

MINUTES OF THE LONG RANGE BUILDING COMMITTEE  
February 14, 1983

Side 18 The meeting was called to order at 7:35 p.m. in Room 108 of the Capitol Building.

Members present were Sen. Mark Etchart, Sen. Matt Hims1, Sen. Jack Haffey, Sen. Bill Thomas, Sen. Donald Ochsner, Rep. Rex Manuel, Rep. Francis Bardanouve, Rep. Gene Donaldson, Rep. Bob Thoft, and Rep. Steve Waldron.

Also present were Curt Nichols of the Legislative Fiscal Analyst's Office, Ron Holliday, administrator of the Parks Division of the Department of Fish, Wildlife and Parks, and Phil Hauck, administrator of the Architecture and Engineering Division of the Department of Administration.

(014) Curt Nichols explained to the committee the request for \$225,000 to remodel a building at the Prison to be used as the infirmary. The building was built by Hoffman-LaRoche for a research laboratory. It was turned over to the University of Montana Foundation in 1982.

What this issue really boils down to is this: the Prison owns the land on which this building sits; the building was leasing the land and that lease has expired; the Prison had built an addition onto this building using one of the walls and the Prison owns the addition; the Prison would like to use this building as a partial solution to the overcrowding problem; the Foundation would like to sell the building to the Prison since the building is located within the security fence at the Prison; and both the Department of Institutions and the University of Montana Foundation have an investment in this building. The problem is that neither party can reach an agreement on a price for the building. The Foundation wants \$420,000; the Prison is willing to pay \$100,000.

(028) Joe McElwain, president of the University of Montana Foundation, provided the committee with written testimony (see Attachment 1) regarding this dilemma. He also provided the committee with a value analysis performed by White-Stevens, Ltd. (see Attachment 2). Mr. McElwain stated that they are not trying to "gouge" the state; they just want a reasonable price.

Phil Hauck provided some of the architectural background of the building. Mr. Hauck insinuated that the appraisal done by White-Stevens was high.

The committee will not make a decision on this issue at this time. This project will be heard when the committee hears requests from the Department of Institutions.

(316) The committee discussed the decisions to be made on projects to be funded by coal tax monies. The Moss Mansion proposal has been withdrawn.

REP. BARDANOUVE moved to eliminate the Michael's Ranch proposal.

The motion was passed UNANIMOUSLY.

SEN. THOMAS moved to eliminate the Prickley Pear proposal.

The motion was passed UNANIMOUSLY.

SEN. ETCHART moved to eliminate the Fish Homestead proposal.

The motion was passed UNANIMOUSLY.

REP. BARDANOUVE moved to eliminate the Vaughn Homestead proposal.

The motion was passed UNANIMOUSLY.

REP. THOFT moved to eliminate the Lake Elmo proposal.

REP. BARDANOUVE opposed this motion. There was some discussion regarding this proposal. The committee felt some research should be done on this proposal before making any decision.

REP. BARDANOUVE made a substitute motion to hold action on the Lake Elmo proposal.

The motion was passed UNANIMOUSLY.

Side 19

The committee discussed the Les Mason proposal. Sen. Hims1 stated that he would like to look further into this matter and see if the owners would accept a lower price.

SEN. THOMAS moved to accept the Parker Homestead.

The motion was passed UNANIMOUSLY.

SEN. THOMAS moved to accept the Park System Inholdings.

The motion was passed UNANIMOUSLY.

The committee discussed the White Sandy proposal. Rep. Waldron noted that this beach has been used for many years and, even if this proposal is not accepted, it will probably be used for many more years. This area is currently being leased to the State.

Rep. Thoft stated that the Les Mason Memorial would be very beneficial to the Whitefish area and he would strongly recommend the passage of this proposal.

Rep. Bardanouve expressed his concern that this committee has never approved any projects for the Bozeman area and that the Glenlake proposal should be passed.

SEN. HIMSL moved to accept the Blackfoot Easement proposal.

The motion was passed UNANIMOUSLY.

The committee discussed the five projects for development. It was noted that the city of Helena would be willing to make a 30% contribution of the total \$185,000 needed for improvements. Sen. Ochsner expressed the concerns of the citizens of Glendive that the road into Makoshika park may not be ready for paving.

SEN. THOMAS moved to accept all of the development projects which would include the Elkhorn Monument improvements, the Giant Springs Heritage Park improvements, Makoshika Park improvements, Rosebud Battlefield improvements, and Spring Meadow Lake improvements.

The motion was passed UNANIMOUSLY.

The committee discussed the Clark's Lookout project. Ron Holliday explained that the Department of Highways reviewed the appraisal of \$58,657 that was submitted by the owner and came up with an appraisal of \$31,000. There was also a question about the use of the railroad right of way which is the only road onto this property.

REP. THOFT moved to accept \$58,657 to purchase the land for Clark's Lookout contingent upon securing the right of way from the railroad.

The Chairman asked for a roll call vote on this motion.

SEN. ETCHART, SEN. HAFLEY, SEN. OCHSNER, and REP. THOFT voted YES. SEN. HIMSL, SEN. THOMAS, REP. MANUEL, REP. WALDON, and REP. DONALDSON voted NO. REP. BARDANOUVE passed. The motion died in committee.

Long Range Building Committee  
February 14, 1983  
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SEN. THOMAS moved to postpone the decision on Glenlake, Lake Elmo, and Les Mason Memorial until after the transmittal in order to attempt to negotiate a lower price.

