is based upon similar costs incurred within competing subdivisions.

Legal & Closing Costs - Estimated @ $1,500 per closing.

Municipal Conveyance Tax

Effective March 15, 2003, the municipal conveyance tax was increased from 0.25% to 0.50% for each $1,000 of any reported consideration.

Legal, Audit and Appraisal

I have deducted an expense of $20,000 for these items during the first year and, $2,500 per year thereafter.

Engineering Costs

I have estimated a cost of $25,000 during the 1st year in order to obtain the necessary subdivision approval.

Infrastructure Costs

Since ample road frontage exists, the cost of asphalt paved driveways and well/septic systems are required. The estimated cost for these items is $25,000 per dwelling. A package price is assumed reasonable.

Direct or Hard Costs

Listed below is a summary of direct costs included within the MVS.

1) Average architect's and engineer's fees for plans, plan check, building permits and survey(s) to establish building lines;
2) Normal interest in building funds during the period of construction plus a processing fee or service charge;
3) Materials, sales taxes on materials and labor costs;
4) Normal site preparation including finish grading/excavation for foundation and/or backfill;
5) Utilities from structure to lot line figures for typical setback;
6) Contractor's overhead and profit, including job supervision, workman's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.;
7) Site improvements (included as lump sum addition);
8) Initial tenant improvement costs.

Estimated Development Expenses

Direct or Hard Costs (Continued)

Marshall Valuation Cost Manual

The MVS Cost Manual reports that the base cost for single-family residences, Class D, average quality equates to $84.88 per square foot. The base costs are prior to adjusting for area and current as well as local cost multipliers. Presented on the following page is a summary of the cost figures described above along with the adjustments for the multipliers.

Class/Type	Section/Page	Base Cost	Area Multiplier	Current Cost Multiplier	Local Cost Multiplier	Adjusted Base Cost
D/Single-Family Residence	12/25	$84.88	0.908	1.08	1.14	$95

The base costs associated with a 20' x 25' attached garage (500 sf), Class D, within the Marshall Valuation Cost Manual is $38 PSF or $19,000. Applying the current and local cost multipliers increases the cost to $23,400 (rounded) per home. For purposes of this analysis, I have estimated a cost of $8,000 for typical appliances. Illustrated on the following page is the calculation utilized to develop a final cost estimate for the average subject dwelling. In addition to the costs previously discussed, I have also added 7.5% for upgrades which is typical for the local market.

Building Type	Average SF	x	Final SF Cost	=	Total Amount/Unit
Class D-Single-Family Dwelling	2,600 sf	x	$95.00	=	$247,000
Detached Garage	500 sf	x	$46.80	=	$23,400
Kitchen Appliances	N/A	x	N/A	=	$8,000
Typical Upgrades	7.5%	x	Base Cost	=	$18,525
TOTAL COST ESTIMATE					$296,925

The average cost calculated above equates to $114 per square foot. Presented below is a summary of construction costs as previously described inclusive of the estimated costs provided by the developer, the costs from other projects as well as the costs estimated via the Marshall Valuation Cost Manual.

Developers/Entrepreneurial Profit

This is a market-derived figure that reflects the amount a developer and/or entrepreneur expects to receive for his or her contribution. In other words, it represents the degree of risk and expertise associated with the development of a project. Entrepreneurial profit represents a legitimate cost of development and should be included in the estimate of development costs. In analyzing the components of reward and compensation anticipated by an entrepreneur, it is common appraisal practice to differentiate between the concepts of entrepreneurial incentive and developer's profit. Entrepreneurial incentive reflects the projected return that is required to attract an entrepreneur to invest capital in a project, based on market expectations.

Developers/Entrepreneurial Profit (Continued)

Entrepreneurial incentives may be expressed as a rate or percentage of cost. As stated earlier, a contribution for developer's profit is required to reflect typical risk for developing residential land of this magnitude. The contribution which is typically in the form of a percentage of gross sales proceeds recognizes the magnitude of sales revenue and developer's profit can be utilized as an expense in order to separate the management's effort. Again, common appraisal practice is to include developer's profit as a line item expense and utilize a standard discount rate. Alternatively, developer's profit may be omitted as a line item expense if an appropriate discount rate, which considers the additional risk associated with a development project is applied. In this instance, since the developer and the property owner will be the same entity, developer's profit has not been deducted as an expense and the latter of the two alternatives has been applied.

