



Valbridge
PROPERTY ADVISORS

Appraisal Report

Blackhawk Intermediate School
635 Shenango Road
Beaver Falls, Beaver County, Pennsylvania 15010

Report Date: October 10, 2019



FOR:

Blackhawk School District
Victor Kustra, Esquire
Weiss Burkardt Kramer, LLC
445 Fort Pitt Boulevard, Suite 503
Pittsburgh, PA 15219

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Valbridge File Number:
PA01-19-9530



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Victor Kustra, Esquire
Weiss Burkardt Kramer, LLC
Blackhawk School District
445 Fort Pitt Boulevard, Suite 503
Pittsburgh, PA 15219

RE: Appraisal Report
Blackhawk Intermediate School
635 Shenango Road
Beaver Falls, Beaver County, Pennsylvania 15010

Dear Mr. Kustra:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property is located at 635 Shenango Road in Beaver Falls, Beaver County, Pennsylvania. It is further identified as Tax Parcel Numbers: 57-022-0113.001 and 002 and 003. The site contains a gross area of 7.470 acres or 325,393 square feet and it is improved with a multi-level, 94,300 square foot school building.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client in this assignment is Blackhawk School District. The intended user of this report is the Blackhawk School District. The intended use is for asset valuation by the client. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- Considering the location and demographics of the community and the physical features of the site and building, in this analysis we assume that the subject would continue to function as a school. If the subject no longer functions as a school, the current residential zoning would limit the potential legal uses of the property and this could potentially impair its market value.

Hypothetical Conditions:

- None

If any of the above are found to be untrue, it could influence the value conclusions.

None

Based on the analysis contained in the following report, the value conclusion is summarized as follows:

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 17, 2019
Value Conclusion	\$1,555,000

Respectfully submitted,
Valbridge Property Advisors | Pittsburgh



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Certification No. GA-000066-L



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Summary of Salient Facts

Property Identification

Property Name	Blackhawk Intermediate School
Property Address	635 Shenango Road Beaver Falls, Beaver County, Pennsylvania 15010
Latitude & Longitude	40.769995, -80.375852
Tax Parcel Numbers	57-022-0113.001 and 002 and 003
Property Owners	Blackhawk School District

Site

Zoning	Suburban Residential District (R-3)
FEMA Flood Map No.	42007C0045D
Flood Zone	Zone X
Land Area	7.470 acres

Improvements

Property Use	School, University-Classroom Building
Gross Building Area (GBA)	94,300 sf
Number of Buildings	1
Number of Stories	4
Year Built	1939
Condition	Average
Construction Class	C - Masonry
Construction Quality	Average
Surface Parking	128 spaces

Valuation Opinions

Highest & Best Use - As Vacant	Remain vacant or a community use if demand is evident.
Highest & Best Use - As Improved	A school if demand is evident.
Reasonable Exposure Time	In excess of 1 year.
Reasonable Marketing Time	In excess of 1 year.

Value Indications

Approach to Value	As Is
Cost Approach	Not Developed
Sales Comparison Approach	\$1,555,000
Income Capitalization Approach	Not Developed

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 17, 2019
Value Conclusion	\$1,555,000

Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- Considering the location and demographics of the community and the physical features of the site and building, in this analysis we assume that the subject would continue to function as a school. If the subject no longer functions as a school, the current residential zoning would limit the potential legal uses of the property and this could potentially impair its market value.

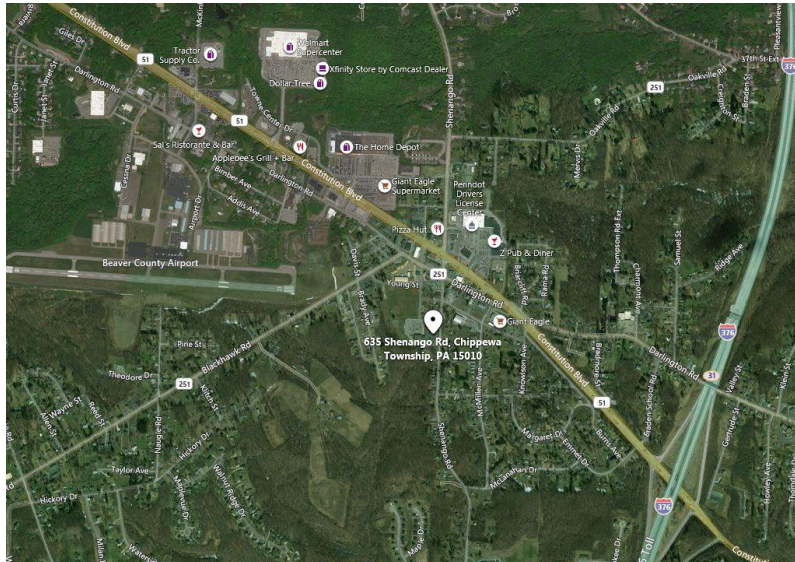
Hypothetical Conditions:

- None.

If any of the above are found to be untrue, it could influence the value conclusions.

Aerial and Front Views

AERIAL VIEW



FRONT VIEW



Introduction

Client and Intended Users of the Appraisal

The client is Blackhawk School District. The intended user of this report is the Blackhawk School District. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The intended use of this report is for asset valuation by the client.

Real Estate Identification

The subject property is located at 635 Shenango Road in Beaver Falls, Beaver County, Pennsylvania, 15010. The subject property is further identified by Tax Parcel Numbers: 57-022-0113.001 and 002 and 003.

Legal Description

Please refer to the tax map for a legal description of the subject.

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was a school building.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the subject as is reflects use as a school, university-classroom building.

History of the Property

According to assessment records, title to the subject property is vested in the name of Blackhawk School District.

Tax Parcel Number(s):	57-022-0113.001 and 002 and 003
Grantor:	Chippewa Twp. Municipal Auth. & State Public School
Grantee:	Blackhawk School District
Deed Book Volume / Page:	1080/23 and 1371/161
Sale Dates:	06-1-1977 and 05-11-1989
Sale Price:	\$0
Verification Source:	Assessment Records

Other than as noted herein, ownership of the property has not been transferred within the three years prior to earliest valuation date, nor is it presently listed, optioned, or under agreement of sale. The known transaction history of the subject property has been analyzed and considered in the opinions and conclusions presented in this report.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that 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 seller to buyer under conditions whereby:

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

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	September 17, 2019

The date of this report is October 10, 2019, which is the same as the date of the letter of transmittal. A site visit was completed to the subject property on September 17, 2019.

List of Items Requested but Not Provided

- None.

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions

Extraordinary Assumptions

- Considering the location and demographics of the community and the physical features of the site and building, in this analysis we assume that the subject would continue to function as a school. If the subject no longer functions as a school, the current residential zoning would limit the potential legal uses of the property and this could potentially impair its market value.

Hypothetical Conditions

- None

If any of the above are found to be untrue, it could influence the value conclusions.

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed below.

Appraisal Problem to be Solved

The appraisal problem is defined by the intended use, which is for asset valuation by the client. In this case, there is a single question to be answered, which is the market value of the real estate as defined under FIRREA, summarized in the following table:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	September 17, 2019

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

All of these approaches to value were considered in the appraisal process. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, the Sales Comparison Approach was developed in this appraisal. The Cost Approach was not completed for the property suffers from extensive depreciation and obsolescence which would be quite subjective to estimate. While schools are periodically leased, the subject is larger than most and rental data necessary to estimate a market rent for the subject is not available in this market. For this reason, the Income Approach was not completed.

Extent to Which the Property was Identified

The legal description was obtained from the tax parcel reference.

Extent of Property Inspection

The site was visited on September 17, 2019, at which time the exterior and interior were viewed. Floor plan drawings were available for review. Area measures were based on drawings.

Land Use Regulations

The zoning district and land use regulations were confirmed via the zoning authority website.

Type and Extent of the Data Researched

Research included sale comparables. Data sources included proprietary databases, interviews with market participants and Internet websites.

Appraisal Conformity and Report Type

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

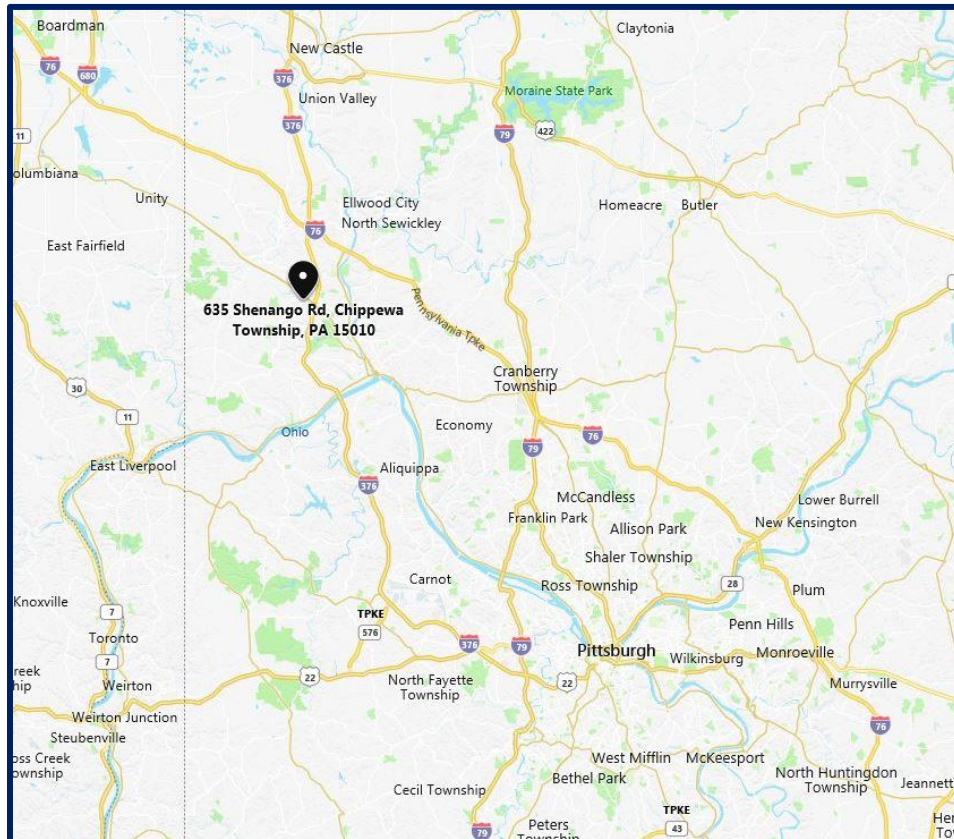
All furniture, fixtures, and equipment (FF&E) or any other personal property have been excluded from our analysis. The opinion of market value developed herein is reflective of real estate only.

Competency Statement

The appraisers have provided opinions of market value of similar properties throughout the region. They are familiar with the current trends impacting the property including mortgage interest rates, employment trends and user requirements. Furthermore, the appraisers are familiar with current financing and investor return expectations and trends within the regional real estate investment market.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject is located in Beaver Falls, in Beaver County. It is part of the Pittsburgh MSA. The relationship of the county to the most proximate major markets is as follows:

Distance to Major Markets

Metro Area	Approximate Distance
Pittsburgh, PA	35 miles (Southeast)
Youngstown, OH	42 miles (Northwest)
Wheeling, WV	67 miles (Southwest)
Morgantown, WV	95 miles (Northwest)
Cleveland, OH	109 miles (Northwest)

* Distances are measured from Beaver Borough, which is the county seat.

Beaver County is in the western portion of the Pittsburgh Metropolitan Statistical Area and benefits from the concentration of employers, services and infrastructure of a major metropolitan area.

Infrastructure

Infrastructure considerations relate primarily to transportation and utility systems. First addressing transportation, roadways are perhaps the most important aspect. Primary routes within the area are identified as follows:

Primary Routes

	North-South	East-West
	PA Route 18	Interstate 76
	US Route 51	Interstate 376
	PA Route 60	US Route 30
	PA Route 65	--

Highway transportation within the region is adequate. Interstate 376 (formerly Route 60) is a limited access highway that bisects the county from the southwest border with Allegheny County and Pittsburgh International Airport extending north to Mercer County. It intersects with the Pennsylvania Turnpike in New Galilee. Route 51 is a heavily traveled secondary artery that connects a number of the older industrially based communities that line the Ohio River. Development along these routes is anticipated as utility services are extended and other local infrastructure improvements are implemented.

Other modes of transportation servicing the area are as follows:

Transportation

Mode	Provider
Airports	Pittsburgh International, Allegheny County
Railroads	Conrail, Amtrak, P&LE, CSX
Bus	Port Authority of Allegheny County, Greyhound, County Transit Authorities

The Pittsburgh International Airport (PIA) is one of the largest complexes built since the construction of the Dallas-Fort Worth Airport in 1974. The facility is fourteen miles west of Pittsburgh and provides transportation for residents throughout southwestern Pennsylvania, as well as those within portions of Ohio and West Virginia. Cutbacks by US Airways, the primary carrier, have left large portions of the structure underutilized and several gates have been moth balled. That said, discount carriers have moved into some of the gates. Southwest Airlines began flying to four non-stop destinations from Pittsburgh in May 2005 and is now the second largest carrier.

The Port of Pittsburgh includes Allegheny, Armstrong, Beaver, Butler, Clarion, Fayette, Greene, Indiana, Lawrence, Washington, and Westmoreland counties and the 200 miles of commercially navigable waterways within that region. It is home to more than 200 river terminals and barge industry service suppliers -- and is served by the CSX and Norfolk Southern railroads and four interstate highways. The port handled 40 million tons of cargo in 2009. About 34,000 jobs in the port area are dependent on the system.