The motion was passed UNANIMOUSLY.

There was a great deal of discussion from the committee on these three proposals. It was noted that, so far, this committee has not accepted any proposals for parks west of the Rockies. The committee agreed that there is not enough money to purchase all of these projects at their present asking price. Rep. Bardanouve asked the Department if they may have some money somewhere that could be used for these acquisitions.

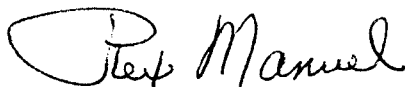
Ron Holliday stated that the federal government has tentatively appropriated funds from the Land and Water Conservation Fund for state projects. The Department has not received the letter saying that Montana has an appropriation from this fund and the Department thinks the President may rescind this appropriation. Therefore, the Department does not feel comfortable counting on this money until they are sure it will be available. The State's share of this would be \$325,000.

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The committee decided not to take any more action until these projects can be researched further.

The meeting was adjourned at 8:45 p.m.

Respectfully submitted:



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Rex Manuel, Chairman  
Approved

RM/lt

McELWAIN STATEMENT RE: DEER LODGE  
MEDICAL RESEARCH UNIT OWNED BY UNIVERSITY OF  
MONTANA FOUNDATION LOCATED AT MONTANA STATE  
PRISON, DEER LODGE, MONTANA

My name is Joe McElwain. I am currently president of the University of Montana Foundation and chairman of the committee designated to negotiate a possible sale of the Deer Lodge Medical Research Facility to the State of Montana. In 1967 an agreement between the University Foundation and Hoffman-LaRoche Company was entered into for the purpose of creating a medical research unit at the Montana State Prison for certain drug testing programs of the company on inmates of the institute on a voluntary basis. The unit is located on prison property pursuant to a lease entered into in June of 1967 with the State Board of Institutions.

The unit was operated for 15 years and during that time the University of Montana Foundation provided all general administrative services for the unit, which included:

1. All accounting services, monthly payroll for all employees, employees health and related insurance, unemployment insurance and social security. In addition, the Foundation contributed to a retirement program for the employees over those years.
2. All purchasing functions, except for those small items purchased directly in the Deer Lodge area.
3. Made annual and/or monthly payments to consultants who were involved in the various programs and protocols.

In 1974 the prison administration requested and was granted permission to use a common wall and construct a small prison infirmary attached to the research unit.

The unit was operated by Hoffman-LaRoche until the summer of 1982, when the Foundation was advised by Hoffman-LaRoche that they

were terminating their program. It was determined by the University Foundation that the best interests of both parties could be served by entering into negotiations with the State of Montana for the acquisition of this facility.

The Foundation obtained an appraisal of these improvements by the appraising firm of White-Stevens, Ltd. of Missoula, Montana, showing a fair market value of these improvements as of September 21, 1982, to be \$432,000.

A meeting was held with the director of the Department of Institutions and the Warden of the prison to ascertain the possible need and adaptability of the facility to prison use. Both have indicated the pressing need for additional infirmary facilities. I believe the University Foundation unit is very well suited to meet those needs. I have been advised that Phil Hauck, Administrator of Architecture & Engineering Division of the State of Montana, has inspected the building and feels it can be adapted to prison use.

Recognizing the fact that the improvements are located on State lands, the University Foundation offered to sell the facility to the State for \$300,000. The Director of Institutions has responded to that by letter, hereunto attached.

The Foundation believes it is being eminently fair in offering these facilities to the State at this price and that any disposition of these facilities which did not recognize the valuation placed upon them by the independent appraisers would constitute a breach of <sup>The</sup> ~~their~~ fiduciary responsibilities <sup>of the</sup> ~~as~~ trustees of the University Foundation.

We believe this is a fair and equitable offer to all parties concerned. If there is a funding problem with respect to the

amount of monies in the long range building fund, we would be

happy to negotiate a deferred payment arrangement that recognized

*of money on any deferred payment.*  
the time value of ~~the consideration to be paid for these properties.~~

# MONTANA POWER COMPANY

GENERAL OFFICES 40 EAST BROADWAY, BUTTE, MONTANA 59701 • TELEPHONE 406/723-5421

JOSEPH A. McELWAIN

CHAIRMAN OF THE BOARD  
AND  
CHIEF EXECUTIVE OFFICER

December 30, 1982

Mr. Carroll V. South, Director  
Department of Institutions  
Helena, MT 59620

Dear Mr. South:

The Committee, acting for the University of Montana Foundation, has considered your letter of December 23, 1982 concerning the Deer Lodge Research Unit.

Under the parameters that you have set, I would agree that we cannot come to terms and should present the matter to the long range building committee.

In commenting on your other observations, I would point out that the improvements belong to the Foundation, regardless of origin or original cost. The building either has a value to the state or it does not. We have presented you with an appraisal of its value as is.

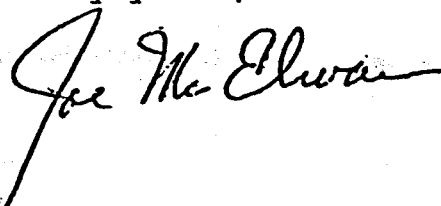
If the state wants the property, it should value it for its usefulness as is versus any alternative they may have, and make a good faith offer rather than bringing in extraneous considerations.

