

October 27, 2000

Mr. Robert Grewe
Executive Director Redevelopment Commission
131 East Court Avenue, Suite 203
Jeffersonville, Indiana 47130

Re: Potential Land Use Analysis
Memphis and Henryville Interstate 65 Exits
Clark County, Indiana
File #1200-506-00-IND (A)

Dear Mr. Grewe:

As requested, Integra Chapman & Bell has conducted a market and marketability study to assist Clark County in defining the economic development potential of the Memphis and Henryville Interstate 65 interchanges. The results of this analysis have previously been reported through audio-visual presentations accompanied by presentation briefing notes. This summary report is structured to be used in conjunction with those presentation-briefing notes in order to have a full appreciation of the market and marketability study.

This market and marketability study conclusions and recommendations are based upon the following special assumptions:

- Zoning regulations will not hinder development and local government will work with developers.
- The economy will be similar to that of the past 7-10 years.

- The specific names of businesses and industries located at interchange sites and an inventory of interchange land parcels reside in Integra Chapman & Bell archives.
- This report is to be used in conjunction with the briefing notes accompanying the audio-visual presentations conducted by Integra Chapman & Bell. The physical characteristics and available utilities for each site are enumerated in these briefing notes, as are maps of each interchange.

Integra Chapman & Bell concludes for the Memphis interchange that the physical characteristics and existing road network support future development. The planned and available utilities also are sufficient to support future development. Furthermore, the current property owners and local investors are expected to be the catalyst for near term development. The estimated land use value ranges and sizes are:

LAND USE	VALUE RANGE [\$/ACRE]	DEVELOPED LOT SIZE [ACRE]
Highway Service	\$100,000 to \$200,000	1 to 5
Local Retail	\$150,000 to \$250,000	1 to 3
Industrial	\$30,000 to \$50,000	1 to 10

Integra Chapman & Bell concludes for the Henryville interchange that the physical characteristics can support future development; however, current available utilities are insufficient to support future development. It is the opinion of Integra Chapman & Bell that a county sponsored Business Park could be the catalyst for long-term development at this location.¹

Integra Chapman & Bell makes the following general recommendations:

- Review infrastructure and availability of utilities. Public investment for infrastructure will help the area compete with other interstate properties in the region.
- Contact property owners to determine their plans and offer help with future development.
- Determine if economic incentives are available to developer or end user.

¹ Other fringe areas have developed business parks with the primary emphasis on bringing jobs and industry into their area. The developed lots have been sold at a breakeven price to attract businesses. In these cases, local government becomes a developer to attract industry and create jobs and not to compete with local developers.

Mr. Robert Grewe
October 26, 2000
Page 3

- Develop a web site for the areas.
- Contact other area economic directors to make information available to them.
- Establish an informational relationship with regional industrial and commercial brokers.

Respectfully submitted,

Lin E. Bell, MAI, SRA, CCIM
Indiana Certified General
Real Property Appraiser #CG69201383

Charles A. Williams, III, MBA
Market Analyst

LEB/CAW/caw

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....1

PROBLEM UNDER CONSIDERATION

How may the Clark County Redevelopment Commission assist in guiding the development of the Memphis and Henryville Interstate 65 interchanges to the fullest economic potential both for landowners and the Clark County community?

PURPOSE OF MARKET AND MARKETABILITY STUDY

Assist Clark County in defining the economic development potential of the Memphis and Henryville Interstate 65 interchanges.

SPECIFIC OBJECTIVES OF STUDY

- Identify the market area in which the development at the Henryville and Memphis Interstate 65 will compete with alternate locations.
- Identify the competing interchange location within the market area.
- Study the alternative interchanges to determine the following:
 - Identify businesses and industries that locate at interchange sites.
 - An inventory of land parcels by location, size, ownership, and potential use
 - Physical characteristics.
 - Utilities available and planned.
 - Historic absorption of sites at competing interchanges.
 - Identify supply of land parcels that could compete with the subject.
 - Estimate value ranges for different land uses at subject locations.