The Beaver County Transit Authority provides bus service throughout Beaver County and to destinations in Allegheny County. The BCTA operates a 51-vehicle fleet including buses and coaches.

The authority opened the \$14 million Expressway Travel Center, a transit terminal with 200 parking spaces for commuters, in 2001. While budget constraints forced cuts in operation, the system still provides adequate service throughout the more densely developed portions of the county.

With regard to utility availability, the following providers service the region:

Utility Providers	
Service	Provider
Natural Gas	Columbia, Peoples
Electricity	Duquesne Light, Pennsylvania Power
Water	Municipal Authorities
Sewerage	Municipal Authorities

The highway system provides adequate access throughout the region and good linkage to nearby major markets. Other modes of transportation supporting passenger and freight movement are also good. The utility infrastructure is developed to the point where public utilities are available to most portions of the county. Overall, the regional infrastructure is well developed and is an asset to attracting new business to the area.

Physical Features and Land Use Characteristics

Beaver County's land area is approximately 444 square miles of rolling topography with its lowest point near the western banks of the Ohio River; much of the area remains undeveloped. The county features 10 square miles of water, the 7,572-acre Raccoon Creek State Park in the southern part of the county, and the 2,000-acre Brady's Run County Park in the center of the county.

Residential development is primarily occurring in the central portion of the county, along the Allegheny County border and near Cranberry Township. Commercial development is primarily occurring in the central portion of the county. Industrial uses are being pursued proximate to the I-76/I-376 Hopewell/Big Beaver corridors.

There is ample land available for development though utilities and infrastructure, as well as demand characteristics, limit the potential for growth.

Population

Population characteristics relative to the subject property are presented in the following table.

Population							
Area	2000	2010	Annual % Change 2000 - 10	Estimated 2019	Projected 2024	Annual % Change 2019 - 24	
United States	281,421,906	308,745,538	1.0%	332,417,793	345,487,602	0.8%	
Pennsylvania	12,281,054	12,702,379	0.3%	13,012,438	13,160,675	0.2%	
Pittsburgh MSA	2,431,087	2,356,285	-0.3%	2,359,300	2,359,594	0.0%	
Beaver County, PA 4	181,412	170,539	-0.6%	167,258	165,135	-0.3%	

Source: Site-to-Do-Business (STDB Online)

After experiencing a slight decline in population from 2000 to 2010, the MSA exhibited a slight gain from 2010 to 2018. This compares favorably to Beaver County which continued to decline in population, albeit at a nominal rate. The data suggests a slight continued decline through 2023.

Employment

Manufacturing, which was long the basis of the local economy, has been declining for an extended period of time. Major areas of employment include finance, health care, education, high technology, and research. Growth in these sectors is now sufficient to offset the losses experienced in the manufacturing sector, though not yet sufficient to drive regional growth. That noted, these sectors draw a highly educated, largely well-paid workforce. Employment by industry for the MSA is as follows:

Employment by Industry - Beaver County

Industry	2019 Estimate	Percent of Employment
Agriculture/Mining	687	0.80%
Construction	5,242	6.10%
Manufacturing	10,312	12.00%
Wholesale trade	2,406	2.80%
Retail trade	9,452	11.00%
Transportation/Utilities	9,280	10.80%
Information	859	1.00%
Finance/Insurance/Real Estate Services	5,242	6.10%
Services	39,872	46.40%
Public Administration	2,492	2.90%
Total	85,930	100.0%

Source: Site-to-Do-Business (STDB Online)

The county has a greater percentage of the population involved in the transportation/utilities industry than the MSA, state, or the nation. Manufacturing is well below any of the assembled areas. Services are generally consistent with state and national trends. Growth in the services sector has been driving economic stability in the region.

Principal employers in the region are listed as follows²:

Top 10 Employers by Employment in Q4 of 2018

Great Arrow Builders LLC
 Valley Medical Facilities Inc
 Passavant Memorial Homes
 Wal-Mart Associates Inc
 FirstEnergy Nuclear Operating Co
 Beaver County
 IPSCO Koppel Tubulars Corp
 McGuire Memorial
 Veka Inc
 Heritage Valley Medical Group Inc

Source: Quarterly Census of Employment and Wages

² Source: www.pasitesearch.com

The employment distribution and array of principal employers suggest adequate economic diversity in Beaver County. While historically there have been few drivers for considerable new employment, recent activity suggests that growth in the health services and research generated from the universities in the MSA may be starting to reinvigorate the economy.

Shell Oil purchased a 340-acre site for \$13.5 million for the development of a world-class, multi-billion dollar, ethane cracker (petrochemical) plant. Demolition, foundation work, environmental cleanup, and site work are now complete. Construction of the petrochemical complex commenced in November 2017. The primary structures include four processing units, an ethane cracker, and three polyethylene units. In addition, Shell will construct a 900-foot long cooling tower, rail and truck loading facilities, an office building and laboratory, a water treatment plant, and a 250-megawatt natural gas-fired power plant. The plant will be receiving state grants and tax abatement through an expanded Keystone Opportunity Zone. The development is expected to create 600 permanent jobs at the plant and a greater number of spin-off jobs. It is expected that there will be up to 6,000 contractors working on construction of the plant. The proposed plant has also spurred considerable new development, including: a new hotel, a large training center for Columbia Gas, and increased residential activity within close proximity to the plant.

Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. The county figure typically represents a figure that is a month behind the national and state figures.

Unemployment Rates

Area	2012	2013	2014	2015	2016	2017	2018	Current
United States	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%
Pennsylvania	7.8%	7.4%	5.9%	5.3%	5.4%	4.9%	4.3%	4.5%
Pittsburgh MSA	7.2%	6.8%	5.7%	5.3%	5.6%	5.0%	4.3%	4.0%
Beaver County	7.5%	7.2%	6.5%	6.0%	6.3%	5.5%	4.5%	3.8%

Source: Bureau of Labor Statistics - Not Seasonally Adjusted

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare unfavorably to the state and the country.

Median Household Income

Area	Estimated 2019	Projected 2024	Annual % Change 2019 - 24
United States	\$60,548	\$69,180	2.9%
Pennsylvania	\$59,112	\$66,924	2.6%
Pittsburgh MSA	\$58,651	\$67,051	2.9%
Beaver County	\$56,100	\$62,596	2.3%

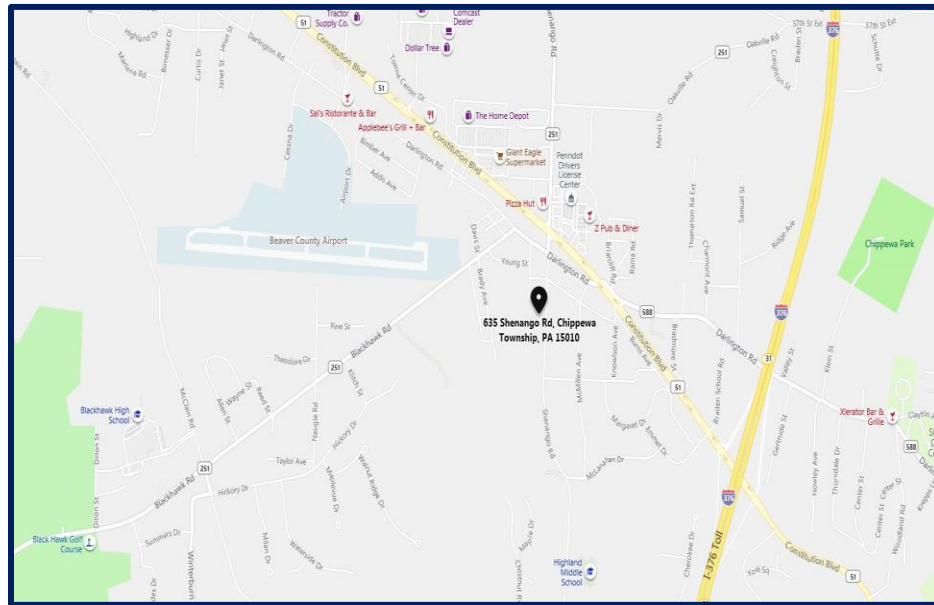
Source: Site-to-Do-Business (STDB Online)

Conclusions

Overall, the regional characteristics exert a stable to positive influence on the subject property.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Neighborhood Location and Boundaries

The neighborhood discussion addresses the relative desirability of the subject area within the region and identifies dominant characteristics of the residential and non-residential properties within the area. Neighborhoods are defined by political boundaries, transportation routes, etc. The subject neighborhood is identified as Chippewa Township.

Political Boundaries

Municipality/Ward/District	School District	Zip Code / Census Tract
Chippewa Township	Blackhawk School District	15010

Transportation Routes

Local East-West	Local North-South	Interstates
Routes 251 & 588	Route 51	I-376

The neighborhood boundaries are summarized in the following table:

Neighborhood Boundaries

Direction	
North	New Gallie Township
South	Brighton Township
East	Patterson, White and West Mayfield Townships
West	South Beaver Township

The location setting is suburban. Access to the area is rated as average.

Demographics

The following table depicts the area demographics within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius	1 mile	3 miles	5 miles
Population Summary			
2000 Population	2,310	19,007	42,988
2010 Population	2,582	18,938	41,139
2019 Population	2,620	18,658	40,406
2024 Population Estimate	2,608	18,469	39,948
Annual % Change (2019 - 2023)	-0.1%	-0.2%	-0.2%
Housing Unit Summary			
2000 Housing Units	878	7,818	18,142
% Owner Occupied	76.9%	69.2%	65.9%
% Renter Occupied	19.1%	24.8%	26.6%
2010 Housing Units	1,021	8,245	18,502
% Owner Occupied	74.9%	65.8%	62.7%
% Renter Occupied	19.5%	27.1%	28.2%
2019 Housing Units	1,069	8,287	18,527
% Owner Occupied	74.6%	66.0%	62.9%
% Renter Occupied	18.2%	25.8%	27.0%
2024 Housing Units	1,074	8,301	18,545
% Owner Occupied	73.6%	64.8%	61.8%
% Renter Occupied	18.5%	26.1%	27.2%
Annual % Change (2019 - 2024)	0.1%	0.0%	0.0%
Income Summary			
2019 Median Household Income	\$68,627	\$55,040	\$53,235
2024 Median Household Income Estimate	\$78,046	\$60,990	\$58,520
Annual % Change	2.6%	2.1%	1.9%
2019 Per Capita Income	\$38,858	\$30,443	\$28,951
2024 Per Capita Income Estimate	\$44,286	\$34,531	\$32,874
Annual % Change	2.6%	2.6%	2.6%

Source: Site-to-Do-Business (STDB Online)

Population levels in the 1-mile ring increased between 2010 and 2019; however, the population has declined within the 3 and 5-mile rings over this period. Median household income levels in the 1-mile ring exceed the county average but are below average in the 3 and 5-mile rings. The rate of growth is expected to be similar to the inflation rate in the 1-mile ring, but below average in the 3 and 5-mile rings.

Residential Desirability

Some of the primary factors influencing residential desirability are school district quality, safety services, municipal amenities, etc.

School District Information

District	Student Population	Grades Served
Blackhawk School District	2,400	K - 8; High School

Safety and Emergency Services

Police	Fire	Medical/EMS
Chippewa PD	Chippewa VFD	Medic Rescue / Tri-County Ambulance

Municipal Amenities

Parks	Library	Public Transport
Yes	Yes	County

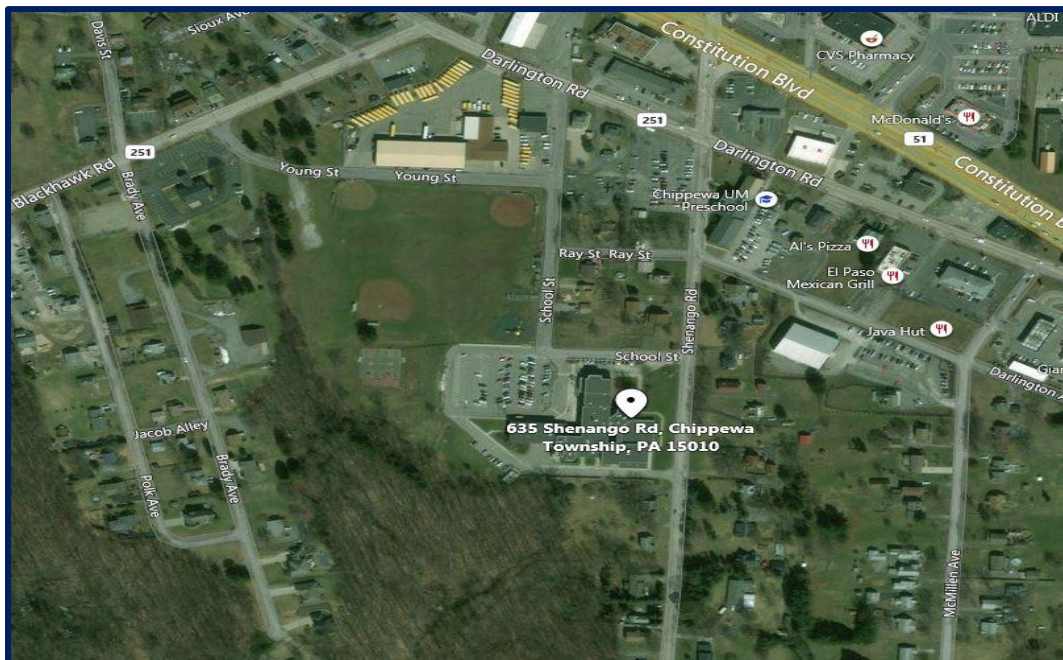
Neighborhood desirability for residential purposes is rated as average to good.