Estimate of Discount (Yield) Rate

Although required by certain lending institutions, I have not calculated a developer's profit for each discounting period given the fact that a developer would not receive profit until the completion of the sale campaign. That is, the timing of receipt of profits may differ in the actual practice from that stated in this analysis. Typically, developer's profit reflects the difference between gross sales proceeds and the total project costs including all hard & soft cost items. Furthermore, a higher profit margin is difficult to obtain with the increasing costs associated with lumber and miscellaneous construction materials. Therefore, I have opted to utilize a discount or internal rate of return inclusive of reasonable developer's profit incorporated within said rate. The discount (yield) rate is the rate of return necessary to attract a purchaser to a particular investment. It is also known as the risk rate and, consequently, reflects the inherent burdens of management, non-liquidity of funds, the time preference of money, and overall risk. Furthermore, the rate selected reflects the fact that developer's (entrepreneurial) profit has already been deducted as an expense item. The appropriate yield rate, or internal rate of return (IRR), when discounting the net returns derived from the sale of the units over time, is the rate of return required in the market for suppliers of capital for investments offering a comparative level of risk. The best indication of the latter would be a similar number of units within a competing project offering similar physical characteristics and locational attributes. Such an indication of expectations is obviously unavailable in the local market.

A proxy for the appropriate rate may be derived from components utilized to build-up the rate. For example, any discount rate is composed of a risk-free rate (which includes a load for inflation risk) plus a risk premium for real estate ownership. The basic risk-free rate could be considered the 10 year U.S. Treasury Bond. Discount rates or internal rates of return for a project of this type and size have historically ranged from a low of 10% to a high of 20% inclusive of entrepreneurial/developer's profit. This range incorporates the effects of leverage i.e. when leverage funds are either reduced or become unavailable, the selection of a discount rate from this range moves toward the upper-end.

Additionally, when adverse market conditions are coupled with the unavailability of financing, there can, and will be, movement beyond this range for the selection of appropriate discount rates. It is my opinion that compensation has been made, to some degree, for the risks associated with the proposed lots/dwellings through pricing and absorption assumptions. A review of real estate appraisal publications, which survey investors on a national and regional level, was performed. The publications examined included the *Appraiser News* published by the Appraisal Institute and the *Quarterly Survey of Investment Criteria* compiled by the Real Estate Research Corporation. Based on expected rates of return and alternative real estate and non-real estate investments, and the inherent risks involved, it is my opinion that a rate of return necessary to attract an investor would range between 12%-18%. Based on the size and development type of the subject property, a 15% discount rate or internal rate of return is considered reasonable for the *as is* valuation. This rate considers the impact of the current market interest rate and required equity returns of an informed investor.

INCOME APPROACH
(Subdivision Development Model)

4-Lot Subdivision Analysis
Falls Landing Road, Deep River

30-May-18

********** ESTIMATION OF GROSS SELLOUT **********

APPROVED LOT SIZES	AVERAGE HOME SIZE	NUMBER OF HOMES	INITIAL MARKET VALUE PER HOME	SEMI-ANNUAL PERCENTAGE INCREASE	INITIAL GROSS SELL-OUT
2.00 Acre Minimum	2,600 SF	1	$450,000	0.00%	$450,000
		1	$450,000	0.00%	$450,000
		1	$463,500	0.00%	$463,500
		1	$463,500	0.00%	$463,500
		0	$0	0.00%	$0
		0	$0	0.00%	$0
		0	$0	0.00%	$0
		0	$0	0.00%	$0
TOTALS		4	$456,750		$1,827,000

********** DISCOUNTED CASH FLOW ANALYSIS **********

Periods in Analysis	4	
Number of Periods/Year	2	
Overall Rate of Absorption	0.17	..... Homes Per Month
	Percent	
Increase in Price	0.00%	..... Quartely Effective Rate

Expenses which correlate with sales income.

Expense:	Percent	
Real Estate Commission	5.00%	..... Percent of Sales Income
Marketing & Promotion	1.00%	..... Percent of Sales Income
Overhead & Insurance	1.50%	..... Percent of Sales Income
State Conveyance Taxes	0.50%	..... Percent of Sales Income
Municipal Conveyance Taxes	0.50%	..... Percent of Sales Income
Developers Anticipated Profit	0.00%	..... Percent of Gross Revenues

Expenses which do not correlate with sales income.