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....2

SPECIFIC ASSUMPTIONS, HYPOTHETICAL AND LIMITING CONDITIONS

- Zoning regulations will not hinder development and local government will work with developers.
- The economy will be similar to that of the past 7-10 years.
- The specific names of businesses and industries located at interchange sites and an inventory of interchange land parcels reside in Integra Chapman & Bell archives.
- This report is to be used in conjunction with the briefing notes accompanying the audio-visual presentations conducted by Integra Chapman & Bell. The physical characteristics and available utilities for each site are enumerated in these briefing notes, as are maps of each interchange.

EFFECTIVE DATE OF STUDY

The effective date of this market and marketability study is August 1, 2000.

STUDY SCOPE AND DEPARTURES

In assisting Clark County in defining the economic development potential of the Memphis and Henryville Interstate 65 interchanges, Integra Chapman & Bell sought to provide a history of such development within the market area in which these interchanges will compete. This history will provide a basis from which to create alternative strategies to accomplish the fullest economic development potential of these interchanges for both landowners and the Clark County community. In compiling this history, Integra Chapman & Bell conducted a personal reconnaissance of each interchange studied during which the existing development was identified, compared to aerial photographs, and located on a map of the interchange. Natural topographical and water features were observed and compared to topographical maps and flood maps of each intersection in an effort to identify vacant land suitable for future development. Planning and economic development

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....3

agencies, where extant, were interviewed to learn about the forces driving past and current development and to learn of planned and proposed future development. These agencies were also queried about existing and planned utilities and other infrastructure. When possible, local developers were also interviewed to gain a deeper perspective of local market conditions and possibilities. The Property Valuation Administrators [PVA] and assessors of each county in which these interchanges are located were interviewed, and applicable data from property records for those areas previously identified through reconnaissance were collected. These data are summarized in this report because the data on each interchange has been previously reported and disseminated through briefing notes accompanying the two audio-visual presentations conducted by Integra Chapman & Bell.

MARKET AREA DESCRIPTION

Among the alternative land uses at these interchanges is the possibility of industrial development. This land use requires the most acreage for development, offers the best employment opportunities, and, therefore, may have the largest economic impact upon an interchange. Location decisions for industrial development are made on a metropolitan area basis. For this reason, other interchanges throughout the Louisville MSA must be considered as competitors for future industrial development at the Memphis and Henryville interchanges. Therefore, the Louisville MSA is determined as the market area for the subject interchanges. A map of the Louisville MSA identifying the location of the subject interchanges as well as those with which the subject interchanges are expected to be in competition is shown in Figure 1.

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....5

MARKET AREA COMPETING INTERCHANGES

Interchanges throughout the Louisville MSA were studied to identify those interchanges most like the subject interchanges, which might be reasonably considered as alternatives for the types of development that the subject might attract. Sixteen interchanges, eight in Indiana and eight in Kentucky were identified and studied. In common with the subject locations, these interchanges share a location outside of Jefferson County, Kentucky, the core of the Louisville MSA. And like the subject locations, these interchanges are located in counties contiguous with Jefferson County making them still conveniently accessible to the MSA as a whole. The interchanges chosen for study in addition to the Memphis and Henryville locations are: Austin, Scottsburg, Lanesville, Georgetown, Sellersburg, and Hamburg in Indiana, and Buckner Exits 17 and 18, Crestwood, Shelbyville, Simpsonville, Lebanon Junction, Shepherdsville, and Brooks in Kentucky.