Non-Residential Characteristics

The area is also home to a large concentration of retailers that are situated along Constitution Boulevard to the northwest of Interstate 376. Most goods and services needs can be met within this district. Residential development within the community is likely to pick up as the economic impact of the Shell Cracker Plant grows. Additionally, development in the community is likely to benefit from an increase in the willingness of home buyers to drive longer distances to find new housing that fits within their budget.

Specific Location

The following aerial image provided by Google Earth depicts the subject in relation to its surrounding land uses:

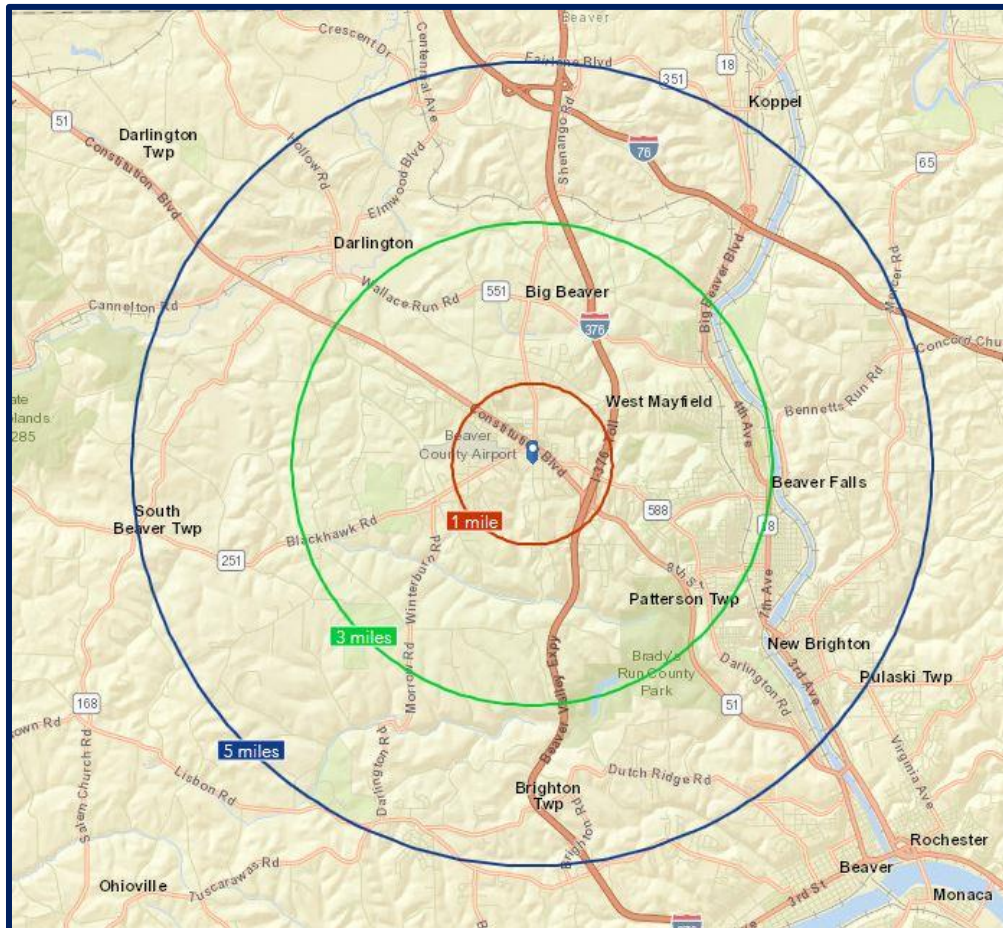


Conclusions

The area is in the stability stage of the neighborhood life cycle. The factors discussed above suggest that the area is generally equal to other neighborhoods in the county, and exerts a neutral influence on local real estate values.

Market Trends

MARKET AREA MAP



Definition of Product and Market Segmentation

In the following paragraphs, we describe the competitive qualities of the subject and the market segment in which it competes.

Property Type

The subject is a school/activity building.

Demographic information

As detailed in the neighborhood analysis, population in the trade area suggests that the neighborhood is suburban.

Supply and Demand Trends

The subject is a special purpose property, a school/activity building. To our knowledge, there are no public market trend surveys of properties of this type, but there are observable market trends occurring that influence this type of real estate.

In the Pittsburgh region, due to declining and shifting population bases, schools, churches, etc. have either been closed or built to accommodate the micro demographic trends in the region. For example, in 2008, the Pittsburgh Public School system put 20 vacant school properties on the market at a combined asking price of \$7 million. Given declining enrollment, these schools had become a burden to the district. A few of these have sold, while others remain for sale. In the North Hills area of Pittsburgh, four schools in the North Hills School District were placed on the market due to school consolidation. One of these, the Seville Elementary school sold in 2017 for \$445,000.

Conversely, some of the Pittsburgh area schools and others around the region have been purchased by a growing number of charter schools such as; Propel, City Charter High School, Northside Urban Pathways, Career Communications, Charter High School, the Urban League of Greater Pittsburgh Charter School, etc. Charter schools have become very popular due to their ability, at times, to outperform public schools. Not all charter schools succeed, however, and often they are at odds with public schools and their political power.

Other buyers in the market for school buildings have been education or religious oriented groups like Glen Montessori who purchased the former Perrysville Elementary School in Ross Township or Spectrum Charter School who specializes in children with cognitive and sensory challenges, including autism. Other school districts wishing to expand special services have also been buyers of these properties. While this group of buyers has focused on continuation of use, ***in other instances these types of properties have been sold or converted into other uses; commercial, multi-family or industrial, depending upon location and zoning. Location and zoning are significant factors in the redevelopment of these properties as they both outline feasible and permitted alternate uses.***

While the property type is special purpose, there has, historically, been enough buyers, to acknowledge that the available sales are market value oriented, however, in most instances, the sale prices are substantially less than the cost of construction unless there is a lease involved that allows for feasibility.

The subject property is owned by the Blackhawk School District. The Blackhawk School District is a small, rural public-school district that spans portions of Beaver and Lawrence Counties in southwest Pennsylvania. The district encompasses approximately 64 square miles and it covers the Boroughs of Darlington, Patterson Heights and West Mayfield, along with Chippewa Township, Darlington Township, Patterson Township and South Beaver Township. It also serves the Borough of Enon Valley in Lawrence County. The school district currently serves approximately 2,400 students and this represents a decline of about 10.7% from the 2007/08 school year.

Within the school district the Blackhawk Intermediate School serves students from 3rd to 5th Grade and it has an estimated 2018 enrollment of 337 students. A June 2019 study (*Demographic School Analysis: Population Projections for the Blackhawk School District*) completed for the Blackhawk School District suggests a 2028 enrollment at the Blackhawk Intermediate School of 356 students. The school was originally constructed in 1939 and there has been several expansions and renovations completed. In regards to the subject's continued use as a school we observed mixed conditions. First, the school is in average condition and it is located in a suburban community that is generally stable. These conditions suggest that the subject could continue to either serve the Blackhawk School District, or it could be used by an alternate educational entity. Conversely, while the student population of this school is expected to increase slightly, the school currently has a low student population relative to

the buildings larger size. We view this a potential risk factor since this likely results in higher operating costs (utilities, maintenance, insurance, etc.,) per student.

Conclusions

In summary, there have been a number of former schools marketed in the Pittsburgh area over the last 20 years due to declining public and religious school enrollments or due to outdated facilities being replaced. A more recent trend has been for some of these facilities to be purchased by a growing market of private and charter school groups offering alternatives to the public-school system. We expect that the trend will continue. In this instance, we assume that the subject could continue to serve the Blackhawk School District, or it is possible to continue the use of the property as an educational facility for an alternate user; however, there are risks. We do warn the client that if, the subject no longer served the school district or an alternate educational user were not available, the restrictive residential zoning of the site would be a limiting factor that would likely impair the marketing and market value of the property. ***See the Extraordinary Assumption.***

Site Description

The characteristics of the site are summarized as follows:

Site Characteristics

Location:	635 Shenango Road
Gross Land Area:	7.470 Acres or 325,393 SF
Usable Land Area:	7.470 Acres or 325,393 SF
Usable Land %:	100.0%
Shape:	Irregular
Topography:	Level to rolling to sloping
Grade:	At street grade
Utilities:	All are available to the site
Interior or Corner:	Interior
Signalized Intersection:	No: - Traffic signal nearby that enhances access to the site

Street Frontage / Access

Frontage Road	Primary	Secondary
Street Name:	Shenango Road	School Street
Street Type:	2 Lane	2 Lane
Frontage (Linear Ft.):	410.00	525.00
Number of Curb Cuts:	1	3
Traffic Count (Cars/Day):	2,225	Not Monitored

Flood Zone Data

Flood Map Panel/Number:	42007C0045D
Flood Map Date:	August 17, 2015
Flood Zone:	Zone X

Other Site Conditions

Environmental Issues:	An evaluation of the subsurface conditions is beyond the scope of this report. This analysis assumes that the subsurface conditions are suitable for the existing use. Similarly, we make no determination as to the presence or absence of any environmental hazard; however, the age of the building suggests that lead based paints and asbestos based materials may be present..
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Easements/Encroachments: The site is subject to street and utility easements of record, including access easements. Other than those specifically listed, we are not aware of any easements, restrictions, encumbrances, leases, reservations, covenants, contracts, special assessments, ordinances or partial interests that would adversely affect value. We did not complete a title search or survey of the property and assume no responsibility for matters pertaining to title or ownership. We recommend that the client have such studies completed.

Site Ratings

Access: Above Average
Visibility: Above average

Zoning Designation

Zoning Jurisdiction: Chippewa Township
Zoning Classification: R-3, Suburban Residential District
Permitted Uses: Single-family detached residential dwellings, duplex, triplex and quadraplex residential, public parks and playgrounds, cemeteries and mausoleums, funeral homes and crematoriums, forestry and traditional neighborhood infill model.
Zoning Comments: A school is a special exception use.

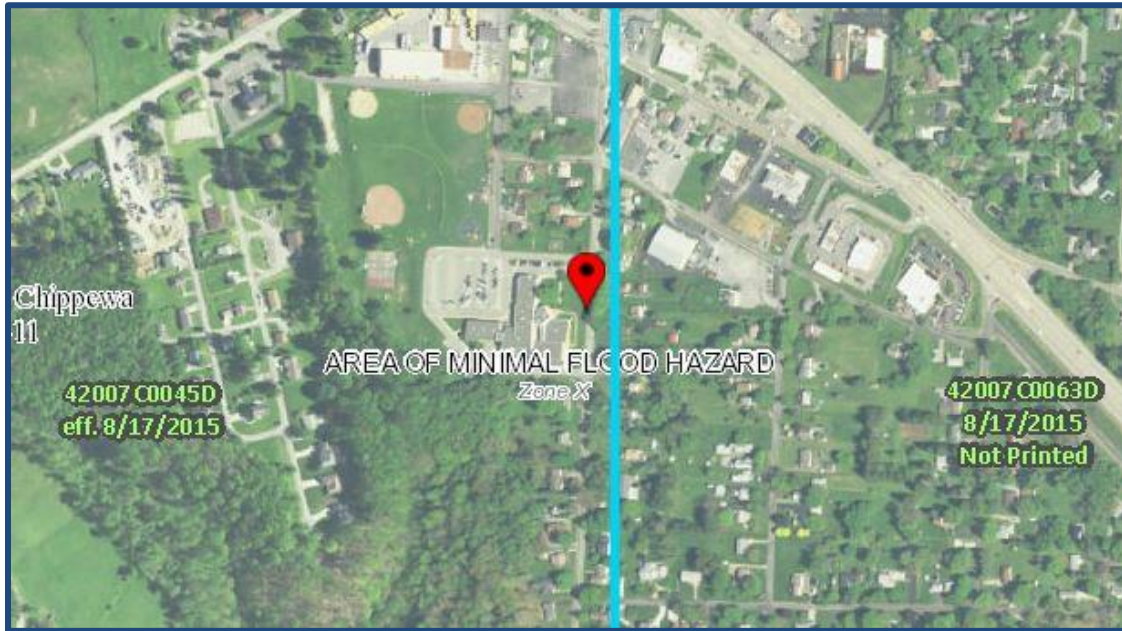
Analysis/Comments on Site

The subject is a 7.40-acre site and while a rear portion of the site is unimproved and it appears to have a generally sloping topography and we judge the site to be usable. The location is suburban and all public utilities are available. Access and visibility are adequate. The site is not located within a flood plain and we are not aware of any adverse easements or encroachments; however, the age of the building suggests that lead based paint and asbestos may be present. We recommend further investigation. Overall, the most limiting factor impacting the potential uses of the property is its "R-3," Residential zoning.