R.E.Taxes Per Improved Unit	$0.0		
R.E. Taxes Per Approved Unit	$2,300		
Tax Increase Per Period	1.5%		
Initial Construction Cost/Unit	$296,925	OR	$114.00 Per Square foot
Const. Cost Incr./Period	0.0%		
Renovation Cost/Unit	$0		
Closing Costs Per Unit Sold	$1,500		
Avg. Assoc. Fees/Unit/Month	$0.0		
Association Fee Increase Per Period	0.0%		

Equity Terms

Annual Yield Requirement	15.00%
Effective Rate Per Period	7.50%

INCOME APPROACH
(Subdivision Development Model)

********** DISCOUNTED CASH FLOW ANALYSIS **********

CASH FLOW ANALYSIS	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5
Inventory of Approved Units	4	3	2	1	0
# of Constructed Units	1	1	1	1	0
Units Available for Sale	1	1	1	1	0
# of Units Sold	1	1	1	1	0
Remaining Inventory--Improved Units	0	0	0	0	0
Remaining Inventory--Approved Units	3	2	1	0	0
Income From Lots	$450,000	$450,000	$463,500	$463,500	$0
Average Sale Price/Unit	$450,000	$450,000	$463,500	$463,500	$0
SUMMARY OF REVENUES					
UNIT SALES	$450,000	$450,000	$463,500	$463,500	$0
OTHER INCOME	$0	$0	$0	$0	$0
GROSS REVENUES	$450,000	$450,000	$463,500	$463,500	$0
Less					
Real Estate Commissions	$22,500	$22,500	$23,175	$23,175	$0
Closing Costs & Taxes	$6,000	$6,000	$6,135	$6,135	$0
NET ESTIMATED REVENUES	$421,500	$421,500	$434,190	$434,190	$0
Less Expenses:					
Site Costs (Well/Septic/Driveway)	$25,000	$25,000	$25,000	$25,000	$0
R.E. Taxes Per Improved Unit	$0	$0	$0	$0	$0
R.E. Taxes Per Approved Unit	$3,450	$2,335	$1,185	$0	$0
Marketing & Promotion	$4,500	$4,500	$4,635	$4,635	$0
Arch./Engineering & Consulting Fees	$25,000	$0	$0	$0	$0
Legal, Audit, Appraisal, Permits	$20,000	$2,500	$2,500	$2,500	$0
Overhead & Insurance	$6,750	$6,750	$6,953	$6,953	$0
Association Fees	$0	$0	$0	$0	$0
Construction of Units	$296,925	$301,379	$305,900	$310,488	$0
TOTAL EXPENSES	$381,625	$342,464	$346,172	$349,576	$0
CASH FLOW	$39,875	$79,037	$88,018	$84,615	$0

PRESENT VALUE OF CASH FLOWS WITH 2 PERIODS/YEAR
ANNUAL DISCOUNT (YIELD) RATE 15.00%
EFFECTIVE DISCOUNT RATE 7.50%

PERIODS	CASH FLOW	FACTOR	PRESENT VALUE
1	$39,875	0.93023	$37,093
2	$79,037	0.86533	$68,393
3	$88,018	0.80496	$70,851
4	$84,615	0.74880	$63,359
5	$0	0.69656	$0
6	$0	0.64796	$0
7	$0	0.37594	$0
8	$0	0.32690	$0

PRESENT VALUE OF CASH FLOWS FROM DEVELOPMENT $239,696
MARKET VALUE VIA INCOME APPROACH (ROUNDED) $240,000
Market Value Per Unit $60,000

INCOME APPROACH
(Subdivision Development Model)

Concluding Comments

The Discounted Cash Flow (DCF)--Subdivision Development Model was considered the most appropriate income capitalization technique/method for establishing the *as is* market value or discounted value to a single purchaser. All assumptions and projections incorporated within the Discounted Cash Flow Analysis were considered reasonable and reflect current and anticipated market conditions. Based on market indications and assumptions incorporated within the DCF–Subdivision Development Model, the indicated *as is* value reflecting market conditions as of May 17, 2018, is:

TWO HUNDRED FORTY THOUSAND DOLLARS
($240,000)

RECONCILIATION & FINAL VALUE CONCLUSION

The reconciliation is the analysis of the value conclusions estimated via the applicable approaches in order to arrive at a final value estimate. In the reconciliation process, I have weighed the relative significance, applicability, and defensibility of each value indication and have relied most heavily on that approach which is most appropriate to the purpose of the appraisal assignment. The final value conclusion derived through the reconciliation process was based on the appropriateness, the accuracy, and the quality of the market data presented within the appraisal report. In the case of the subject, I have utilized a variation of the Income Capitalization Approach i.e. Subdivision Development Model for purposes of estimating an *as is* value.