As trustees of the Foundation, we have a fiduciary responsibility to prudently protect the assets of the Foundation. You may be assured that the law does not look upon the purchase of this facility by the state as a gift to the Foundation. Rather, the lack of good faith negotiations concerning the value of this property to the state could well result in an action in inverse condemnation. We certainly want to avoid any such action.

Facing an independent appraisal of \$435,000, I believe we have been more than fair in offering this property to the state for \$300,000 and still carry out our fiduciary responsibilities.

If the state has an evaluation that indicates some other value based on proper legal and market value considerations, we will be happy to consider it.

Very truly yours,





# DEPARTMENT OF INSTITUTIONS



TED SCHWINDEN, GOVERNOR

1539 11TH AVENUE

STATE OF MONTANA

(406) 449-3930

HELENA, MONTANA 59620

December 23, 1982

Joe McLwain  
Montana Power Company

The Legislative Task Force on Corrections voted unanimously to request the department to negotiate with the foundation for the acquisition of the drug research facility owned by the foundation but located on prison property.

During our previous phone conversation, you quoted \$300,000 as the minimum purchase price which would be acceptable to the foundation should the state wish to acquire the facility. I believe the \$300,000 figure is unrealistic given the \$158,000 original construction cost, and the fact that the drug company, not the foundation, financed the construction.

Another factor that must be considered is that renovation costs required in order for the facility to adequately accommodate the infirmary expansion are estimated by the state architect to be \$225,000.

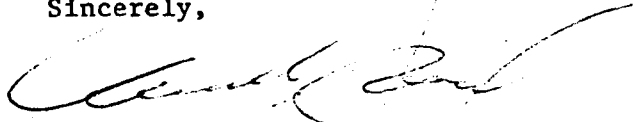
There were two motions regarding recommended acquisition costs, voted on by the task force; a motion for \$1, and another for \$100,000. Because both motions failed - one because it was too low, the other because it was too high - I have to assume that the parameters for negotiations are somewhere between \$1 and \$100,000.

In the final analysis, the legislature will establish the purchase price by appropriation and I suspect that any appropriation for acquisition will be viewed as a contribution to the foundation, given the fact that the foundation has no hard cash investment in the facility.

It would appear to be in the best interests of the state and the foundation to negotiate a fair acquisition cost or admit that we can not prior to long range building committee hearings.

If you are interested in negotiations within the parameters I have described, please call or write my office.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Carroll V. South', written in a cursive style.

CARROLL V. SOUTH, Director  
Department of Institutions

CVS:sd

cc: Correction Task Force Members

**A VALUE ANALYSIS OF  
THE UNIVERSITY OF MONTANA FOUNDATION'S  
MEDICAL RESEARCH FACILITY  
MONTANA STATE PRISON  
DEERLODGE, MONTANA**

**DATE OF VALUATION**

**SEPTEMBER 8, 1982**

**FOR**

**MR. T. J. GRIPPIN, EXECUTIVE DIRECTOR  
UNIVERSITY OF MONTANA FOUNDATION**

**BY**

**WHITE-STEVENSON, LTD.**

**C. ROBERT WHITE, M.A.I.  
AND  
THOMAS G. STEVENSON, M.A.I.**

**WHITE-STEVENSON, LTD.  
MISSOULA, MONTANA**



White - Stevens, Ltd.

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Appraisers - Consultants

P.O. Box 3821  
Missoula, Montana 59806  
Phone (406) 549-8894

September 21, 1982

Mr. T. J. Grippin, Executive Director  
University of Montana Foundation  
600 University Avenue  
Missoula, MT 59801

Re: Medical Research Facility  
Montana State Prison, Deerlodge, Mt.

Dear Mr. Grippin:

In accordance with your letter of authorization dated August 11, 1982, requesting a value estimate of the above captioned property, I hereby submit the following report.

The improvements consist of a single story, medical research facility containing 5527 square feet, located on the grounds of the Montana State Prison, Deerlodge, Mt.

As we discussed by telephone, this is specialized property in a very unique location. As you are well aware, the U of M Foundation does not have title to the underlying land. A detailed description of the building is contained further on in this report.

Since the improvements are highly specialized, in a unique location, and the U of M Foundation lacks ownership of the underlying land, the Income and Market Data Approaches to value have been eliminated.

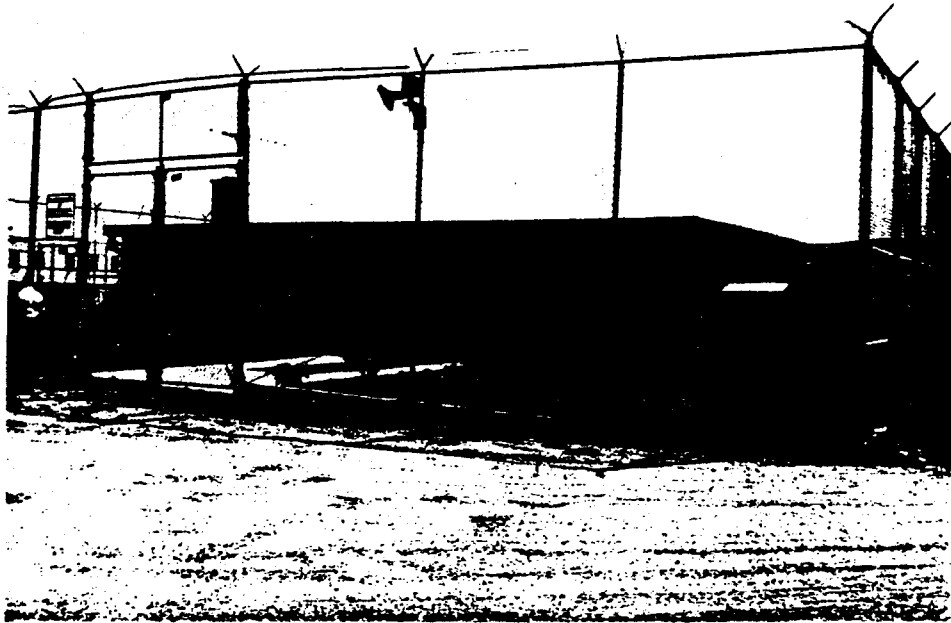
The improvements will then be valued utilizing the Cost Approach. This method of valuation has been developed by employing two techniques.