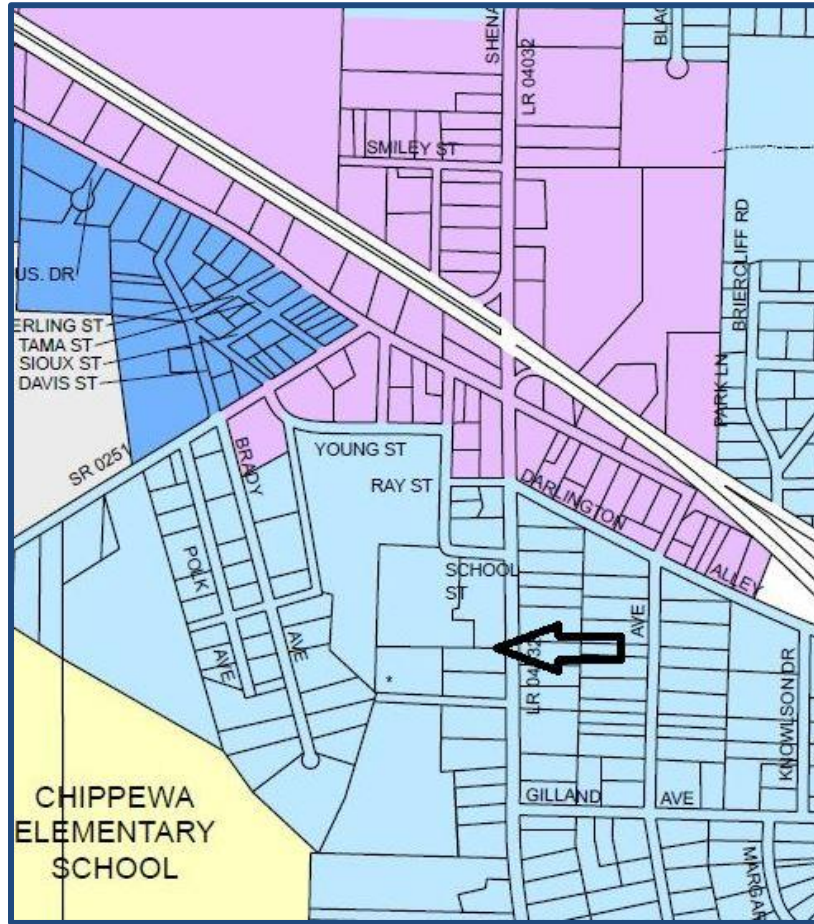
TAX MAP – 3 PARCELS














FLOOD MAP



ZONING MAP



ZONING DISTRICTS	
	AR-1 AGRICULTURAL RESIDENTIAL
	R-2 RURAL RESIDENTIAL
	R-3 SUBURBAN RESIDENTIAL
	C-1 NEIGHBORHOOD COMMERCIAL
	PC PLANNED COMMERCE
	SG SPECIAL GROWTH
	IC INDUSTRIAL CORRIDOR
	AIRPORT SURFACE OVERLAY DISTRICT
	PRD PLANNED RESIDENTIAL DISTRICT
	ARTD AGRICULTURAL RESIDENTIAL TRANSITION DISTRICT
	RCO RESIDENTIAL COLLECTOR OVERLAY

Improvements Description

Improvement Characteristics – Blackhawk Intermediate School

Property Type:	Special Purpose
Property Subtype:	School, University Classroom Building
Number of Buildings:	1
Number of Stories:	Multi-level
Construction Class:	C - Masonry per Marshall Valuation Service
Construction Quality:	Average
Gross Building Area (GBA):	94,300 SF (based on Eckles Engineering Documents)

Age / Life

Year Built:	1939
Renovated/Yr. Renovated:	Yes
Yr. Blt./Renovated Comments:	Renovations completed from 1959 to 2014.
Condition:	Average
Actual Age:	80 years
Effective Age:	30 years
Typical Building Life:	45 years
Remaining Economic Life:	15 years

Structural Characteristics

Foundation:	Masonry
Building Frame:	Masonry
Exterior Walls:	Brick, EFIS and Masonry
Roof Material:	Built-up with aggregate ballast over insulated metal deck supported by steel trusses

Interior Characteristics

Floors:	Carpet, VCT, Concrete
Walls:	Drywall, brick, concrete block
Ceilings:	Acoustic Tile / Exposed
Lighting:	Primarily fluorescent
Restrooms:	Yes –student and faculty restrooms.

Mechanical Systems

Electrical:	750 KVA, 277/480V w/ 2 -800 Amp Main Service Panels
Heating:	Boiler (gas), radiant heaters
Air Conditioning:	Chilled water

Fire Protection/Sprinklers: Fire alarm system and security cameras, no sprinkler system.
Number of Elevators: 1

Site Improvements

Primary Site Improvements: Paved park, concrete sidewalks and landscaping.
Landscaping: Average

Ratios & Parking

Land-to-Building Ratio: 3.45 to 1 (Usable Land/GBA)
Floor Area Ratio (FAR): 0.29 (based on GBA)
Parking Spaces: 128
Parking Ratio: 1.36 (per 1,000 sf of GBA)

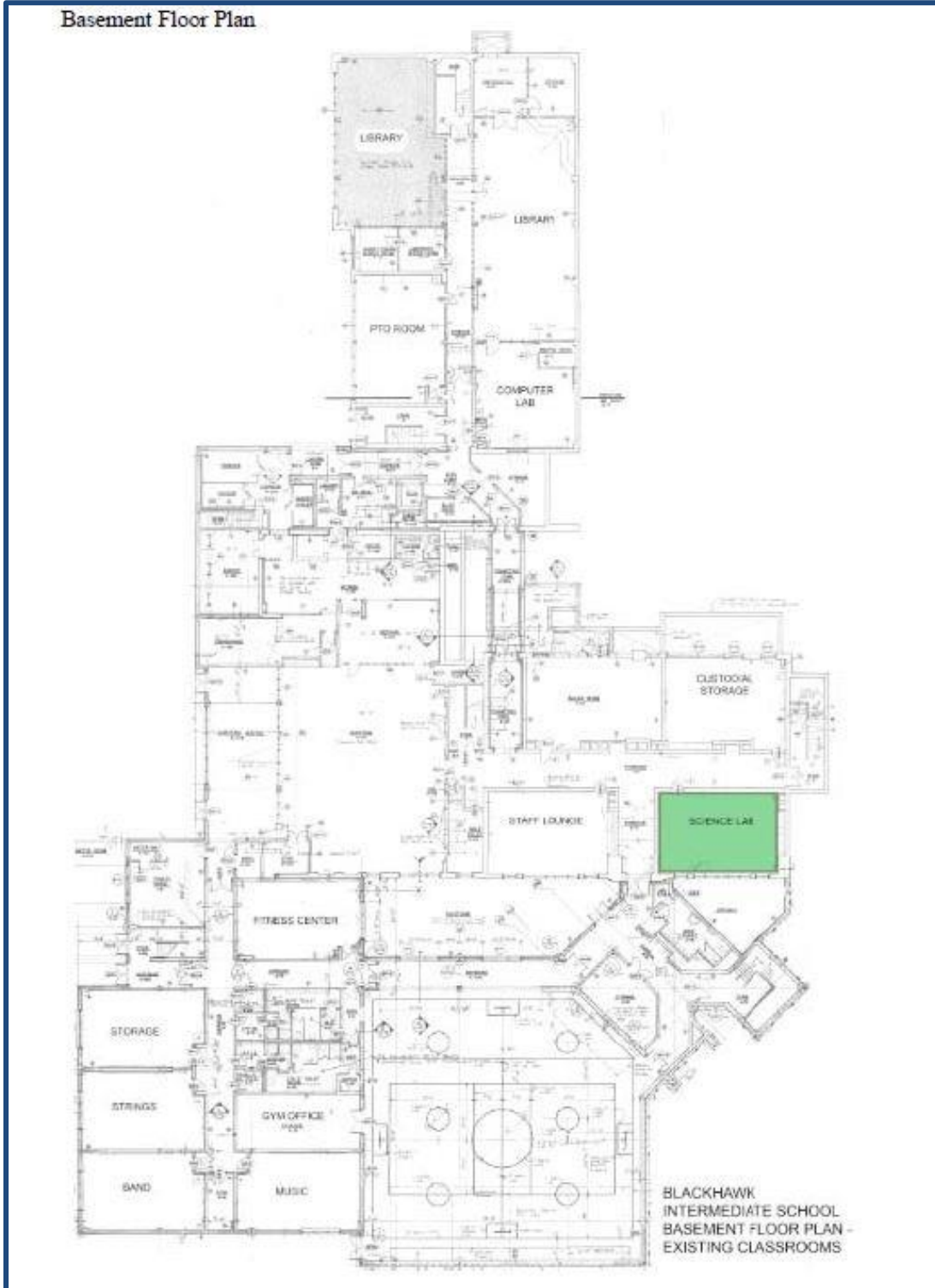
Deferred Maintenance

None observed.

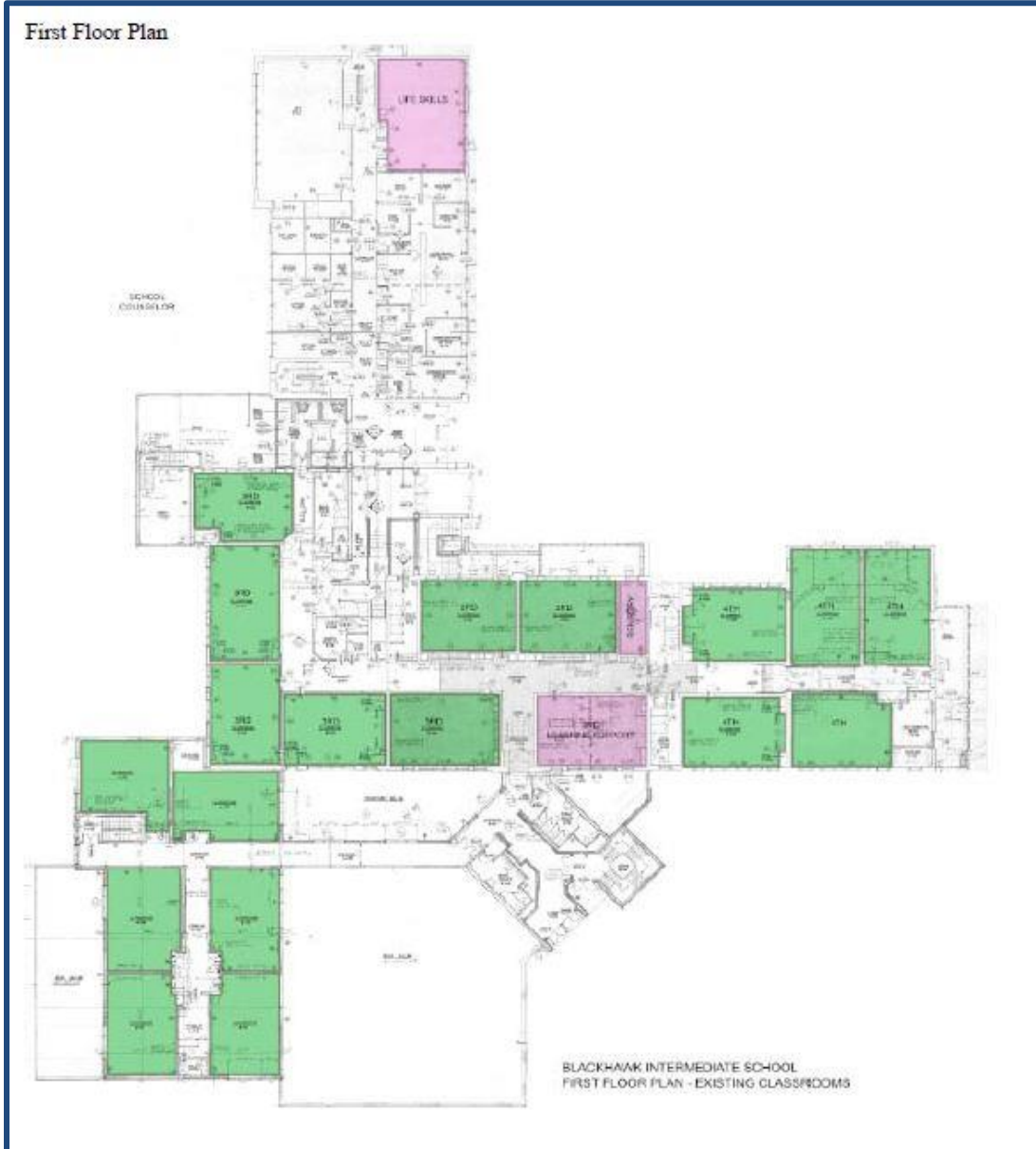
Analysis/Comments on Improvements

The functional utility of the property is rated as below average based upon a comparison of similar properties in the market area. The rating is primarily due to the multi-level configuration with only one elevator, and the excessive amount of common area (hallways, etc.).

LOWER LEVEL FLOOR PLAN



MAIN LEVEL FLOOR PLAN



UPPER LEVEL FLOOR PLAN



Zoning Overview

An overview of the zoning characteristics and requirements is provided in the tables that follow:

ZONING DESCRIPTION

Zoning Overview	
Jurisdiction:	Chippewa Township
Zoning Code:	R-3
Description/Category:	Suburban Residential District
Permitted Uses:	Single-family detached residential dwellings, duplex, triplex and quadraplex residential, public parks and playgrounds, cemeteries and mausoleums, funeral homes and crematoriums, forestry and traditional neighborhood infill model.
Current/Proposed Use Permitted:	Yes – as a special exception.

Conclusion

Based on the existing zoning regulations, the current use of the subject property was likely approved as a special exception use.

Limitations of Zoning Analysis

Zoning regulations are often complex and a number of factors can impact the compliance of a property. The data presented and the conclusions reported are not intended to be an absolute statement of compliance (or non-compliance) as that is beyond the scope of this assignment. If the intended user requires a more in-depth analysis of the zoning, an expert in that field should be consulted.