INTERCHANGE ANALYSES

Integra Chapman & Bell discerned three general groups of associated land uses among the interchanges studied. The first, highway service commercial development, includes restaurants, service stations and convenience stores, and lodging facilities. The demand for this group of commercial uses is generated primarily from highway traffic and is a possible land use at all interchanges. The second is local commercial development, which is most often retail development of some kind. This group includes discount stores, automobile dealerships, and other associated retail catering primarily to the local community and not depending on highway traffic for business. The third land use is

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....6

industrial, and it may include local manufacturing and service, regional distribution, and regional manufacturing. All other land uses not well described by the foregoing aggregations are grouped into a land use category termed "other", which primarily includes agricultural land and land purchased for speculative purposes. In the following analysis, the land uses discovered at each of the interchanges will be aggregated and analyzed within these four groupings. Specific examples of the businesses represented by these four groupings reside in the Integra Chapman & Bell archives.

In the course of this analysis, Integra Chapman & Bell compiled a large inventory of land parcels for each interchange for which the location, size, ownership, and potential use were analyzed. The results of these analyses are contained in this report; however, the data amassed has not been included, but may be found in Integra Chapman & Bell archives.

For each interchange in the following analyses, Integra Chapman & Bell will summarize historic site absorption and possible competing vacant land. In estimating the range of values for the subject exits for the three major land uses studied, Integra Chapman & Bell relied upon PVA records, Integra Chapman & Bell's comparable sales records, and interviews with real estate professionals. These estimate ranges are for the entire interchange. The competitive characteristics of specific sites have not been analyzed; consequently these value ranges may only be used as general, not specific, indication of land values. These value ranges will be addressed in the conclusions of this report. The interchange data will be summarized by state groupings with implications for the subject exits' economic potential also discussed in the conclusions of this report.

INDIANA INTERCHANGE SUMMARY

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....7

The following table is a summary of historic land absorption at the eight interchanges located in Indiana.

INDIANA INTERCHANGE LAND ABSORPTION [1990 – 2000]

	[A]	[B]	[C]	[D] [SUM A-C]	[E] [D/D SUM]	[F]	[G]
INTERCHANGE	HIGHWAY SERVICE	LOCAL RETAIL	INDUSTRIAL	ABSORPTION TOTAL	% BY INTERCHANGE	ANNUAL MEAN	OTHER* LAND SALES
Austin	3.41	0.00	38.00	41.41	18%	---	46.40
Scottsburg	22.40	2.60	0.00	25.00	11%	---	22.35
Lanesville	0.00	7.50	15.00	22.50	10%	---	170.00
Georgetown	1.82	3.40	0.00	5.22	2%	---	85.00
Sellersburg	14.83	2.28	6.50	23.61	10%	---	0.00
Hamburg	0.00	2.10	92.00	94.10	41%	---	5.00
Memphis	0.00	3.02	10.00	13.02	6%	---	0.00
Henryville	3.62	1.00	0.00	4.62	2%	---	0.00
TOTAL	46.08	21.90	161.50	229.48	100%	22.95	328.75
% BY USE	20%	10%	70%	100%	---	---	---

*Farm sales or speculative purchases.

During the past ten years, the Indiana interchanges have experienced land sales totaling approximately 560 acres with annual average land sales of approximately 56 acres. However, almost 60 percent of this absorption reflects farm transfers or speculative land purchases and does not represent development into a higher intensity land use or "absorption". Without these other land purchases, the Indiana interchanges have experienced land sales of only approximately 230 acres with annual average land sales of only approximately 23 acres annually. Among higher intensity uses, industrial use has outpaced all commercial uses by over two to one, and among commercial uses, highway service has outpaced local commercial by over two to one as well. The most absorption of highway service land is found at the Scottsburg interchange with approximately 22 acres being absorbed during the past ten years. The most absorption of local commercial land is

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....8

found at the Lanesville interchange with approximately 7.5 acres being absorbed during the past ten years. The most absorption of industrial land is found at the Hamburg interchange with approximately 92 acres being absorbed during the past ten years. The Hamburg exit has experienced the most total land absorption during the last ten years with 92 acres, all of which is industrial ground.

In the next table, a summary of the developable land currently available at the Indiana interchanges is depicted.