The first technique develops a reproduction cost for the improvements new, on a segregated basis. That is to say, that each component of the building is broken out, and its appropriate costs determined. Then, all component costs are added together to form the final estimate. A detailed sheet showing each component and its cost is included.

The second technique employs the contractor's original cost, and projects it to the date of our survey. This is accomplished by utilizing "cost multipliers" from a highly accurate national construction cost data source. A detailed data sheet of these calculations are also included.

Thirdly, you have asked for an estimate of value for the remaining personal property. This estimate is confined to the major, non-technical/laboratory items. A sheet showing the item no., description of item, original cost, and estimate of today's value is also included.

SUBJECT PROPERTY PHOTOGRAPHS



Building Exterior



Building Exterior

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SUBJECT PROPERTY PHOTOGRAPHS



Interior of the Lab



Interior of the Lab

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SUBJECT PROPERTY PHOTOGRAPHS



Interior of the Ward

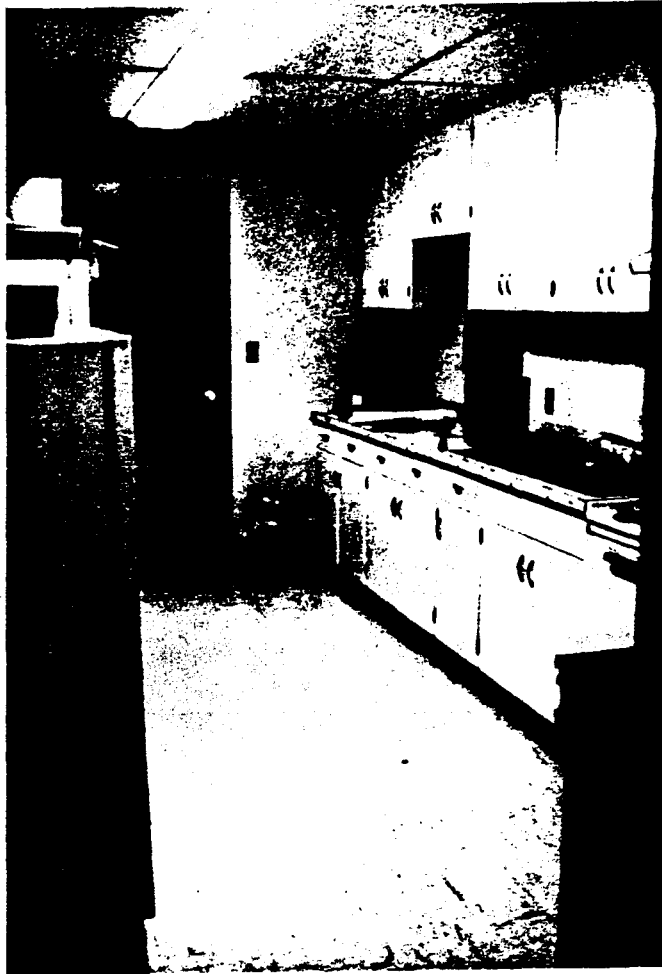


Interior of a typical office

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MISSOULA, MONTANA



SUBJECT PROPERTY PHOTOGRAPH



Interior of the Kitchen.

## PROPERTY DESCRIPTION

### Site:

The land in this appraisal is not a factor due to the fact that the state already owns it.

### Site Improvements:

The site improvements consist of a 5" thick concrete slab, 16' wide and 40' long, running from the front entrance to the gates in the fence. The other major site improvement is a 16' high chain link fence with barbed wire and metal rails. The fence rests on a concrete foundation, 5' deep. There are a few shrubs and a small area of grass around the perimeter of the building.

### Building Improvements:

#### Type and Size:

This is a single story, concrete masonry unit building specially constructed as a high security type structure for prisoners at the Montana State Prison in Deerlodge. It was used as a drug testing laboratory and is suitable for dispensary/hospital use. Part of the structure is now being used in conjunction with the prison hospital which was constructed at a later date, immediately adjacent to the subject building. This cost estimate was made from a physical inspection of the building and a detailed inspection of the plans from which the building was constructed. Although the prison hospital has taken over parts of one end of the original structure, it is the entire original structure which is under consideration here. It is acknowledged that your appraisers did not see the interior of what on the original building plans is called the waiting room 101, the office 102, the dressing room 103, the pharmacy 127, the working area 126, and the examining rooms 124 and 125. However, the construction of these rooms is ob-

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Type and Size, cont: viously identical to most of the remaining building which your appraisers did physically inspect. The floor area of the building is 5527 SF.

Age: The building was constructed in 1967.