Subject Photos



Exterior View



Exterior View



Exterior View



Exterior View

Additional photos are included in the Addenda

Assessment and Tax Data

Assessment Methodology

The following identifies the current assessment for the subject. As a public educational facility, the property is tax-exempt.

2019 Assessment

Parcel No.	58-022-0113.001	58-022-0113.002	58-022-0113.003	Total
Land:	\$6,300	\$19,000	\$16,100	\$41,400
Building:	<u>\$2,385,150</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,385,150</u>
Total:	\$2,391,450	\$19,000	\$16,100	\$2,426,550

The current common level ratio / factor for Beaver County is 4.59. Assuming an assessment of \$2,426,550 and a factor of 4.59, the indicated market value for tax purposes only is \$11,137,864. If an alternate use of the property is assumed the property would be reassessed by Beaver County.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As If Vacant

The primary determinants of the highest and best use of the property as if vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned R-3, Suburban Residential District which controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The primary factors impacting adaptability are the physical characteristics of the land and the influence of other land uses within the area. The physical site characteristics are reiterated as follows:

PHYSICAL CHARACTERISTICS

Characteristic	Conclusion
Land Area	325,393 square feet / 7.470 acres
Topography	Level to rolling to sloping
Shape	Irregular
Utilities	All are available to the site
Visibility	Above average
Flood Plain	Zone X
Access	Above Average
Surrounding Land Uses	Suburban residential and nearby commercial and recreational.

Conclusion: There are no items of a physical nature that would materially limit any reasonable development plan.

Financially Feasible

Feasibility is a function of demand, which in turn can be measured through achievable sale, rent and occupancy levels. Ultimately, the question is whether or not demand is adequate to assure sale or rent levels that warrant anticipated construction costs. The test for financial feasibility depends on estimates of costs, income risk and expected rates of return.

Considering the permitted uses of the property, it is questionable if the demand for another permitted use would support a speculative development at this time, eg., a residential subdivision. Per the federal government’s SOCDS Building Permit Database, for the 5-year period from 2014 to 2018 there have been 61 new housing permits issued in Chippewa Township. This suggests that there is demand for new home development in the township. While demand may be evident, the cost to develop a residential housing subdivision on the subject site is not known, but it is expected to be high since there would be a substantial cost to demo the existing school building. A qualitative comparison of the demand versus the anticipated development costs appears to suggest that the development of a residential subdivision on this site would not be feasible at this time. None of the other permitted uses appear to be a good physical match for the use of the subject site, or their feasibility is unlikely.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for the site to be residential development when demand warrants.

Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant is for residential development when demand warrants.

Analysis of Highest and Best Use as Improved

As an improved property, the analysis must consider the following alternatives:

- Operate the property with no significant modifications.
- Implement property modifications to increase revenue potential, improve functional utility, enhance marketability or extend the remaining economic life.
- Raze the improvements to allow for an alternate development.

The following table summarizes the relevant factors:

Property Feature	Evaluation
Size	Inconsistent – too large
Condition	Average
Functional Utility	Below average
Consistency with Highest & Best Use as Vacant	Inconsistent

The highest and best use of the subject property, as improved, is a school if demand is evident; however, the large size of the building, the multi-level configuration with only one elevator, and the excessive amount of common area (hallways, etc.) are issues that impair the utility of the property.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an alternate educational user.

Sales Comparison Approach

Methodology

The sales comparison approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

The process of developing the sales comparison approach consists of the following: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject.

Unit of Comparison

The primary unit of comparison selected depends on the appraisal problem and nature of the property. The primary unit of comparison in the market for properties such as the subject property is price per square foot of the gross building area.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, and (7) physical characteristics.

Comparable Sales Data

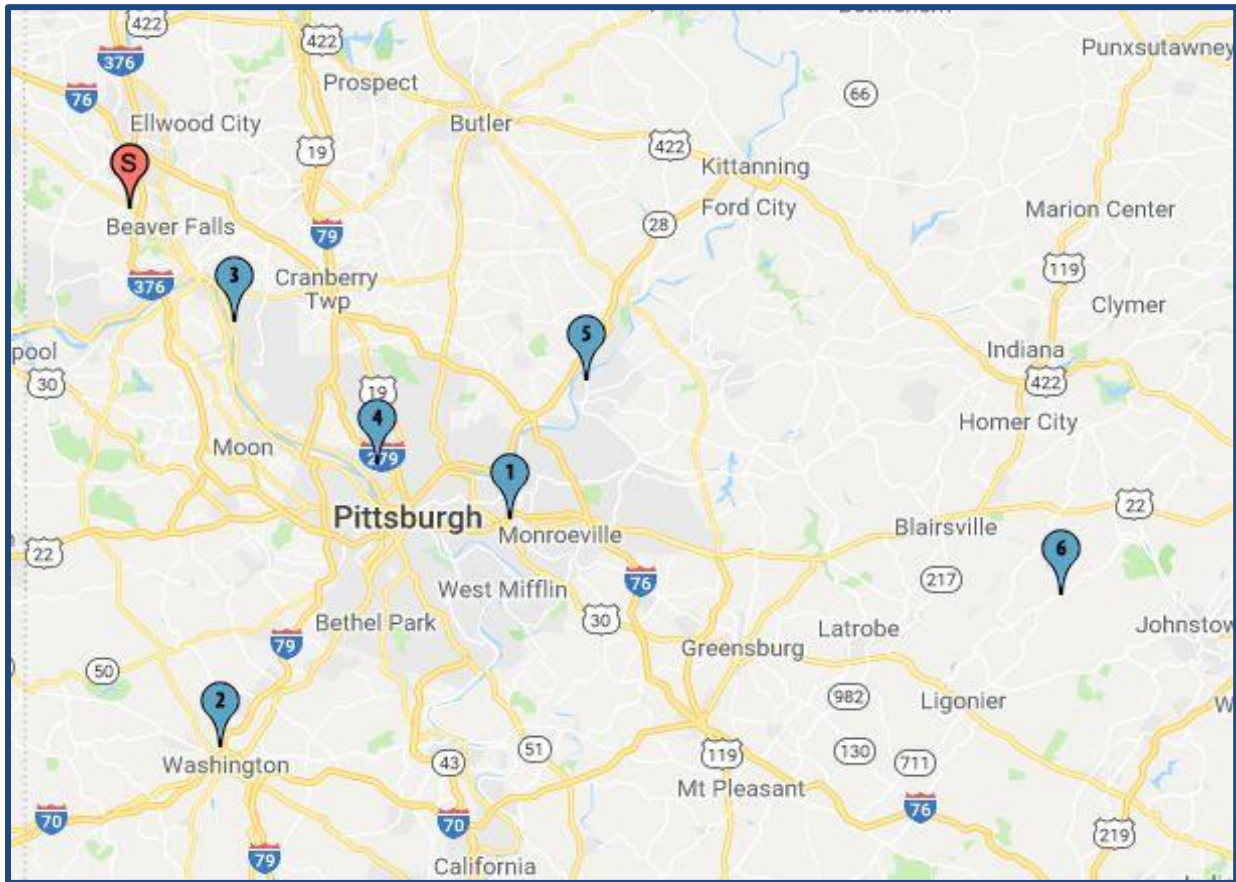
A search of data sources typically includes a review of public records, a field survey, interviews with knowledgeable real estate professionals in the area, and a review of our internal database. The comparables selected for the analysis were based on the following parameters:

Item	Parameter
Time Frame	Best Available
Geographic Location	Western PA
Property Type	School Properties

Based on the above research parameters, we used the sales summarized on the following page in the analysis.

Improved Sales Summary

Comp. No.	Date of Sale	Property Name	Municipality / County	Year		Unadjusted	
				Built	GBA	Sale Price	PSF
1	March-17	Former Churchill Elementary	Churchill, Allegheny	NA	24,082	\$700,000	\$29.07
2	August-12	Former Patten School	South Strabane Township, Washington	NA	23,081	\$420,000	\$18.20
3	April-18	Baden Academy Charter School Activities	Baden, Beaver	1970's	23,280	\$580,000	\$24.91
4	October-17	Former Seville Elementary School	Ross Township, Allegheny	1965	26,420	\$445,000	\$16.84
5	July-16	Former Greenwald Elementary School	New Kensington, Westmoreland	1960	31,488	\$525,000	\$16.67
6	February-16	Former Laurel Valley Middle/High School	St. Clair Township, Westmoreland	1960	105,500	\$1,705,000	\$16.16

COMPARABLE SALES MAP


COMPARABLE 1



Property Identification

Property/Sale ID	1201613/501500
Property Type	School, University Classroom Building
Address	2430 Greensburg Pike
City, State Zip	Churchill, Pennsylvania 15221
County	Allegheny
MSA	Pittsburgh
Latitude/Longitude	40.438344/-79.856344
Tax ID	298-G-105

Transaction Data

Sale Date	03-16-2017	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Atypically motivated buyer
Grantor	Woodland Hills School District	Deed Book/Page	16731/282
Grantee	Pace School	Sale Price	\$700,000
Property Rights	Fee Simple	Adjusted Price	\$700,000

Property Description

Gross Building SF	24,082	Pkg/1,000 SF GBA	2.99
Net Rentable SF	24,082	Pkg/1,000 SF NRA	2.99
Stories	1	Gross Acres	4.591
Construction Class	C - Masonry	Flr. Area Ratio (FAR)	0.12
Office Space %	0.0%	Gross Land to Bldg	8.30
Parking Spaces	72		

Physical Indicators

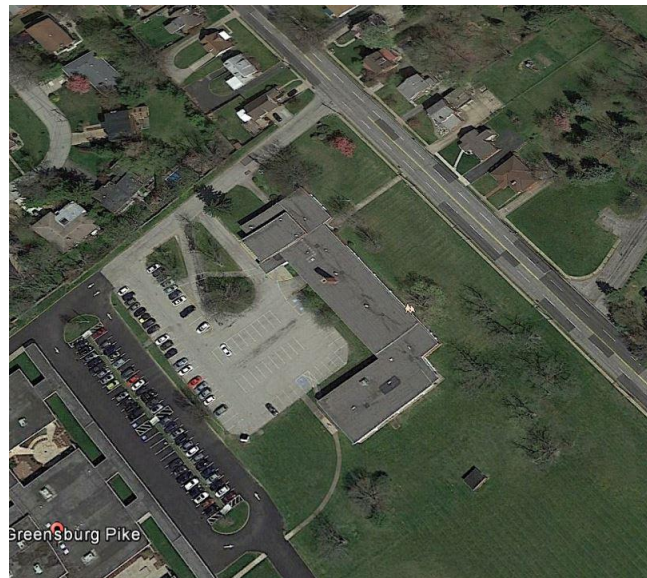
\$/SF GBA	\$29.07	\$/SF NRA	\$29.07
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Verification

Confirmed With Pace School
Confirmed By William K. Murtha
Confirmation Date 04-20-2017

Remarks

This is a one-story school building, administrative offices) that was sold to the adjoining Pace charter school. Pace expressed interest in this property in 2013 but the district was reluctant to sell to Pace, reportedly because they were non-profit or 'tax exempt'. The property was to be sold to Trek Development for \$625,000 for the development of senior housing but the sale never transpired. Ultimately, Pace acquired the property at what they described as a premium price. The building was demolished after purchase given the poor physical condition of the improvements. Pace plans to hold the property for future undisclosed purposes.



COMPARABLE 2



Property Identification

Property/Sale ID	1188182/490037
Property Type	School, University
Property Name	Former Patten School
Address	1530 Hillcrest Avenue
City, State Zip	South Strabane Township, Pennsylvania
County	Washington
Tax ID	600-004-14-02-0009-00

Transaction Data

Sale Date	08-01-2012	Deed Book/Page	201326797
Sale Status	Recorded	Sale Price	\$420,000
Grantor	Michael J. Kopko	Adjusted Price	\$420,000
Grantee	First Love Christian Academy		

Property Description

Gross Building SF	23,081	Gross Acres	1.777
Net Rentable SF	15,295	Usable Acres	0.000
Year Built	0	Flr. Area Ratio (FAR)	0.30
Office Space %	0.0%	Gross Land to Bldg	3.35

Physical Indicators

\$/SF GBA	\$18.20	\$/SF NRA	\$27.46
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Verification

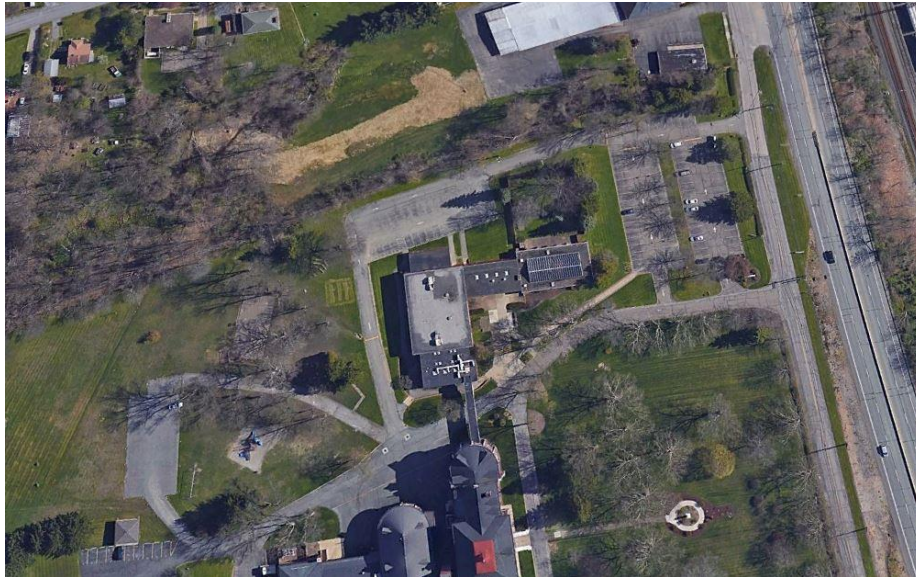
Confirmed With	Scott York, York Realty
Confirmed By	Bryan Barone
Confirmation Date	09-26-2012

Remarks

The first floor has eight classrooms, a kitchen, a small office, a three-room office suite, one general office, a conference room, a nursery, and men's and ladies' restrooms. The lower level has three classrooms, recreation/cafeteria area, kitchen and men's, ladies and handicap accessible restrooms. There are +/- 62 parking spaces.