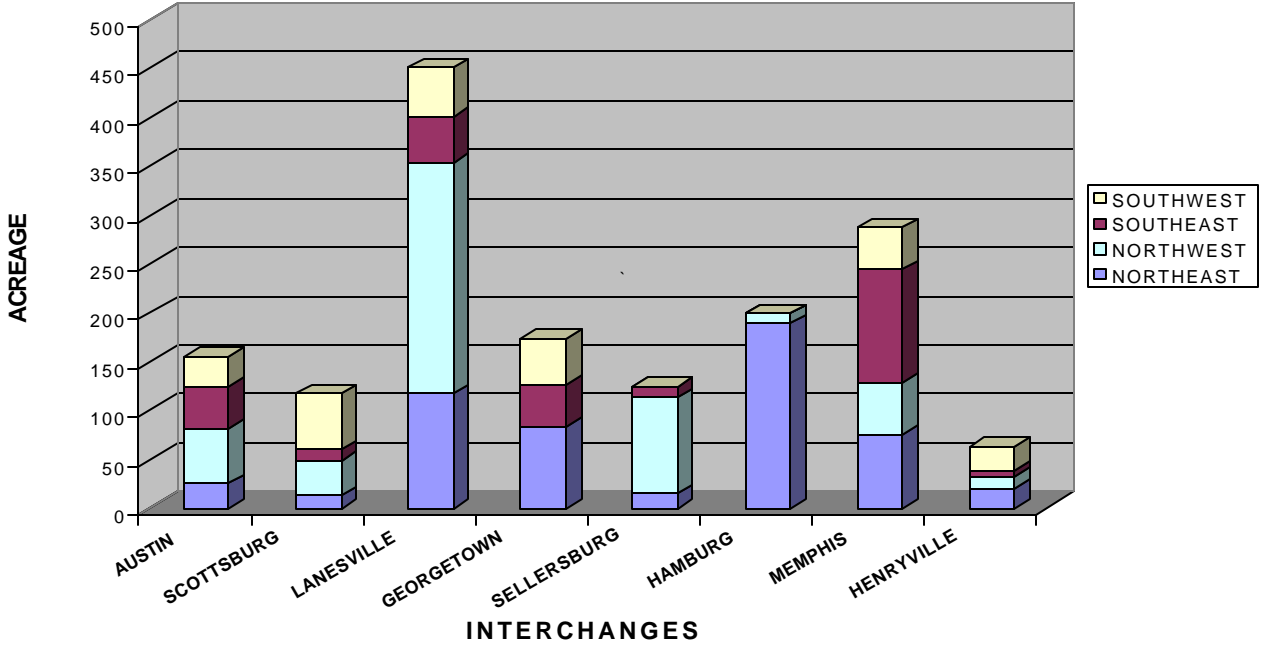
INDIANA INTERCHANGE DEVELOPABLE LAND [2000]

	AUSTIN	SCOTTSBURG	LANESVILLE	GEORGETOWN
NORTHEAST	25	13	117	84
NORTHWEST	56	35	236	0
SOUTHEAST	44	12	47	42
SOUTHWEST	30	57	51	48
TOTAL	155	117	451	174

	SELLERSBURG	HAMBURG	MEMPHIS	HENRYVILLE
NORTHEAST	15	189	75	20
NORTHWEST	98	10	54	12
SOUTHEAST	11	0	115	6
SOUTHWEST	0	0	43	25
TOTAL	124	199	287	63

The Lanesville interchange offers the most total developable acreage at 451, and also the most contiguous acreage at 236 acres. This is illustrated in the following graph.

INDIANA DEVELOPABLE LAND 2000



KENTUCKY

The following table is a summary of historic land absorption at the eight interchanges located in Kentucky.