COST APPROACH.....Not Developed

SALES COMPARISON APPROACH (As Is Market Value)..... Supportive

INCOME CAPITALIZATION APPROACH (As Is Market Value) $240,000

After carefully considering all available information regarding the subject property, and all apparent factors affecting value, it is my opinion that the *as is* value, in the *fee simple estate*, reflecting market conditions as of May 17, 2016, is:

TWO HUNDRED FORTY THOUSAND DOLLARS
($240,000)

A D D E N D A

Qualifications of Appraisers
Appraisers' Certification/License
Engagement Letter
Quit Claim Deed
CERC Town Profile
Boundary Survey Map
Land Development Model

QUALIFICATIONS OF APPRAISER
STEVEN L. FREY, SRPA

WORK EXPERIENCE

Steven L. Frey & Associates, Inc.
253 Summer Hill Road, Madison, Connecticut 06443

Principal (10/91 - Present) - Steven L. Frey is currently principal of Steven L. Frey & Associates, a full service appraisal firm providing commercial, industrial & residential real property appraisals. Primary areas of concentration include New Haven, Middlesex, Fairfield, New London and Hartford Counties.

Central Bank - CENVEST, Inc.
43 East Main Street, Meriden, Connecticut 06450

Vice President/Appraisal Review Manager (7/91 - 10/91) - The primary function of this position was for the comprehensive management of the Commercial Appraisal Review Department as well as the development and implementation of an Appraisal Policy, Procedure & Standards Manual in compliance with the Financial Institutions Reform, Recovery & Enforcement Act (FIRREA).

People's Bank
Bridgeport Center, 850 Main Street, Bridgeport, Connecticut 06604

Chief Commercial Appraiser/Staff Appraiser (2/89 - 7/91) - Responsibilities identical to those indicated above.

Real Estate Appraiser/Investment Consultant (12/84 - 2/89) - Performed appraisal services and consultation for a variety of lending institutions, major corporations, government agencies and individual clients. Experienced in many aspects of residential, commercial & industrial appraisals. These include subdivision/condominium analysis, special purpose properties, discounted cash flow (DCF) analysis, feasibility/highest & best use studies, FNMA guidelines, R41C, etc.

Philip A. Goodsell & Associates, Inc.
Philip A. Goodsell, MAI, 1842 Silas Deane Highway, Rocky Hill, CT 06067

Staff Appraiser (9/88 - 2/89) - Completed all aspects of commercial appraisals.

Arthur B. Estrada & Associates, Inc.
Arthur B. Estrada, MAI, 22 Church Street, North Haven, CT 06473

Staff Appraiser (1/85 - 9/88) - Completed all aspects of commercial appraisals.

Internship (Summer 1984) - Participated in the academic program offered by the Real Estate and Finance Department of the University of CT. Prepared both commercial and residential appraisal reports.

QUALIFICATIONS OF APPRAISER
STEVEN L. FREY, SRPA

EDUCATIONAL BACKGROUND

B.A., University of Connecticut, 1984 (Real Estate/Economics)

Courses complete under the direction of the Appraisal Institute:

- Introduction to Appraising Real Property (101)
- Applied Residential Property Valuation (102)
- Principals of Income Property Appraising (201)
- Applied Income Property Valuation (202)
- Standards of Professional Practice/Code of Ethics
- Advanced Demonstration Appraisal Report Workshop
- Standards of Professional Practice - Parts A & B
- Basic Valuation Procedures (1A-2)
- Residential Valuation
- Capitalization Theory & Techniques (1B-A)

PROFESSIONAL AFFILIATIONS

- Society of Real Estate Appraisers - Designated Member
- Appraisal Institute - Designated Member
- State of Connecticut - Certified General Real Estate Appraiser - License No. 0218