Quality of Construction: The building is an extremely well-built structure with double exterior walls and many special containment features. In the cost estimate to follow, on a scale of 1 to 4 for construction quality, this building rated a "4". On a scale of 1 to 6 regarding the condition of the structure, the building rated a "5".

Footings and Foundations: All footings and foundations are of reinforced concrete. Foundation walls extend 5' deep under the floor slab and are 1.5' thick.

Floor Structure: The floor slab is 5" thick concrete.

Exterior Walls: The exterior walls are 8 x 16" concrete masonry units. They are two layers thick with a 2" air space between these double walls. They are reinforced with steel.

Interior Walls: The interior walls are also concrete masonry units, 4", 6" and 8" thick.

Interior Finish: The interior of the exterior walls and all of the interior walls are painted. There is no wallpaper, paneling, sheet-rock or plaster. The ceiling is a suspended, fiber, acoustical type ceiling hung about 1' below the roof structure. The floor is a good quality asphalt tile. In the lavatories and shower areas, there is a ceramic tile wainscot 4.5' high. There is a kitchen equipped with various items of personal property and steel base and wall cabinets which are included in this appraisal.

Roof Framing and Cover: The roof framing and deck is of precast concrete, high stress concrete. Over the concrete, a built-up roof cover has been applied.

Windows: All of the exterior windows are of a special prison type. Basically, they are steel jalousy windows set in a

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Windows, cont: reinforced concrete frame which has been poured into a concrete masonry unit exterior wall.

Doors: All doors, interior and exterior, are of steel construction, built especially for prison use. The hardware including hinges and door locks are also prison type, being constructed by the Adams Lock Co.

Insulation: The inside of the foundation wall has 1" thick rigid insulation, 3' deep. Between the concrete roof deck and the built-up roof cover, has been laid another 1" thick layer of rigid insulation. There is no insulation in the exterior walls.

Mechanical Features: The building is heated by a single hot water boiler, providing circulating hot water to a series of baseboard type radiators throughout the structure. This is a good quality heating system. The lighting consists of recessed double tube fluorescent fixtures. All the wiring is in conduit. The laboratory area is air conditioned by a single unit hung from the ceiling in the center of the room. All plumbing fixtures are heavy duty commercial type.

Utility: The utility of the building is considered to be good and it is certainly capable of being expanded to complement the adjacent prison hospital.

Rooms: The largest room in the structure is ward which was designed to contain 14 beds. Twelve beds and an examining table are located there. There are various small rooms for janitor equipment, storage, a nursing station, and a variety of baths with and without showers. There are basically three office rooms, a file room, an employees lounge, and two other rooms which on the plans are called studies. The laboratory is centrally located in the building, and this is a highly equipped laboratory. However, some of the laboratory/testing equipment is obsolete or nearly obsolete. The original pharmacy, working room, two examining rooms waiting room, dressing room and office

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Rooms, cont:

were not available for your appraiser's inspection.

Condition:

The condition of the structure is excellent. In your appraiser's opinion, this building should have a remaining physical and economic life of at least 40 years.

COST ESTIMATE FOR: MONTANA STATE PRISON HOSPITAL  
 PROPERTY OWNER: UNIVERSITY OF MONTANA FOUNDATION  
 ADDRESS: DEERLODGE, MONTANA  
 SURVEYED BY: C. ROBERT WHITE, M.A.I. AND THOMAS G. STEVENS, M.A.I.  
 DATE OF SURVEY: SEPTEMBER 8, 1982

OCCUPANCY: JAIL

CLASS: C Masonry  
 EFFECTIVE AGE: 10 YEARS  
 NUMBER OF STORIES: 1.0  
 FLOOR AREA: 5,527

COST RANK: 4.0 High  
 CONDITION: 5.0 Very good  
 AVERAGE STORY HEIGHT: 11.7  
 COST AS OF: 9/82

COMPONENT	UNITS	COST	REPLACEMENT NEW	COST DEPR
EXCAVATION / SITE PREPARATION:				
Excavation.....	9,583	0.41	3,929	3,615
Fill.....	2,340	0.28	655	603
Site Preparation.....	6,147	0.23	1,414	1,301
SUBTOTAL.....			5,998	5,519
FOUNDATION:				
Concrete, Bearing walls.....	11,054	2.72	30,067	27,662
FLOOR STRUCTURE:				
Concrete on Ground.....	5,527	3.00	16,581	15,255
Insulation.....	5,527	0.71	3,924	3,610
SUBTOTAL.....			20,505	18,865
FLOOR COVER:				
Asphalt Tile.....	5,527	1.17	6,467	5,950
CEILING:				
Fiber Panel.....	5,527	1.79	9,893	9,102
Suspended Ceiling.....	5,527	1.29	7,130	6,560
SUBTOTAL.....			17,023	15,662
INTERIOR CONSTRUCTION:				
Concrete Block.....	5,391	5.62	30,297	27,873
Tile.....	460	6.88	3,165	2,912
SUBTOTAL.....			33,462	30,785
PLUMBING:				
Plumbing Fixtures.....	22	1,871	41,162	37,869
HEATING AND VENTILATING:				
Hot Water.....	5,527	10.95	60,521	55,679
Refrigerated Cooling.....	442	8.35	3,691	3,396
SUBTOTAL.....			64,212	59,075
EXTERIOR WALL:				
Concrete Block.....	5,803	12.86	74,627	68,657
ROOF STRUCTURE:				
Precast Joists and Deck.....	5,839	6.18	36,085	33,198
ROOF COVER:				
Built-Up Composition.....	5,839	1.89	11,036	10,153
Insulation.....	5,839	1.45	8,467	7,790
SUBTOTAL.....			19,503	17,943