The buyer is the first-floor tenant (First Love Christian Academy). The transaction is a lease-to-own. The real estate broker that handled the sale indicated the transaction would close in approximately 1 year. The seller carried the financing. The sale price of \$450,000 included \$30,000 of FF&E (kitchen equipment). The buyer purchased the property for continued use as a school. Update: Sale was recorded on August 30, 2013 at \$475,000. As noted, the original sale price for the real estate was \$420,000 per the agent that handled the sale.

COMPARABLE 3



Property Identification

Property/Sale ID	1204712/504384
Property Type	School, University Classroom Building
Property Name	Baden Academy Charter School Activities Building
Address	West State Street
City, State Zip	Baden, Pennsylvania 15005
County	Beaver
MSA	Pittsburgh
Latitude/Longitude	40.649576/-80.232464
Tax ID	Part of 13-174-0179-00A and 13-174-0179-002

Transaction Data

Sale Date	04-03-2018	Property Rights	Fee Simple
Sale Status	Closed	Financing	Cash to Seller
Grantor	Sisters of St Joseph of Baden	Conditions of Sale	Market
Grantee	Baden Academy Charter School	Sale Price	\$580,000
		Adjusted Price	\$580,000

Property Description

Gross Building SF	23,280	Pkg/1,000 SF NRA	4.38
Net Rentable SF	23,280	Gross Acres	3.420
Stories	2	Usable Acres	3.420
Building Condition	Average	Flr. Area Ratio (FAR)	0.16
Building Quality	Good	Gross Land to Bldg	6.40
Construction Class	C - Masonry	Usable Land to Bldg	6.40
Year Built	1970's	Access	Shared access within adjoiner
Parking Spaces	102	Flood Hazard Zone	Zone X (unshaded)
Pkg/1,000 SF GBA	4.38		

Physical Indicators

\$/SF GBA	\$24.91	\$/SF NRA	\$24.91
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Verification

Confirmed With	Buyer
Confirmed By	William K. Murtha
Confirmation Date	07-25-2018

Remarks

This building contained a pool, gymnasium, music and classrooms. The building had been leased to the buyer for six years prior to sale. It was to undergo renovation after purchase.



COMPARABLE 4



Property Identification

Property/Sale ID	1204050/503763
Property Type	School, University Classroom Building
Property Name	Former Seville Elementary School
Address	100 Enger Avenue
City, State Zip	Ross Township, Pennsylvania 15214
County	Allegheny
MSA	Pittsburgh
Latitude/Longitude	40.496110/-80.039133
Tax ID	161-L-225

Transaction Data

Sale Date	10-31-2017	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Market
Grantor	North Hills School District	Deed Book/Page	16999/387
Grantee	Holy Family Instuitute	Sale Price	\$445,000
Property Rights	Fee Simple	Adjusted Price	\$445,000

Property Description

Gross Building SF	26,420	Year Built	1965 Built in mid-1960's
Net Rentable SF	26,420	Gross Acres	9.278
No. of Lots	1	Flr. Area Ratio (FAR)	0.07
Building Condition	Below average	Gross Land to Bldg	15.30

Physical Indicators

\$/SF GBA	\$16.84	\$/SF NRA	\$16.84
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Verification

Confirmed With Sister Linda Yankoski
Confirmed By William K. Murtha
Confirmation Date 03-08-2018

Remarks

Built in the mid 1960's, the school was closed in 2009 and was being used for storage by the district. Per an article in the Tribune Review the building needed new electrical and plumbing systems, new windows and perhaps a new roof. Cost estimates to repair were \$3 to \$4 million. Portions of the site were not usable due to steep slope. The school was purchased for continued use.

COMPARABLE 5



Property Identification

Property/Sale ID	1199597/499667
Property Type	School, University
Property Name	Former Greenwald Elementary School
Address	2400 Freeport Road
City, State Zip	New Kensington, Pennsylvania 15068
County	Westmoreland
MSA	Pittsburgh
Latitude/Longitude	40.586106/-79.752305
Tax ID	24-01-16-0-341

Transaction Data

Sale Date	07-21-2016	Property Rights	Fee Simple
Sale Status	Recorded	Financing	Cash to Seller
Grantor	New Kensington-Arnold School District	Conditions of Sale	Market
Grantee	The Most Reverend Edward C. Malesic, JCL, Bishop of the Diocese of Greensburg	Recording Number	20160722023180
		Sale Price	\$525,000
		Adjusted Price	\$525,000

Property Description

Gross Building SF	31,488	Tenancy	Single-Tenant
Net Rentable SF	31,488	Office Space %	0.0%
No. of Lots	1	Parking Spaces	27
Stories	1 and 2 story sections	Pkg/1,000 SF GBA	0.86
Building Condition	Average to good	Pkg/1,000 SF NRA	0.86
Building Quality	Average	Gross Acres	2.500
Construction Class	C - Masonry	Usable Acres	2.500
Year Built	1960	Flr. Area Ratio (FAR)	0.29
Yr. Blt. Comments	Gym addition built in 2003	Gross Land to Bldg	3.46

Usable Land to Bldg Access	3.46 Above average	Visibility Corner/Interior	Average Corner
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Physical Indicators

\$/SF GBA	\$16.67	\$/SF NRA	\$16.67
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Verification

Confirmed With	Jeffrey McVey, Grantor and David King, MAI
Confirmed By	Bryan P. Barone
Confirmation Date	08-16-2016

Remarks

Located at the southwest corner of Freeport and Elmtree Roads, roughly 1.6 miles northwest of downtown New Kensington. Neighboring land uses along this stretch of Freeport Road include office and residential (single and multi-family). According to public records, \$1.1 million was spent on renovations in 1999. Gross building area includes partial walk-out lower level.

The former public elementary school closed in the summer of 2014; it was purchased for continued use as a school (Mary Queen of Apostles School). A press release indicates that the sale price, while above the appraised value at the time, was negotiated. New Kensington School District sold the building in an effort to reduce operating costs by consolidating schools.



COMPARABLE 6



Property Identification

Property/Sale ID	1198865/499041
Property Type	School, University
Property Name	Former Laurel Valley Middle/High School
Address	114 Education Lane
City, State Zip	St. Clair Township, Pennsylvania 15944
County	Westmoreland
MSA	Pittsburgh
Submarket	Westmoreland County
Latitude/Longitude	40.357312/-79.105257
Tax ID	60-08-00-0-044 & 60-08-00-0-050

Transaction Data

Sale Date	02-01-2016	Deed Book/Page	201602120004779 &
Sale Status	Recorded		201602120004780
Grantor	Laurel Valley School District	Sale Price	\$1,705,000
Grantee	Western PA Coal Resorts, LLC	Financing Adj.	\$0
Property Rights	Fee Simple	Sale Conditions Adj.	\$0
Financing	Cash to Seller	Exp. Imm. After Sale	\$0
Conditions of Sale	Market	Non-Realty Adj.	\$0
		Adjusted Price	\$1,705,000

Property Description

Gross Building SF	105,500	Construction Class	C - Masonry
Net Rentable SF	105,500	Year Built	1960
No. of Lots	2	Yr. Blt. Comments	Expanded in 1997 and a \$10,000,000 renovation/expansion was completed in 2000
Stories	2		
Building Condition	Average		
Building Quality	Average		

Occupancy Type	Owner-occupied	Usable Acres	13.051
Tenancy	Single-Tenant	Flr. Area Ratio (FAR)	0.19
Elevators	1	Land Cov. Rat. (LCR)	12.06%
Sprinklers	Partial coverage	Gross Land to Bldg	5.39
Parking Conforms	Yes	Usable Land to Bldg	5.39
Parking Spaces	51	Access	Average
Pkg/1,000 SF GBA	0.48	Visibility	Average
Pkg/1,000 SF NRA	0.48	Corner/Interior	Interior
Gross Acres	13.051	Flood Hazard Zone	Zone X (unshaded)

Physical Indicators

\$/SF GBA	\$16.16	\$/SF NRA	\$16.16
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Verification

Confirmed With	Joel Kreider, Newmark, Grubb, Knight, Frank
Confirmed By	Jim White
Confirmation Date	05-23-2016

Remarks

Located in the New Florence area. This former school building was constructed in 1960, expanded in 1977, closed in 2010. The two-story building includes classrooms, library, full kitchen, auditorium and workshop. The roof was replaced in 2000 and subject to a 20-year warranty. In 2000, the school district spent over \$10 million on building renovations. It was later closed due to declining enrollment.

Value allocations according to the two deeds are as follows: \$1,660,000 to the 13.0507-acre improved section (APN 60-08-00-0-044); and \$45,000 to the 53.60-acre, excess land component (APN 60-08-00-0-050). An April, 2015 press release indicates that the allocation, per the sales agreement, was \$1.50 million and \$205,000 for the improved section and excess land, respectively. The press release also states that mineral rights were included. The buyer planned to lease the property to Retreat, a high-end, for-profit drug and alcohol rehabilitation center. The proposed lease term was 20 years for the 160-bed facility. (See confidential notes)

Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment to the comparable was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. In the case of the subject property, the fee simple interest is considered. All of the sale comparables conveyed the fee simple interest as well; no adjustments were required.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the comparable sales involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Conditions of Sale

Atypical conditions of sale may result in a price that is higher or lower than a normal transaction. Such atypical conditions of sale often occur in conjunction with sales between related parties or those in which one of the parties is atypically motivated to complete the transaction. Additionally, a downward adjustment may be applied to a listing price, which usually reflects the upper limit of value. No adjustments were warranted for atypical sale conditions.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to cure deferred maintenance, costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, costs to remediate environmental contamination, and/or costs to occupy or stabilize the property. The subject is compared to all of the sales in their condition at the time of sale without consideration of any improvements and no adjustments are necessary.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

Properties similar to the subject that have limited potential next generation uses have not suggested any noticeable market change in recent years. For this reason, no market conditions adjustments were completed.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments.

Our reasoning for the property adjustments made to each sale comparable follows. The discussion will analyze each adjustment category deemed applicable to the subject property.

Location

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics and other factors. In this instance the demographics of each location is compared to the subject.

The following table summarizes the comparison:

Location Comparison

Property	Population	Median HH Income	Median Home Value	Overall Comparison
Subject	40,406	\$53,235	\$133,106	--
1	269,004	\$50,041	\$125,772	Superior
2	52,323	\$56,023	\$179,874	Slightly Superior
3	78,239	\$54,763	\$138,391	Slightly Superior
4	226,751	\$54,137	\$149,970	Superior
5	69,110	\$53,040	\$123,200	Similar
6	4,679	\$50,591	\$112,061	Inferior

Size

The size adjustment addresses variance in the gross building area of the comparables and that of the subject, as a larger building typically commands a lower unit price than a smaller building.

The following table summarizes the comparison:

Size Comparison

Property	# of Buildings	Gross Building Area (SF)	Overall Comparison
Subject	1	94,300	--
1	1	24,082	Superior
2	1	15,295	Superior
3	1	23,280	Superior
4	1	26,420	Superior
5	1	31,488	Superior
6	1	105,500	Slightly Inferior

Age/Condition

All else being equal, older properties typically command a lower price per square foot than newer properties. Although a property may be physically older than another property, the effective age may be similar to a newer property and no adjustment may be indicated. This may be due to the older property being well maintained or a recent renovation. We based the adjustments to the comparables on effective age rather than physical age. This takes the overall condition of a property into consideration.

The following table summarizes the comparison:

Age/Condition Comparison

Property	Year Built / Renovated	Condition	Overall Comparison
Subject	1939 / Yes	Average	--
1	NA	Poor	Inferior
2	1927/1958/1994	Fair	Inferior
3	1970's	Average	Similar
4	1965	Fair	Inferior
5	1960 / 2000	Above Average	Similar
6	1960 / 2000	Average	Similar

Zoning and Use

The subject is zoned for residential use and the permitted uses in Chippewa Township are quite restrictive; however, as stated previously, it is our opinion that the location and condition of the property suggests that an alternate educational user could have interest in the property. All of the comparable sales are either located in areas where there is no zoning, or they are primarily zoned for residential use. Since the subject is currently operating and it is our opinion that the property could draw interest from an alternate educational user, no adjustments are warranted to any of the sales for zoning differences.