PARTIAL LIST OF CLIENTS

Advest Bank	Aegis Mortgage	AT&T Small Business. Corp.
BankBoston	Branford Savings Bank	Centerbank
The Chase Manhattan Bank	Citizens Bank	Dime Savings Bank
Eagle Federal Savings Bank	Enfield Savings Bank	Essex Savings Bank
Equity Bank	Fairfield County Savings Bank	Farmers Mechanics Bank
Federal Deposit Insurance Corp.	First Bristol FCU	First Federal Bank
First Fidelity Bancorporation	First International Bank	First National Bank of N.E.
First Trust Financial	First Union Bank	Fleet Bank, N.A.
Gateway Bank	G.E. Capital Corp.	Great Country Bank
Guilford Savings Bank	J.E. Robert Company	Liberty Bank
M&T Mortgage Company	Maritime Bank	Mechanics Savings Bank
Mortgage Link Financial	New England Resolution Trust	New Haven Savings Bank
Northeast Mortgage Corp.	Northeast Savings	Norwest Business Credit, Inc.
Novastar Mortgage Inc.	People's Bank	Primebank
Recoll Management Corp.	Resolution Trust Corp.	Rockland Trust
Shawmut Bank	Shoreline Bank & Trust	Sovereign Bank
U.S. Trust Company of CT.	Wachovia Corporation	Webster Bank

STATE OF CONNECTICUT ✦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

STEVEN L FREY

has been certified by the Department of Consumer Protection as a licensed

CERTIFIED GENERAL REAL ESTATE APPRAISER

License # RCG.0000218

Effective: 05/01/2018

Expiration: 04/30/2019

Michelle Seagull

Michelle Seagull, Commissioner

Steven L. Frey & Associates, Inc.

May 8, 2018

Mr. Bruce Glowac
Director of Facilities
Regional School District #4
Office of if the Superintendent
P.O. Box 187
Deep River, CT 06417
(860) 398-0812
bglowac@rwg4.k12.ct.us

Re: Appraisal Service Contract
8+/- Acres - W/S Falls Landing Road
Deep River, Middlesex County, CT

Dear Mr. Glowac:

This engagement letter, if acceptable to you, authorizes Steven L. Frey & Associates, Inc. to appraise the above-captioned property subject to a fee simple interest. As previously agreed, this valuation assignment is to be representative of an ***appraisal*** report prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2018-2019 Edition, as promulgated by the Appraisal Standards Board of the Appraisal Foundation. Furthermore, this appraisal will incorporate the requirements set forth by Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) and the subsequent issuance of the regulatory agencies Appraisal Rules, dated September 1990 and revised in Final Rule Action as of June 1994. In accepting this assignment, Steven L. Frey, SRPA affirms that he possesses the knowledge and experience to complete the appraisal report competently, can act independently, and holds the requisite State of CT license/certification.

Identification of Subject Property

The subject property represents 8+/- acres of residentially-zoned land currently owned by the Regional School District #4.

Purpose of Report, Property Rights & Scope

The purpose of this assignment is to estimate the as is value of the owner's marketable rights & interest. The intended user of this report is the Regional School District #4, and the intended use is reportedly for marketing purposes. The scope of this appraisal assignment will include only the development of the Sales Comparison Approach, as requested by the client.

Date of Value

This appraisal will reflect market conditions as of the date of inspection by the appraiser.

Deliver Date

The report will be delivered within a 18 business day time-frame assuming receipt of a signed contract and a 0% retainer check in the amount of $0 made out to Steven L. Frey & Associates, Inc.

Required Information

A copy of the most recent survey map and access to the property.

Fee for Appraisal Service

Mr. Bruce Glowac (Director of Facilities) of the Regional School District #4 agrees to pay Steven L. Frey & Associates, Inc. a total fee of $1,800 with a 0% retainer due upon signing of said contract. It should be noted that the appraisal fee referenced above does not include any future court testimony, etc. Any additional services such as providing court testimony, etc. will be billed at a rate of $175 per hour.

Termination of Appraisal Assignment

In the event that you or your attorney desire to terminate the appraisal assignment, written notice shall be delivered to Steven L. Frey & Associates, Inc. and, upon receipt thereof, this agreement shall be terminated. In such cases, you will be responsible for paying this appraisal firm reasonable expenses incurred upon the time of termination as documented by Steven L. Frey.

Please indicate your acceptance of this appraisal service contract by signing below and returning a fully executed copy via email and/or U.S. mail to the following address.

Steven L. Frey & Associates, Inc.
121 Samson Rock Drive, Suite 2C
Madison, New Haven County, CT 06443

Should you have any questions or concerns with this contract, please do not hesitate to contact me.