**KENTUCKY INTERCHANGE LAND ABSORPTION
[1990 – 2000]**

	[A]	[B]	[C]	[D] [SUM A-C]	[E] [D/D SUM]	[F]	[G]
INTERCHANGE	HIGHWAY SERVICE	LOCAL RETAIL	INDUSTRIAL	ABSORPTION TOTAL	% BY INTERCHANGE	ANNUAL MEAN	OTHER* LAND SALES
Buckner, Exit 18	3.41	0.00	38.00	41.41	4%	---	414.66
Buckner, Exit 17	0.00	58.41	119.79	178.21	19%	---	227.39
Crestwood	2.77	29.10	38.00	69.87	7%	---	1.78
Shelbyville	4.64	128.50	129.47	262.61	27%	---	486.66
Simpsonville	0.00	10.30	214.34	224.64	23%	---	26.30
Lebanon Junction	5.86	1.20	0.00	7.06	1%	---	93.58
Shepherdsville	0.00	53.40	0.00	53.40	6%	---	647.15
Brooks	29.74	55.05	38.00	122.79	13%	---	63.02
TOTAL	46.43	335.96	577.60	959.99	100%	96.00	1,960.54
% BY USE	5%	35%	60%	100%	---	---	---

*Farm sales or speculative purchases.

During the past ten years, the Kentucky interchanges have experienced land sales totaling approximately 2,921 acres with annual average land sales of approximately 292 acres. However, almost 70 percent of this absorption reflects farm transfers or speculative land purchases and does not represent development into a higher intensity land use or "absorption". Without these other land purchases, the Kentucky interchanges have experienced land sales of only approximately 960 acres with annual average land sales of only approximately 96 acres annually. Among higher intensity uses, industrial use has outpaced all commercial uses by approximately 15 percent, and among commercial uses, local commercial has outpaced highway service by over seven to one. The most absorption of highway service land is found at the Brooks interchange with approximately

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....11

30 acres being absorbed during the past ten years. This large amount of highway service development consists primarily of new lodging facilities and restaurants. The Brooks interchange is the first Interstate 65 interchange south of Jefferson County, Kentucky. The Interstate 65 interchanges located within Jefferson County have been completely or substantially developed. With the expansion of the airport and surrounding industry in the middle and southern portions of Jefferson County, the service industry that accompanies such expansion were forced to locate outside of Jefferson County at the next most convenient interchange, which was Brooks Road located in the city of Hillview, Kentucky. The most absorption of local commercial land is found at the Shelbyville interchange with approximately 130 acres being absorbed during the past ten years. The preponderance of this absorption is a recent occurrence due to the development of the Brighton Business Park located in the southwest quadrant of the interchange, which is currently under construction. The most absorption of industrial land is found at the Simpsonville interchange with approximately 215 acres being absorbed during the past ten years. This absorption is the result of the recent development of the Kingbrook Business Park and the Simpsonville Business Center. Shelby County, with the Shelbyville and Simpsonville interchanges, has experienced the most total land absorption during the last ten years with approximately 263 and 225 acres.