Zoning and Use Comparison

Property	Zoning	Buyer's Use	Overall Comparison
Subject	Residential	NA	--
1	Residential	Pace School, but eventually razed.	Similar
2	Residential	Continued educational use.	Similar
3	Residential / Commercial	Continued educational use.	Similar
4	Residential	Continued educational use.	Similar
5	Residential	Continued educational use.	Similar
6	No zoning	Rehabilitation facility	Similar

Land-to-Building Ratio

The following table summarizes the comparison:

Land-to-Building Ratio Comparison

Property	Land Area (acres)	Land-to-Building Ratio	Overall Comparison
Subject	7.470	3.45-to-1	--
1	4.591	8.30-to-1	Superior
2	1.777	3.35-to-1	Similar
3	3.420	6.40-to-1	Superior
4	9.278	15.30-to-1	Superior
5	2.500	3.46-to-1	Similar
6	13.051	5.39-to-1	Superior*

*The usable land-to-building ratio for Sale 6 utilizes one of two parcels. This property also sold with 53.607 acres of excess land that is not include in the L-to-B ratio.

Summary of Adjustments

Based on the preceding analysis, we have summarized comparisons of the sale comparables on the following adjustment grid. These qualitative comparisons are based on our market research, best judgment, and experience in the appraisal of similar properties.

Qualitative Ranking

Sale #	Price	Transaction	Market	--Physical Comparisons--					Overall	Price
	PSF	Adjustments	Adjustment	Location	Size	Age/Condition	Zoning/Use	L-to-B Ratio	Comparison	PSF
1	\$29.07	NA	NA	Superior	Superior	Inferior	Similar	Superior	Superior	\$29.07
3	\$24.91	NA	NA	S. Superior	Superior	Inferior	Similar	Similar	Superior	\$24.91
2	\$18.20	NA	NA	S. Superior	Superior	Similar	Similar	Superior	Superior	\$18.20
4	\$16.84	NA	NA	Superior	Superior	Inferior	Similar	Superior	S. Superior	\$16.84
5	\$16.67	NA	NA	Similar	Superior	Similar	Similar	Similar	S. Superior	\$16.67
SUBJECT				SUBJECT						
6	\$16.16	NA	NA	Inferior	Inferior	Similar	Similar	Superior	S. Inferior	\$16.16

Sales Comparison Approach Value Indication

Based on this analysis and according most weight to Sales 8 and 9, the value indication is summarized as follows:

Improved Sales Comparison Approach Value Indication

Reasonable Adjusted Comparable Range

94,300 sf	x	\$16.00	=	\$1,508,800
94,300 sf	x	\$17.00	=	\$1,603,100

As Is Fee Simple Market Value Indication

94,300 sf	x	\$16.50	=	\$1,555,000
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Reconciliation

Summary of Value Indications

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Indications

Approach to Value	As Is
Cost Approach	Not Developed
Sales Comparison Approach	\$1,555,000
Income Capitalization Approach	Not Developed

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 17, 2019
Value Conclusion	\$1,555,000
Value Conclusion PSF	\$16.49

To reach a final opinion of value, we considered the reliability and relevance of each value indication based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Sales Comparison Approach, we gave this approach full weight in arriving at our final value conclusions. Furthermore, properties such as the subject property are typically purchased by users, who primarily rely upon the methods employed by the Sales Comparison Approach.

Analysis of Prior Appraisals

Not applicable.

Exposure Time and Marketing Periods

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of >1 year and >1 year, respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Pittsburgh will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Pittsburgh is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Pittsburgh and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Pittsburgh.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Pittsburgh both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Pittsburgh and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Pittsburgh or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Pittsburgh for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Pittsburgh shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Pittsburgh. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Pittsburgh and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Pittsburgh harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Pittsburgh in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Pittsburgh. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification – William K. Murtha, MAI

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and 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. The undersigned has not performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. William K. Murtha has personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. 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 and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.



William K. Murtha, MAI
PA Certified General Real Estate Appraiser
Certification No. GA-000066-L

Certification – Thomas A. Murtha

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and 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. The undersigned has performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Thomas A. Murtha did personally inspect the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. 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 and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.



Thomas A. Murtha
PA Certified General Real Estate Appraiser
Certification No. GA-001590-L

Addenda

- Subject Photographs
- Exhibit 1 – Assessment Record
- Exhibit 2 – Zoning Information
- Exhibit 3 – Engagement Letter
- Glossary
- Qualifications
 - William K. Murtha, MAI
 - Thomas A. Murtha
- Information on Valbridge Property Advisors

Subject Photographs



Interior View



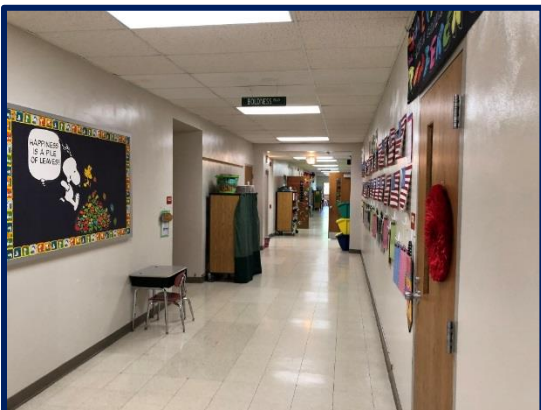
Interior View



Interior View



Interior View



Interior View



Interior View

Subject Photographs



Unimproved Land



Parking



Street Scene: Shenango Road



Street Scene: Shenango Road

Exhibit 1 – Assessment Record



Property Search

Print

Blackhawk Intermediate School

[New Search](#)

Parcel	57-022-0113.001
Owner	BLACKHAWK SCHOOL DISTRICT
Owner Address	500 BLACKHAWK ROAD BEAVER FALLS PA 15010
Property Location	00835 SHENANGO RD
Description	2.196 AC BLACKHAWK INTERMEDIATE SCHOOL
Year Built	1930
Neighborhood	CHIPPEWA TWP
School District	BLACKHAWK
Total Acres	2.19
Landuse	NURSERY, PRIMARY AND SECONDARY SCHOOLS
Assessment For Year:	2020
Ratio	.5000
Assessed - Land	\$8,300.00
Assessed - Building	\$2,385,150.00
Assessed - Total	\$2,393,450.00
Market - Land	\$12,600.00
Market - Build	\$4,770,300.00
Market - Total	\$4,782,900.00
Lender	No Data Available
	No Data Available
	No Data Available
Display Owner History	Owner History
	View Property Record Card
	View in GIS

DBV/P = 1080/23
 From: Chippewa Twp.
 Muni. Anti
 DATE: 6-1-77
 Price: \$0



Property Search

Print

BIS Parking Lot
New Search

Parcel	57-022-0113 002
Owner	BLACKHAWK SCHOOL DISTRICT
Owner Address	500 BLACKHAWK ROAD BEAVER FALLS PA 15010
Property Location	00000 SHENANGO ROAD
Description	3.804 AC
Year Built	0000
Neighborhood	CHIPPEWA TWP
School District	BLACKHAWK
Total Acres	3.80
Landuse	NURSERY, PRIMARY AND SECONDARY SCHOOLS
Assessment For Year:	2020
Ratio	.5000
Assessed - Land	\$19,000.00
Assessed - Building	\$0.00
Assessed - Total	\$19,000.00
Market - Land	\$38,000.00
Market - Build	\$0.00
Market - Total	\$38,000.00
Lender	No Data Available
	No Data Available
	No Data Available
Display Owner History	Owner History View Property Record Card View in GIS

DBI / P 1376 / 161
FRAM: State Public School
DATE 5-11-89
4 40



Property Search

Print

BIS Vacant land

[New Search](#)

Parcel	57-022-0113.003
Owner	BLACKHAWK SCHOOL DISTRICT
Owner Address	590 BLACKHAWK ROAD BEAVER FALLS PA 15010
Property Location	00000 SHENANGO ROAD
Description	1.48 AC
Year Built	0000
Neighborhood	CHIPPEWA TWP
School District	BLACKHAWK
Total Acres	1.48
Landuse	NURSERY, PRIMARY AND SECONDARY SCHOOLS
Assessment For Year:	2020
Ratio	.5000
Assessed - Land	\$16,100.00
Assessed - Building	\$0.00
Assessed - Total	\$16,100.00
Market - Land	\$32,200.00
Market - Build	\$0.00
Market - Total	\$32,200.00
Lender	No Data Available
	No Data Available
	No Data Available
Display Owner History	Owner History View Property Record Card View in GIS

DCU/P 1371/161
 FORM State Public School
 DATE 5-11-89
 PRICE \$0

Exhibit 2 – Zoning Information

CHAPTER 27
November 2002**PART VII****R-3 SUBURBAN RESIDENTIAL DISTRICT****SECTION 700 PURPOSE**

To provide for a residential living environment with a broad range of residential types while protecting the personal enjoyment of individual residential properties through flexible design, screening and controlled use of local streets. (The maximum permitted density shall be three and six-tenths [3.6] dwelling units per acre in conventional and clustered developments. The maximum density for multi-family shall be six [6.0] dwelling units per acre.)

SECTION 701 PERMITTED USES

- A. Principal Uses
 1. Single family detached residential dwellings.
 2. Duplex, triplex and quadraplex structures as a single principal use on a single lot or parcel.
 3. Publicly owned parks and playgrounds.
 4. Cemeteries and mausoleums.
 5. Funeral homes and crematoriums.
 6. Forestry.
 7. Traditional Neighborhood Infill Model (See Section 1624) (Ord. 233, 4/16/08)
- B. Accessory Uses
 1. Private garages and parking areas. (See Part XVII)
 2. Other accessory uses customarily incidental to a permitted use.
 3. Signs in accordance with Part XVIII of this Chapter.
 4. Home occupations. (See Section 1623)
 5. Home gardening excluding the sale of products.

SECTION 702 CONDITIONAL USES

- A. Multi-family dwellings (townhouses and condominiums). (See Section 2121)
- B. Chippewa Township municipal uses and uses directly related to Chippewa Township's municipal programs and services. (Revised by Ord. 182, 09/08/1997) (See Section 2122.)

CHAPTER 27
November 2002

- C. Home day care in a single family detached dwelling by a resident of such dwelling for the day care of six (6) or fewer children other than those who reside on the site, whether or not for compensation. (See Section 2112).
- D. Clustered Subdivision developments in accordance with Section 2109 of this Chapter and the Chippewa Township Subdivision and Land Development Ordinance.
- E. Planned Residential Development in accordance with Part XV.
- F. Hospitals and clinics. (See Section 2115).
- G. Home museums. (See Section 2114).
- H. Amateur Radio Communication Towers. (See Section 2103).
- I. Oil and Gas Development (See Section 301 of Part III). In addition to all of the other matters pertaining to conditional uses in the R-3 District, the provision of Section 1625 shall also be applicable to this conditional use. (Ord. 238, 10/20/10) Repealed (Ord. 244, 8/8/12)
- I. Municipal and non-profit public service administrative offices (general administrative offices of municipal authorities and non-profit organizations providing municipal and general services to the public). (Ord. 243, 6/20/2012)

SECTION 703 SPECIAL EXCEPTION USES

- A. Earth sheltered dwellings. (See Section 2139)
- B. Religious and educational uses. (See Section 2144)
- C. Nursing and personal care facility. (See Section 2142)

SECTION 704 LOT REQUIREMENTS

- A. For permitted Uses
 - 1. Minimum Lot Area
 - (a) With public sanitary sewers - ten thousand eight hundred and ninety (10,890) square feet per dwelling unit.
 - (b) With on lot septic disposal - twenty-one thousand seven hundred and eighty (21,780) square feet per dwelling unit.
 - 2. Minimum Lot Width - (Ord. 174)
 - (a) Eighty-five feet (85') at the right-of-way line for linear property lines.
 - (b) Fifty feet (50') at the right-of-way line for curvilinear property lines, including arc distance.
 - 3. Minimum Front Yard - thirty (30) feet measured from the right of way line.
 - 4. Minimum Side Yard
 - (a) For a principal use
 - (1) Single family detached residential dwelling - ten (10) feet on each side yard.
 - (2) Duplex, triplex and quadraplex - fifteen (15) feet on each side yard.

Exhibit 3 – Engagement Letter



Valbridge Property Advisors |
Pittsburgh
4701 Baptist Road, Suite 304
Pittsburgh, PA 15227
(412) 881-6080
(412) 881-8040
valbridge.com

July 15, 2019

William K. Murtha, MAI
(412) 881-6080 Ext/ 303
bmurtha@valbridge.com

Victor Kustra, Esquire
Weiss Burkardt Kramer, LLC
445 Fort Pitt Blvd., Suite 503
Pittsburgh, PA 15219
Via E-Mail: vkustra@wbklegal.com

**RE: 4 School Properties
Blackhawk School District
Beaver Falls, Beaver County, PA. 15010**

Dear Mr. Kustra,

Valbridge Property Advisors | Pittsburgh ("Appraiser") is pleased to present this proposal to perform Appraisal Services regarding the above referenced properties for Blackhawk School District. If this document is executed by both parties, it will form the engagement contract for our services ("Agreement").

The following provisions will apply to our services:

Subject Property	4 School Properties, Blackhawk School District, Beaver Falls, Beaver County, PA 15010
Intended Use	Asset valuation Alternate uses are neither intended nor authorized.
Intended User(s)	Blackhawk School District
Date of Value	Date of Inspection
Scope of Assignment	<input type="checkbox"/> Land Value <input type="checkbox"/> Cost <input type="checkbox"/> Income <input checked="" type="checkbox"/> Sales Comparison
Assignment Conditions	Specific assignment conditions to be assumed by the Appraiser per the Client's request. None
Presentation of Findings	Narrative Appraisal Report. Electronic copy in PDF format.