Accepted by:

Steven L. Frey, SRPA
Certified General Appraiser
CT. State License No. RCG.0000218
Expiration Date: 4-30-2019

Mr. Bruce Glowac
Director of Facilities
Regional School District #4

VOL 120 PAGE 577

Connecticut Quitclaim Deed - Survivorship

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE THAT: REGIONAL SCHOOL DISTRICT NO. 4, a school district organized under the laws of the State of Connecticut and having its offices in the Town of Deep River, County of Middlesex, State of Connecticut, by its agents, duly authorized (hereinafter referred to as the Releasor), having received the following consideration of WINSTON D. SCOTT and DIANE L. SCOTT (hereinafter referred to as the Releasees):

RELEASE of any and all rights of way and rights to cross over property of said District by said WINSTON D. SCOTT and DIANE L. SCOTT, their heirs and assigns, including release of all rights-of-way and rights to pass and repass described in a certain deed from Rose K. Pytko to Regional High School District No. 4 dated August 25, 1950 and recorded at Volume 62, Page 569 of the Deep River Land Records. Further RELEASE of any and all claims by said Scotts to have a road built by said District; and

CONVEYANCE by said Scotts, the Releasees, to said District, the Releasors, by Warranty Deed, of a certain tract or parcel of land, 2.0805 acres in area, said parcel being shown on an A-2 survey entitled "Portion of Land of Winston D. and Diane L. Scott to be Conveyed to Regional Shcool District No. 4", by Donald L. Carlson, dated January 18, 1989.

DOES REMISE, RELEASE, AND FOREVER QUIT-CLAIM unto the said WINSTON D. SCOTT and DIANE L. SCOTT and unto the survivor of them, and unto such survivor's heirs and assigns forever, all the right, title, interest, claim and demand whatsoever as the said Releasor has or ought to have in or to two certain parcels of land situated in the Town of Deep River, County of Middlesex, and State of Connecticut bounded and described as follows:

PARCEL ONE:

Commencing at the southwest corner of the land herein described at a point in the northerly line of Kelsey Hill Road, which point is 211.31 feet east of a stone bound marking the corner boundary of the Releasor's land with the southeast corner of land now of formerly of Alvin T. and Anna P. Bielot;

thence turning and running at an angle with a radius of 25.00 feet a distance of 39.15 feet along remaining land of the Releasor to a point;

thence running N 19* 00' 43'' W a distance of 1166.94 feet along remaining land of the Releasor to a point;

thence turning and running N 70* 06' 23'' E a distance of 50.01 feet along land of Winston D. and Diane L. Scott to a point;

thence turning and running S 19* 00' 43'' E a distance of 1171.67 feet along remaining land of the Releasor to a point;

thence turning and running at an angle with a radius of 25.00 feet a distance of 36.17 feet along remaining land of the Releasor to a point;