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TOTAL.....			349,111	321,185
ARCHITECT'S FEES.....	8.1%		28,278	26,016
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REPLACEMENT COST NEW.....	5,527	68.28	377,389	
DEPRECIATION.....	(8.0%)		(30,188)	
DEPRECIATED COST.....				347,201
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ADDITIONS:				
FENCE			16,500	16,500
STEEL CABINETS			10,000	10,000
SPECIAL JAIL HARDWARE			45,000	45,000
TOTAL COST.....			448,889	418,701
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Cost Data by MARSHALL and SWIFT

Comparative Cost Method  
 Sec. 98, Page 16  
 Marshall and Swift Valuation

Factor for Western States  
 Class C Masonry construction (7/68) = 2.984  
 x Comparative multiplier of 1.003 = 2.993

Contractor's Total Billing was \$158,607.31

2.993 x \$158,607.31 = \$474,712

Less depreciation based on Sec. 97, Page 12  
 Marshall and Swift Valuation

Building has 45 years life and is 15 years old. However, due to excellent care, effective age is estimated to be 10 years. The depreciation toll given the above input shows 8% as the correct overall depreciation.

Replacement Cost \$474,712

less (.08 x 474,712) - 37,977

\$436,735

Value Indication from Comparative Cost  
 Index based on actual original cost:

\$436,700(R)

# DEPRECIATED PERSONAL PROPERTY

<u>Your Item No.</u>	<u>Item(s)</u>	<u>Total Cost New</u>	<u>Total Depr. Value</u>
11	Beds, Steel, Single Frame	\$1,036	\$ 700
12	Bedside Screens, 3-section	88	50
13	Blackboard, 37x50 w/stand	56	25
15	Bookcases, 2-shelf, open	256	140
16	Bookcases, sliding door, 2-shelf, lock	174	100
17	Buffer, floor, pacemaker	434	150
20	Cabinet, card file, rotational	23	5
21	Cabinet, card file, 10-drawer	221	100
22	Cabinet, card file, 12-drawer	168	75
23	Cabinets, filing, 2-drawer, lock	140	50
24	Cabinets, filing, 5-drawer	1,992	1,200
25	Cabinets, letter file, 2-drawer	258	150
26	Cabinets, 3-drawer, lock	146	100
38	Chairs, pedestal, w/o arms	488	100
39	Chairs, pedestal, w/casters, w/o arms	250	50
40	Chairs, stacking, w/gang clamp	360	100
41	Chairs, swivel, w/casters, red	256	100
42	Chairs, swivel, w/arms, casters	432	50
43	Chairs, tilt back, w/footrest, blk.	50	25
44	Chair, typist, red	49	25
45	Chair, typist, blue	128	50
47	Commodes, portable	90	90
51	Desks, executive, dbl. pedestal	398	200
52	Desk, nursing, stainless steel	191	150
53	Desk, secy w/pedestal, typing stand ext.	272	100

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Your Item No.	Item(s)	Total Cost New	Total Depr. Value
54	Desk, single pedestal, grey	125	50
55	Desks, w/letter file, typing stand ext.	556	150
60	Dishwasher, portable	600	150
72	Freezer, Foster, 24 C.F. stainless steel	2,121	750
75	Freezer, Hotpoint	205	100
88	Mattresses, Simmons Beautyrest	826	140
103	Refrigerator-freezer combo. Hotpoint	292	250
104	Refrigerator, G.E. 15.6 C.F.	280	250
105	Refrigerator, Sci.Ind. Model RS12V	375	250
107	Safe, Diebold, blk.	507	500
123	Tables, bedside	1,106	300
124	Table, beige w/chrome legs	144	50
125	Table, end, blk. top	15	5
126	Table, octagon, blk. top	20	5
128	Tables, plastic top w/chrome base	172	50
132	Television set, 12", Zenith BW	140	50
133	Television set, 25", Zenith, color	590	200
143	Typewriter, IBM w/2 extra balls	518	250
144	Typewriter, Underwood Ser.#11-8925473	140	50
145	Typewriter, Underwood Five, Ser.#20-9636815	<u>168</u>	<u>25</u>
Totals:		\$16,856	\$7,460

## RECONCILIATION AND FINAL ESTIMATE

As indicated earlier, both the Market Data and Income Approaches were, out of necessity, omitted from this report. The Cost Approach, as employed, was developed by utilizing two different techniques.

The first technique, a segregated cost analysis, indicated a value of \$418,700(R) for the subject improvements. Structuring a Cost Approach by this method is normally highly accurate due to the breakdown of components. Your appraisers had both the benefit of an on-site physical inspection of the subject property and a copy of the plans, but not specifications. Also, as noted in the body of the report, your appraiser was unable to physically inspect a small portion of the building due to the fact that it had been sectioned off and is currently under use by the prison as part of their medical treatment facility. The value indication derived by this technique should be given an average amount of weight.

The second technique employed utilizes the contractor's original cost, and updates that figure to today's current costs by the use of "cost multipliers." Again, this method is an excellent tool when an accurate figure can be obtained for the original construction cost. In this case, that figure was available. The multiplier used was derived from a national cost index and adjusted to costs indicative of the Deerlodge-Butte area. The figure achieved through this technique yielded the higher indication of value at \$436,700. Your appraiser feels that the indication shown by this technique should be given an equal amount of weight in the overall value consideration.