CLARK COUNTY REDEVELOPMENT COMMISSION INTERCHANGE STUDY.....12

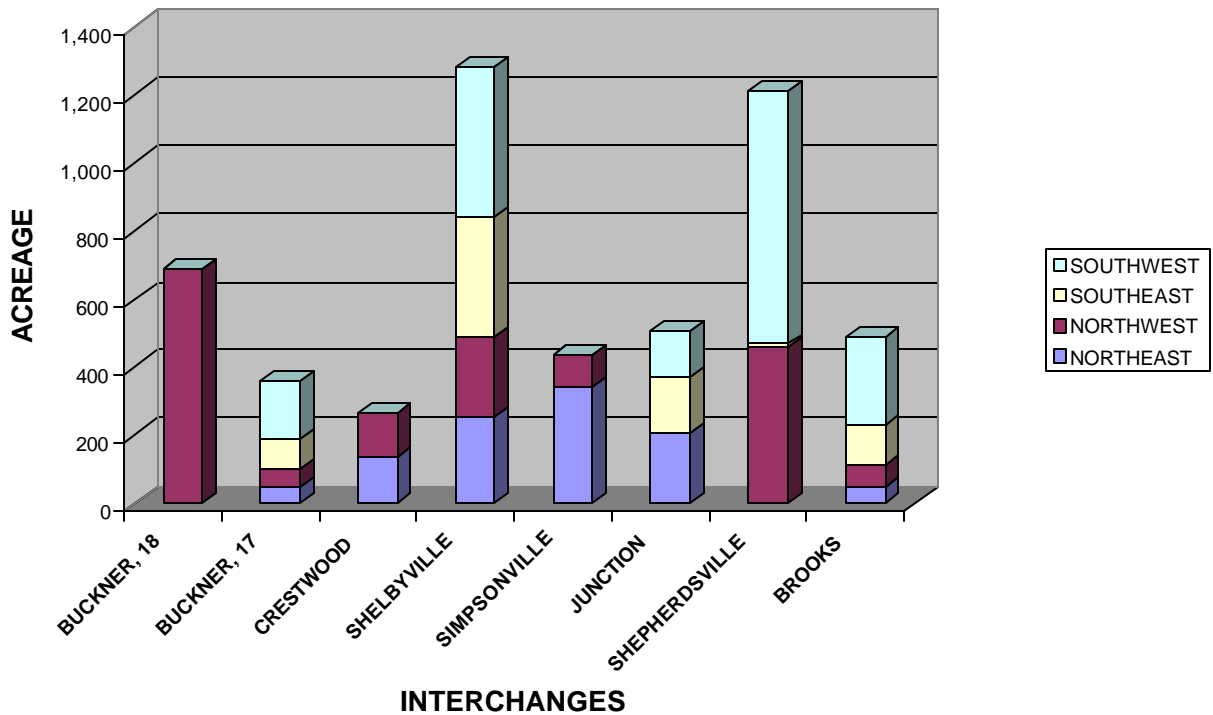
In the next table, a summary of the developable land currently available at the Kentucky interchanges is depicted.

**KENTUCKY INTERCHANGE DEVELOPABLE LAND
[2000]**

	BUCKNER, 18	BUCKNER, 17	CRESTWOOD	SHELBYVILLE
NORTHEAST	0	48	135	252
NORTHWEST	687	52	131	235
SOUTHEAST	0	88	0	356
SOUTHWEST	0	172	1	439
TOTAL	687	360	267	1,282
		LEBANON		
	SIMPSONVILLE	JUNCTION	SHEPHERDSVILLE	BROOKS
NORTHEAST	344	205	0	49
NORTHWEST	92	0	462	62
SOUTHEAST	0	165	7	122
SOUTHWEST	0	139	742	256
TOTAL	436	509	1,211	489

The Shelbyville and Shepherdsville interchanges offer the most total developable acreage at 1,283 and 1,211, respectively. Shepherdsville offers the most contiguous acreage at 742 acres. This is illustrated in the following graph.

KENTUCKY DEVELOPABLE LAND 2000



CONCLUSIONS AND RECOMMENDATIONS

Memphis Interchange Conclusions

The physical characteristics and existing road network support future development.²

The planned and available utilities are sufficient to support future development. The current property owners and local investors will be the catalyst for near term development. The estimated land use value ranges are:

² For most large developments, road improvements are a joint effort between the developer and the county.

LAND USE	VALUE RANGE [\$/ACRE]	DEVELOPED LOT SIZE [ACRE]
Highway Service	\$100,000 to \$200,000	1 to 5
Local Retail	\$150,000 to \$250,000	1 to 3
Industrial	\$30,000 to \$50,000	1 to 10

Henryville Interchange Conclusions

The physical characteristics can support future development; however, currently available utilities are insufficient to support future development. It is the opinion of Integra Chapman & Bell that a county sponsored business park could be the catalyst for long term development at this location.