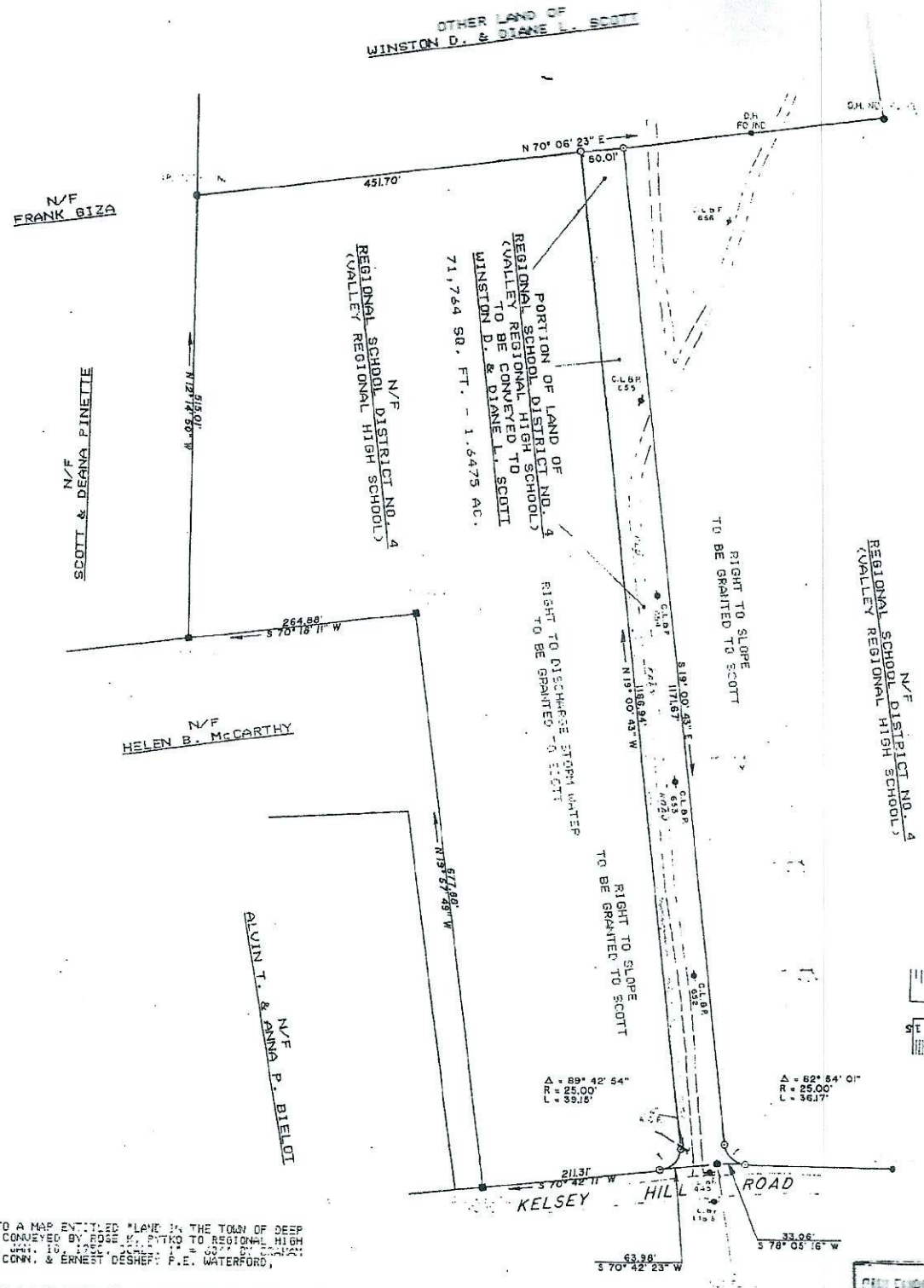
thence turning and running S 78* 05' 16'' W along the northerly line of Kelsey Hill Road a distance of 33.06 feet to a point marked by an iron pipe;

thence running S 70* 42' 23'' W continuing along Kelsey Hill Road a distance of 63.98 feet to the point and place of beginning.

Being the same parcel shown on an A-2 survey entitled "Portion of Land of Regional School District No. 4 to be Conveyed to Winston D. & Diane L. Scott, Kelsey Hill Road, Deep River, Connecticut", by Donald R. Carlson, dated May 10, 1988, Rev. October 10, 1988.

Together with rights to slope and rights to discharge storm water.

"No Conveyance Tax collected"
Asst. Town Clerk of Deep River"



NOTES: 1. REFERENCE IS MADE TO A MAP ENTITLED "LAND IN THE TOWN OF DEEP RIVER, CONN. TO BE CONVEYED BY ROSE M. PITKO TO REGIONAL HIGH SCHOOL DISTRICT #4, JAN. 10, 1966, SCALE: 1" = 100', SHEET NO. 1 OF 1" BY MELTON L.S. ESSEX, CONN. & ERNEST DESHEFY P.E. WATERFORD, CONN.

2. REFERENCE IS MADE TO A MAP ENTITLED "50' RIGHT OF WAY OVER LAND OF VALLEY REGIONAL HIGH SCHOOL TO LAND OF SCOTT, DEEP RIVER, CONN., SCALE: 1" = 100', DATE: 1-10-80, SHEET NO. 1 OF 1" BY FREDERICK A. RADCLIFFE P.E. & L.S. CENTERBROOK, CONN.

SHELFORD GRAPHICS
FIXED LINE MYLAR

********** ESTIMATION OF GROSS SELLOUT **********

APPROVED LOT SIZES	AVERAGE HOME SIZE	NUMBER OF HOMES	INITIAL MARKET VALUE PER HOME	SEMI-ANNUAL PERCENTAGE INCREASE	INITIAL GROSS SELL-OUT
2.00 Acre Minimum	2,600 SF	1	$450,000	0.00%	$450,000
		1	$450,000	0.00%	$450,000
		1	$463,500	0.00%	$463,500
		1	$463,500	0.00%	$463,500
		0	$0	0.00%	$0
		0	$0	0.00%	$0
		0	$0	0.00%	$0
		0	$0	0.00%	$0
TOTALS		4	$456,750		$1,827,000

********** DISCOUNTED CASH FLOW ANALYSIS **********

Periods in Analysis	4		
Number of Periods/Year	2		
Overall Rate of Absorption	0.17	.....	Homes Per Month
	Percent		
Increase in Price	0.00%	.....	Quartely Effective Rate

Expenses which correlate with sales income.