By taking both values into consideration and the method by which they were derived, your appraiser feels that the estimate of value for the subject improvements as of the date of the survey is

FOUR HUNDRED TWENTY FIVE THOUSAND DOLLARS

(\$425,000)

Total Values for Improvements and Personal Property:

Estimated Improvement Value: \$425,000

Depreciated Personal Property: \$ 7,460

Total Value: \$432,460

\$432,000 (R)

FOUR HUNDRED THIRTY TWO THOUSAND DOLLARS

(\$432,000)

## VALUE ESTIMATE AND CERTIFICATION

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

1. The undersigned has inspected the subject property as well as all comparable sales and rentals referred to herein.
2. I have no present or contemplated future interest in the real estate that is the subject of this report.
3. I have no personal interest or bias with respect to the subject matter of this appraisal report or with the parties involved.
4. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analysis, conclusions and opinions expressed are based, are true and correct.
5. The appraisal report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this report.
6. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors.
7. No one other than the undersigned prepared the analysis, conclusions and opinions concerning the real estate as set forth in this report.

Based upon all the elements of which I am aware and which could reasonably affect value, I have estimated market value of the subject improvements and personal property, as of September 8, 1982, to be:

Value of Improvements:	\$425,000
Depreciated Personal Property:	<u>7,460</u>
Total:	\$432,460
	\$432,000 (R)

FOUR HUNDRED THIRTY TWO THOUSAND DOLLARS

(\$432,000)

September 21, 1982

  
Thomas G. Stevens, M.A.I.

**ADDENDA**

## ASSUMPTIONS AND LIMITING CONDITIONS

This is to certify that the appraiser in submitting this statement and opinion of value of subject property acted in accordance with and was bound by the following principles, limiting conditions and assumptions.

1. No responsibility is assumed for matters that are legal in nature nor is any opinion rendered on title of land appraised.
2. Unless otherwise noted, the property has been appraised as though free and clear of all encumbrances.
3. Where the values of the land and the improvements are shown separately, the value of each is segregated only as an aid to better estimate the value which it lends to the whole parcel, rather than value of that particular item if it were by itself.
4. All maps, areas, plans, specifications, and other data furnished your appraiser have been assumed to be correct. No survey of the property has been made by this appraiser.
5. All numerical references to linear measurements, area, volume or angular measurements should be assumed to be "more or less" (+/-), and are accurate to a degree consistent with their use for valuation purposes.
6. Neither the employment to make the appraisal nor the compensation for it is contingent upon the amount of valuation report.
7. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analysis, opinions, and conclusions expressed herein are based are true and correct. Furthermore, no important facts have been withheld or overlooked.
8. There shall be no obligation on the part of the appraiser to give testimony in court by reason of this appraisal, with reference to the property in question, unless previous arrangements have been made.
9. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors.
10. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the American Institute of Real Estate Appraisers of the National Association of Realtors.

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

**QUALIFICATIONS OF C. ROBERT WHITE, M.A.I.**

P.O. BOX 3821  
MISSOULA, MONTANA 59806

**EXPERIENCE:**

1960 - 1961	Employed in residential and service station constr.
1962 - 1965	Engaged in training program with Federal Housing Administration. Qualified as a Cost Estimator, Construction Inspection and Residential Appraiser.
1965 - 1971	Engaged in commercial appraisal work of both real and personal property for the U.S. Small Business Admin. in Helena, MT. Subjects covered a wide range of commercial, industrial, residential, recreational and special purpose properties over seven western states.
1972 - 1976	Loan Officer, Liquidation Specialist, and Supervisory Loan Officer with first line responsibility over the Montana SBA portfolio. Reviewed fee appraisals. Responsible for sale of real and personal property. Performed feasibility studies and appraisals for the Denver, Colorado, Regional Office of the SBA.
Sept. 1976 to present	Engaged solely in the real estate appraisal profession, as an independent fee appraiser.

**EDUCATION:**

1956	Keystone Junior College, LaPlume, PA. AA Degree.
1960	University of Denver, Denver, Colorado. BSBA Degree. Major in Real Estate and the Building Industry.

Attended the following Real Estate Appraisal Courses sponsored by The American Institute of Real Estate Appraisers:

1966	Basic Real Estate Appraisal Principles and Practices.
1968	Urban Properties.
1971	Challenged and passed Residential Valuation exam.
1977	Capitalization Theory and Techniques.
1979	Condemnation Appraising.
1981	Rural Valuation.

Each year attended a variety of real estate appraisal seminars and conferences to maintain proficiency in the appraisal profession.

WHITE-STEVENS, LTD.

MISSOULA, MONTANA

## EDUCATIONAL CERTIFICATION:

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. M.A.I.'s and R.M.'s who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program through December 31, 1984.

## GENERAL:

1972                    Elected to Residential Membership, American Institute of Real Estate Appraisers, receiving the R.M. designation.

1974                    Elected to Membership, American Institute of Real Estate Appraisers, receiving the M.A.I. designation.

Current                Institute Affiliate Member of the Montana Association of Realtors.

Current                President, A.I.R.E.A. Chapter #50, 1982.