July 15, 2019
Page 2

Professional Fee	The professional fee for this assignment will not exceed: Highland School. \$3,750 Blackhawk Intermediate \$3,500 Patterson \$3,500 Northwestern \$3,500
Retainer	50%
Responsibility for Fees	<p>The balance of the fee is due upon completion of the assignment. In the event that the balance is not paid in full within 30 days, late charges will accrue at a rate of 1% per month on the original balance. Additionally, Appraiser will have the right to seek immediate collection and shall be entitled to recover costs and attorney fees associated with any such action.</p> <p>If the assignment is terminated prior to completion of the report, billing will reflect expenses to date and work to date. Billing of a cancelled assignment will follow the standard payment policy described in the included Terms and Conditions.</p>
Additional Services	In the event that additional services are needed, such as, but not limited to additional reports, further analysis, formal presentations, court testimony or any other services, a fee of \$250 per hour will be charged.
Delivery	<p>30-45 Days (final electronic report)</p> <p>Appraiser will use Appraiser's best efforts to deliver the appraisal report by the above date. Appraiser's delivery of the report is contingent on receipt of an executed copy of this engagement contract, receipt of the retainer, and receipt of the requested information and documentation from Client within seven (7) business days of acceptance of this proposal.</p>
Requested Information	A data request will be submitted upon receipt of the executed engagement letter.
Professional Standards Governing Assignment	The analyses, opinions, and conclusions will be developed and presented in conformance with (and the use of this report is subject to) the requirements of: (1) the Uniform Standards of Professional Appraisal Practice, and (2) the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
Disclosure of Prior Services Regarding Subject Property	The appraiser(s) who will perform the appraisal has not performed any prior services regarding the Subject Property within the three year period immediately preceding the date of this Agreement, as an appraiser or in any other capacity.

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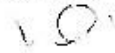


July 15, 2019
Page 3

Attached to and incorporated in this engagement letter are Valbridge Property Advisors | Pittsburgh's Terms and Conditions of Agreement. These Terms and Conditions form a material part of this Agreement and are no less important than any other part. The appraisal(s) performed under this Agreement also will be subject to all assumptions and limiting conditions and other conditions (collectively, "Appraisal Conditions") set forth in the appraisal report(s). Client's use of the appraisal will constitute acceptance of the Appraisal Conditions stated in a report. The Appraisal Conditions shall be considered as being incorporated into and forming part of this Agreement with respect to the appraisal in which they are contained and to the services relating to that appraisal.

Thank you for considering our firm for this assignment. If these terms are acceptable to you, please indicate below by your signature, or the signature of an authorized alternate. Please retain a copy for your records and return a signed copy to us, along with the retainer. We look forward to working with you on this assignment.

Respectfully submitted,


Valbridge Property Advisors | Pittsburgh

AGREED AND ACCEPTED


Signature

BOND SECRETARY
Title

ERIC BRANDENBURG
Name (print)

08/14/2019
Date

724 846-6600 X 1004
Phone Number

File Name: 2018-03-16 - Standard Engagement Letter - DP.docx

July 15, 2019
Page 4**TERMS AND CONDITIONS OF AGREEMENT**

1. "Appraiser" means Valbridge Property Advisors | Pittsburgh and its appraisers, employees, partners, owners, shareholders, members, officers, directors and independent contractors.
2. Acceptance of this Agreement assumes that Client will provide all necessary information needed for the appraisal on a timely and truthful basis.
3. It is Client's responsibility to read the report and to inform Appraiser of any errors or omissions, prior to utilizing the report or making it available to any third party.
4. The fee quoted is based on Appraiser's understanding of the assignment as outlined in the scope of work. Changes in scope will be billed at Appraiser's normal hourly rates. The fee and estimated completion time are subject to change if the property is not as outlined in our proposal, or if issues come to light during the course of Appraiser's investigation which, in Appraiser's opinion, necessitates such change. If Client places an assignment "on hold," then reactivates the appraisal, an additional charge may apply due to the inefficiency created. If Appraiser is requested or required to provide testimony as a result of this appraisal, testimony and preparation time will be charged at our normal hourly rates.
5. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Pittsburgh. Neither Valbridge Property Advisors, Inc., nor any of its affiliates, has been engaged to provide this report. Valbridge Property Advisors, Inc., does not provide valuation services, and has taken no part in the preparation of this report.
6. If any legal action or claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or Appraiser, in connection with, or in any way arising out of, or relating to, the appraisal(s) or this Agreement, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by Appraiser from Client.
7. Unless the time period is shorter under applicable law, any legal action or claim in connection with, or in any way arising out of, or relating to, the appraisal(s) or this Agreement shall be filed in court (or in the applicable arbitration tribunal) within two (2) years from the date of delivery to Client of the appraisal to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type.
8. Legal claims or causes of action in connection with, or in any way arising out of, or relating to, the appraisal(s) or this Agreement are not assignable, except: (i) as the result of a bona fide merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
9. Appraisal reports and associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes. If Client is unwilling to waive confidentiality for this purpose, client must inform Valbridge Property Advisors | Pittsburgh upon acceptance of this assignment.
10. This appraisal shall be used only for the function outlined in the attached letter, unless expressly authorized by Valbridge Property Advisors | Pittsburgh. The format and value reported may or may not be valid for other purposes.
11. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Pittsburgh will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client secure appropriate inspections from qualified experts if the presence of hazardous materials or contamination poses any concern.

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July 15, 2019
Page 5**TERMS AND CONDITIONS OF AGREEMENT**

12. Our standard payment policy is as follows: the balance is due upon presentation of the invoice; if payment is not made within 30 days of date due, interest at the rate of 1.5% per month will be added to the principal from the due date to date payment is received, and you shall pay all expenses of collection, including court costs and attorney fees. If the client requests a draft, the fee is due upon delivery of the draft. Valbridge Property Advisors | Pittsburgh shall be under no obligation to continue work on an assignment that is not paid current.
13. The fee for this appraisal is not contingent upon the valuation of the property, the funding of any loan or outcome of litigation. Any opinions Appraiser may have expressed about the outcome of your matter or case are expressions of Appraiser's opinions only and do not constitute any guarantee about the outcome. Should the assignment be terminated prior to completion, you agree to pay for time and costs incurred prior to Appraiser's receipt of written notice of cancellation.
14. If this assignment includes a provision for work performed on an hourly billing basis, such work is subject to periodic adjustment to Appraiser's then-current rates. Valbridge Property Advisors | Pittsburgh shall provide 30 days' notice to client prior to any rate increase. If client chooses not to consent to the increased rates, client may terminate Valbridge Property Advisors | Pittsburgh's services by written notice effective when received by Valbridge Property Advisors | Pittsburgh.
15. If this assignment includes a provision for work on an hourly billing basis, client acknowledges that Valbridge Property Advisors | Pittsburgh has made no promises about the total amount of fees to be incurred by client under this agreement.
16. Client and Valbridge Property Advisors | Pittsburgh both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Pittsburgh and the client cannot agree on the arbitrator, the presiding civil administrative judge the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, the Client and Appraiser both acknowledge that, by agreeing to binding arbitration, each is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party entitled to do so, makes a claim against Valbridge Property Advisors | Pittsburgh or any of its employees in connection with or in any way relating to this assignment, the maximum damages recoverable from Valbridge Property Advisors | Pittsburgh or its employees shall be the amount of monies actually collected by Valbridge Property Advisors | Pittsburgh for this assignment and under no circumstances shall any claim for consequential damages be made.
17. Appraiser shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Pittsburgh. "Client" shall not include partners, affiliates or relatives of the party named in the engagement letter. Client shall hold Appraiser harmless in the event of any lawsuit brought by any third party, lender, partner or part owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Appraiser harmless from and against any liability, loss, cost or expense incurred or suffered by Appraiser in such action, regardless of its outcome.
18. Distribution of this report is at the sole discretion of the client, and the Appraiser will make no distribution without the specific direction of the client. However, in no event shall client give a third party a partial copy of the appraisal report.
19. This Agreement contains the entire agreement of the parties. No other agreement, statement or promise made on or before the effective date of this agreement will be binding on the parties. This agreement may be modified by subsequent agreement of the parties.

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A

conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

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. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

The time a property remains on the market. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal;

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

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

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's

operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.

(Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

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 are 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. (USPAP)

Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

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. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price that 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 seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

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. (Dictionary)

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. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., $OER = 1 - NIR$ (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease, net net net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)

Qualifications

Qualifications of William K. Murtha, MAI

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State Certifications

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Member: Appraisal Institute - MAI Designation

Appraisal Institute & Related Courses:

Real Estate Appraisal Principles, Basic Valuation Procedures, Litigation Valuation, Industrial Valuation, Case Studies in Real Estate Valuation, USPAP; Business Practices and Ethics; PA Rules and Regulations; Valuation Analysis and Report Writing; Hotel/Motel Valuation Seminar; Appraising Troubled Properties; Litigation Skills for the Appraiser; Assessment Law & Procedures in Pennsylvania; Appraisal Challenges: Declining Markets and Sales Concessions; The Appraiser as an Expert Witness: Preparation & Testimony, Conservation Easements; Introduction to Business Valuation;; Appraisal of a Small Business and Professional Practice.

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Numerous Seminar Presentations

Since 1979, Mr. Murtha has completed thousands of appraisals throughout Pennsylvania, Delaware, Ohio, West Virginia, Georgia, Maryland and New York. Appraisal/valuation and consulting assignments include: apartment buildings; retail buildings and shopping centers; office buildings; industrial buildings; religious and special purpose properties including schools, churches, hotel/motel, golf courses, service stations; residential subdivisions; and vacant industrial, commercial and residential land. Mr. Murtha also completes appraisal reviews.

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License Status
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Initial License Date
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Expiration Date
06/30/2021

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Signature

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Experience:

Valbridge Property Advisors | Valbridge Property Advisors (1994-Present)

Mr. Murtha has been associated with Valbridge Property Advisors | Barone, Murtha, Shonberg and Associates, Inc. since 1994. He has participated in a variety of appraisals addressing a diverse spectrum of property types. The majority of his work has been oriented towards income producing properties with an emphasis on vacant land, office, retail and small commercial facilities. Prior to his association with this company, Mr. Murtha held various management accounting and finance positions for the H.J. Heinz Company in Pittsburgh.

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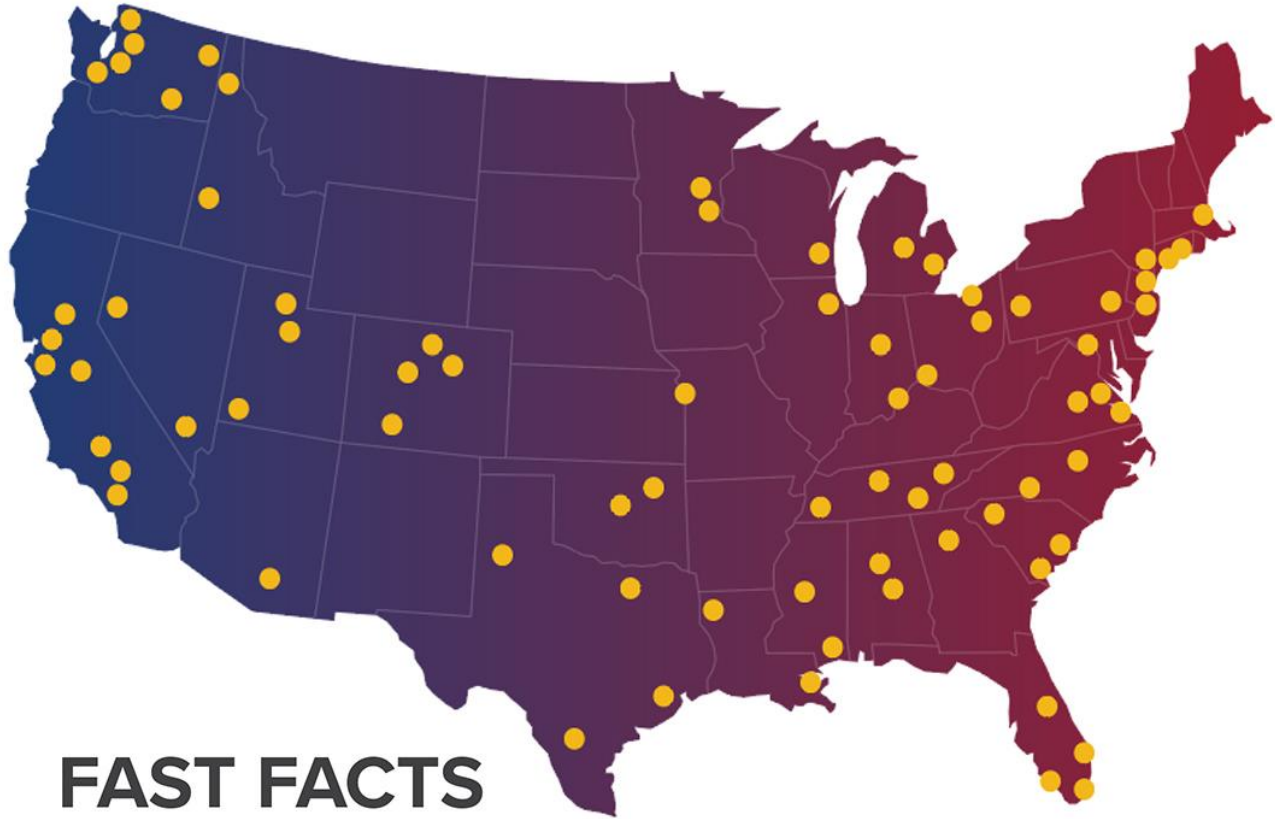

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FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national real estate valuation and advisory services firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (70+ across U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties and residential.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
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- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

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