Expense:	Percent		
Real Estate Commission	5.00%	.....	Percent of Sales Income
Marketing & Promotion	1.00%	.....	Percent of Sales Income
Overhead & Insurance	1.50%	.....	Percent of Sales Income
State Conveyance Taxes	0.50%	.....	Percent of Sales Income
Municipal Conveyance Taxes	0.50%	.....	Percent of Sales Income
Developers Anticipated Profit	0.00%	.....	Percent of Gross Revenues

Expenses which do not correlate with sales income.

R.E.Taxes Per Improved Unit	$0.0			
R.E. Taxes Per Approved Unit	$2,300			
Tax Increase Per Period	1.5%			
Initial Construction Cost/Unit	$296,925	OR	$114.00	Per Square foot
Const. Cost Incr./Period	0.0%			
Renovation Cost/Unit	$0			
Closing Costs Per Unit Sold	$1,500			
Avg. Assoc. Fees/Unit/Month	$0.0			
Association Fee Increase Per Period	0.0%			

Equity Terms

Annual Yield Requirement	15.00%
Effective Rate Per Period	7.50%

********** DISCOUNTED CASH FLOW ANALYSIS **********

CASH FLOW ANALYSIS	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5
Inventory of Approved Units	4	3	2	1	0
# of Constructed Units	1	1	1	1	0
Units Available for Sale	1	1	1	1	0
# of Units Sold	1	1	1	1	0
Remaining Inventory--Improved Units	0	0	0	0	0
Remaining Inventory--Approved Units	3	2	1	0	0
Income From Lots	$450,000	$450,000	$463,500	$463,500	$0
Average Sale Price/Unit	$450,000	$450,000	$463,500	$463,500	$0
SUMMARY OF REVENUES					
UNIT SALES	$450,000	$450,000	$463,500	$463,500	$0
OTHER INCOME	$0	$0	$0	$0	$0
GROSS REVENUES	$450,000	$450,000	$463,500	$463,500	$0
Less					
Real Estate Commissions	$22,500	$22,500	$23,175	$23,175	$0
Closing Costs & Taxes	$6,000	$6,000	$6,135	$6,135	$0
NET ESTIMATED REVENUES	$421,500	$421,500	$434,190	$434,190	$0
Less Expenses:					
Site Costs (Well/Septic/Driveway)	$25,000	$25,000	$25,000	$25,000	$0
R.E. Taxes Per Improved Unit	$0	$0	$0	$0	$0
R.E. Taxes Per Approved Unit	$3,450	$2,335	$1,185	$0	$0
Marketing & Promotion	$4,500	$4,500	$4,635	$4,635	$0
Arch./Engineering & Consulting Fees	$25,000	$0	$0	$0	$0
Legal, Audit, Appraisal, Permits	$20,000	$2,500	$2,500	$2,500	$0
Overhead & Insurance	$6,750	$6,750	$6,953	$6,953	$0
Association Fees	$0	$0	$0	$0	$0
Construction of Units	$296,925	$301,379	$305,900	$310,488	$0
TOTAL EXPENSES	$381,625	$342,464	$346,172	$349,576	$0
CASH FLOW	$39,875	$79,037	$88,018	$84,615	$0

PRESENT VALUE OF CASH FLOWS WITH	2	PERIODS/YEAR
ANNUAL DISCOUNT (YIELD) RATE	15.00%	
EFFECTIVE DISCOUNT RATE	7.50%	

PERIODS	CASH FLOW	FACTOR	PRESENT VALUE
1	$39,875	0.93023	$37,093
2	$79,037	0.86533	$68,393
3	$88,018	0.80496	$70,851
4	$84,615	0.74880	$63,359
5	$0	0.69656	$0
6	$0	0.64796	$0
7	$0	0.37594	$0
8	$0	0.32690	$0

PRESENT VALUE OF CASH FLOWS FROM DEVELOPMENT	$239,696
MARKET VALUE VIA INCOME APPROACH (ROUNDED)	$240,000
Market Value Per Unit	$60,000