Overall Recommendations

Integra Chapman & Bell recommends that the following actions be taken:

- Review infrastructure and availability of utilities.
- Contact property owners to determine their plans and offer help with future development.
- Determine if economic incentives are available to developer or end user.
- Develop a web site for the areas.
- Contact other area economic directors to make information available to them.
- Establish an informational relationship with regional industrial and commercial brokers.

CERTIFICATION

This Certification is for the market and marketability study for the Interstate 65 interchanges located at Memphis and Henryville in Clark County, Indiana. The undersigned do hereby certify that:

1. To the best of their knowledge and belief, the statements of facts contained in this market and marketability study are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are personal, unbiased professional analyses, opinions, and conclusions.
3. Integra Chapman & Bell has no present or prospective interest in the property that is the subject of this market and marketability study, and no personal interest or bias with respect to the parties involved.
4. Integra Chapman & Bell has no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
5. Compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this market and marketability study
6. Our analyses, opinions, and conclusions were developed, and this market and marketability study has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
7. The use of this market and marketability study is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. George M. Chapman, Lin E. Bell, Charles L. Fore, and Mark E. Mitchell are currently certified under the continuing education programs of the Appraisal Institute.

As of the date of this report, I, Lin E. Bell, have completed the requirements under the continuing education program of the Appraisal Institute (Through December 31, 2003).

9. No one other than the undersigned prepared the analyses, conclusions, and opinions concerning real estate that are set forth in this market and marketability study.
10. This market and marketability study was prepared by Lin E. Bell, MAI, SRA and Charles A. Williams, III, MBA who accept full responsibility as stated in this signed certification.

Lin E. Bell, MAI, SRA, CCIM
Indiana Certified General
Real Property Appraiser #CG69201383

Charles A. Williams, III, MBA
Market Analyst

Date: October 27, 2000

ASSUMPTIONS AND LIMITING CONDITIONS

The accompanying market and marketability for the Interstate 65 interchanges located at Memphis and Henryville in Clark County, Indiana, is subject to the following assumptions and limiting conditions.

1. No responsibility is assumed for matters legal or engineering in nature unless otherwise noted. Information provided by the client is assumed to be accurate.
2. Any legal descriptions, property survey, site plans, site plats, drawings, and/or sketches contained herein were either furnished to the analyst(s) or are based upon data provided to the analyst(s). These items are included herein to assist the reader in visualizing the property. Although to the best of our knowledge, these items provide an accurate representation of the (proposed) property, we have made no survey of the property, and we assume no responsibility in connection with such matters.
3. The accompanying market and marketability study is to be used as a whole and no part to be taken as a fraction thereof.
4. Integra Chapman & Bell associates are not required to give further consultation, to testify in court or at planning and zoning hearings, or be in attendance in court or planning and zoning hearings regarding this market and marketability study unless arrangements have been set out previously.
5. Neither all nor any part of the contents of this market and marketability study shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of Integra Chapman & Bell, particularly as to market demand conclusions, the identity of the analyst or firm with which he/she is connected, or any reference to the Appraisal Institute.

6. The analyst assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less suitable for the use upon which the market and marketability study was based. The analyst assumes no responsibility for such conditions or for engineering, which might be required to discover such factors.
7. Responsible ownership is assumed.
8. The market and marketability study was not based on a requested minimum amount of indicated market demand.
9. Compliance of this property with the Americans with Disabilities Act (ADA) is assumed.
10. It is assumed that the property does not have any environmental conditions that will preclude the use upon which the market and marketability study was based.
11. The market demand estimate expressed herein assumes competent and aggressive management and/or marketing of the subject property.
12. Unless otherwise noted herein, it is presumed that there are neither encroachments nor any violations of zoning regulations affecting the subject property use upon which the market and marketability study was based. If the subject property is not presently zoned for the use upon which the market and marketability study is based, it is assumed that such zoning can be economically obtained.
13. It is assumed that the subject property will have adequate accessibility.
14. Certain information contained in this market and marketability study has been furnished by others. The sources and the information are considered to be reliable but cannot be guaranteed