Current                Testified as Expert Witness in U.S. District Court, Missoula, Montana; and also in 4th Judicial District Court, Missoula County, Montana.

BIRTHDATE:        December 24, 1931.

## COMMERCIAL CLIENTS:

U.S. Government Agencies:	
Veterans Administration	Small Business Admin.
National Park Service	U.S. Forest Service
U.S. Postal Service	Dept. of Health and Human Svcs.
Other Government Bodies:	
City of Great Falls, MT	City of Missoula, MT, Redevelopment Admin./Parking Commission.
County of Missoula, MT	
Commercial Banks:	
Helena Branch Federal Reserve	Old National Bank of Spokane, WA
Bank of Minneapolis	First Bank Western, Missoula, MT
First Security Bank, Missoula	
Savings and Loan Associations:	
Western Federal, Missoula, MT	Prudential Federal, Butte, MT
Home Federal, Helena, MT	
Large Corporations:	
Burlington Northern	ASARCO
Chevron Oil	Chicago Title Insurance Co.
Exxon Corporation	Safeco Title Insurance
Others:	
Whitman College	Teacher's Insurance and Annuity Assn. of America
Various individual clients, attorneys and brokers	



QUALIFICATIONS OF THOMAS G. STEVENS, M.A.I.

P.O. BOX 3821  
MISSOULA, MONTANA 59806

EXPERIENCE:

- 1971 - 1974 Vice-President, Pool Mortgage Company, Oklahoma City, Oklahoma.  
Full-time appraisal experience in all types of residential, commercial and special purpose properties. Commercial loan production and placement, underwriting credit and analysis of commercial projects. Supervision of residential commercial financing.
- May 1974 - Appraiser, Stillwater Savings and Loan Association, Stillwater, Oklahoma.  
July 1976 Appraising all types of residential, commercial and multi-family properties for the Association, or reviewing all appraisals for loan applications both from the home and branch offices. Responsibilities also included origination and servicing of all construction loan activities for the Association.
- July 1976 - Vice-President, Chief Appraiser, Manager Loan Department, Stillwater Savings and Loan Association, Stillwater, Oklahoma.  
December 1977 Included appraising or reviewing all appraisals on residential, commercial and multi-family properties for the Association. Also included all day-to-day supervision of the home office loan department and reviewing and underwriting all loan applications from both the home and branch offices, setting forth formal policies and procedures for the operation of the loan department.
- December 1977 - Working under the supervision of C. Robert White, October 1978 M.A.I., an independent real estate appraisal firm appraising all types of residential, commercial and special purpose properties throughout the State of Montana. Missoula, Montana.
- October 1978 - Formed the firm White-Stevens, Ltd.  
Present Principals in the firm are C. Robert White, M.A.I., and Thomas G. Stevens, M.A.I. White-Stevens, Ltd. is a full-service, independent real estate appraisal firm serving clients throughout the State of Montana. P.O. Box 3821, Missoula, MT 59806.  
Telephone: 406-549-8894.

WHITE-STEVENSON, LTD.

MISSOULA, MONTANA

## EDUCATION:

University of Montana, 1966 - 1970.

B.S. Business Administration/Economics

American Institute of Real Estate Appraisers

1974 - Basic Real Estate Appraisal Principles and Practices

1975 - Capitalization Theory and Techniques

1975 - Urban Properties

1979 - Eminent Domain

Society of Real Estate Appraisers

1974 - Narrative report-writing seminar, R-2 Examination

Mortgage Bankers Association of America

1974 - Course 1, Basic Principles

1973 - Course 2, Income Property Financing

Various Seminars sponsored by the American Institute of Real Estate Appraisers.

## GENERAL:

- |         |  |
|---------|--|
| 1978    | Elected to Residential Membership, American Institute of Real Estate Appraisers, receiving the R.M. Designation. |
| 1979    | Elected as a Senior Residential Appraisers, Society of Real Estate Appraisers, receiving the S.R.A. Designation. |
| 1980    | Elected to Membership, American Institute of Real Estate Appraisers, receiving the M.A.I. Designation.           |
| 1981-82 | Guest Lecturer - University of Montana, School of Business, Real Estate Investments.                             |

# Projects Funded with Coal Tax

<u>Name of Project</u>	<u>Amount Requested</u>	<u>Committee Action</u>
1. Elkhorn State Monument Improvements	20,000	accepted
2. Giant Springs - Heritage State Park Improvements	100,000	accepted
3. Makoshika State Park Improvements	78,000	accepted
4. Rosebud Battlefield State Monument Improvements	40,000	accepted
5. Spring Meadow Lake Improvements	148,000 <del>155,000</del>	accepted
6. Parker Homestead	12,500	accepted
7. Pageville School	32,000	
8. Park System In-Holdings	175,000	accepted
9. Blackfoot Easement	50,000 <del>100,000</del>	accepted
10. Clarks Lookout	233,568	
<del>11. Fish Homestead</del>	<del>356,173</del>	
12. Glen Lake	450,000	
13. Lake Elmo	1,000,000 <del>3,570,000</del>	
14. Les Mason Memorial	800,000	
<del>15. Hitched Ranch</del>	<del>250,000</del>	
<del>16. Moss Mansion</del>	<del>77,000</del>	
<del>17. Prickly Pear</del>	<del>210,000</del>	
<del>18. Vaughan Homestead</del>	<del>600,000</del>	
19. White Sandy	420,000	

Total Projects Funded With Coal Tax

\* ~~13,111,000~~