

Michael J. Shafer
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E-File

September 10, 2020

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17120-3265

**Re: Data Requests for the Application of PPL Electric Utilities Corporation
to Transfer by Sale of Real Property and Facilities to Emerald Isle
North, LLC
Docket No. A-2020-3021664**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation are responses to the data requests issued by the Bureau of Technical Utility Services in the above referenced matter.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on September 10, 2020, which is the date it was filed electronically using the Commission's E-filing system.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael J. Shafer", is written over a faint, larger version of the same signature.

Michael J. Shafer

Enclosure

cc: Stephen Jakab – via email

**PPL Electric Utilities Corporation
Response to the Data Request of
The Bureau of Technical Utility Services
Dated September 4, 2020
Docket No. A-2020-3021664**

TUS-2 Reference Application for Transfer by Sale, Page 4 – Please provide further details about the service center location that received the sale property’s consolidated crews and equipment.

A-2 Operations at the Carbondale Service Center moved to PPL Electric’s Scranton Service Center at 600 Larch Street, Scranton, Pennsylvania. Most employees transferred to the Scranton Service Center and the remainder transferred to PPL Electric’s Hamlin Service Center at 30 Industrial Park Road, Lake Ariel, Pennsylvania. Any equipment, as needed, was also consolidated at the Scranton Service Center.

**PPL Electric Utilities Corporation
Response to the Data Request of
The Bureau of Technical Utility Services
Dated September 4, 2020
Docket No. A-2020-3021664**

TUS-3 Reference Application for Transfer by Sale, Page 4 – Please provide the following:

- a. How the sale price was determined;
- b. The date the real property and facilities were advertised for sale;
- c. An explanation on how the real property and facilities were advertised for sale;
- d. The original asking price for the real property and facilities;
- e. The date the \$1,000,001 offer was made and explain if this was the buyer's original offer price or a compromised negotiation;
- f. Which entity initiate the sale;
- g. Please provide the details on any other offers received.

A-3

- a. The sale price agreed upon was the final offer made by the Buyer, Emerald Isle North, LLC.
- b. The real property and facilities were not advertised for sale. PPL Electric had two parties express interest in the real property and facilities when word spread publicly that the Company was interested in selling.
- c. The real property and facilities were not advertised for sale.
- d. The original asking price for the real property and facilities was the appraised value of \$850,000.00.
- e. The \$1,000,001.00 offer was made on February 29, 2020. It was a compromised negotiation between PPL Electric and Emerald Isle North, LLC.
- f. PPL Electric initiated the sale.
- g. One other offer was received. It was made by Carbondale Township which offered \$910,000.00 as its final and best offer for the property.

**PPL Electric Utilities Corporation
Response to the Data Request of
The Bureau of Technical Utility Services
Dated September 4, 2020
Docket No. A-2020-3021664**

- TUS-4 Reference Application for Transfer by Sale, Page 5 – Please provide the independent real estate appraisals that were conducted during the negotiation process.
- A-4 Please see Attachment A, “Appraisal Report of Real Property” prepared by Mid-Atlantic Valuation Group, Inc. for PPL Electric on the real property and facilities located at One Electric Street, Carbondale Township, Lackawanna County, Pennsylvania.

**PPL Electric Utilities Corporation
Response to the Data Request of
The Bureau of Technical Utility Services
Dated September 4, 2020
Docket No. A-2020-3021664**

TUS-5 Reference Application for Transfer by Sale, Page 5 – Please explain how the Original Cost Undepreciated, Original Cost Depreciated, Present-Day Cost Undepreciated, and Present-Day Depreciated were calculated and provide PPL’s definition for each term.

A-5 Please see Attachment B which shows a breakdown and calculation of the Original Cost Undepreciated, Original Cost Depreciated, Present-Day Cost Undepreciated, and Present-Day Depreciated costs. PPL Electric defines these terms as follows:

- Original Cost Undepreciated: The original construction or acquisition costs incurred for the property, plant and equipment listed. They are recorded consistently with the FERC Uniform System of Accounts’ definition for account 101.
- Original Cost Depreciated: These amounts are the original cost (per above) of the assets listed net of an estimate of the accumulated provision for depreciation, for each item listed. These amounts could also be called the estimated net book value.
- Present-Day Cost Undepreciated: These amounts are the original cost balances from “Original Cost Undepreciated”, escalated to current dollar amounts using the Handy Whitman Index.
- Present-Day Depreciated: These amounts are the “Original Cost Depreciated”, or net book value of the listed items, escalated to current dollar amounts using the Handy Whitman Index.

**PPL Electric Utilities Corporation
Response to the Data Request of
The Bureau of Technical Utility Services
Dated September 4, 2020
Docket No. A-2020-3021664**

TUS-6 Reference Application for Transfer by Sale, Page 5 – Please clarify how the net profit of \$305,762.20 was determined in detail including the calculations and journal entry.

A-6 The net profit of \$305,762.20 was calculated as follows:

<u>Land</u>	
Sale	\$380,000.38
<u>Original</u>	<u>\$64,238.17</u>
Gross Profit	\$315,762.21
Commission	\$0.00
<u>Transfer Tax</u>	<u>\$10,000.01</u>
Net Profit	\$305,762.20

Upon completion of the sale, PPL Electric would retire the remaining assets at the Carbondale Service Center location and any remaining value would be credited from utility plant in service (Account 101) and debited into the accumulated depreciation reserve (Account 108).

No gain or loss would result for the building portion.

**PPL Electric Utilities Corporation
Response to the Data Request of
The Bureau of Technical Utility Services
Dated September 4, 2020
Docket No. A-2020-3021664**

TUS-7 Reference Application for Transfer by Sale, Page 5 – Please provide an annual breakdown of the facility’s operation and maintenance costs and explain if these cost savings are included in the net profit.

A-7 Please see Attachment C, which shows an annual breakdown of the facility’s operation and maintenance costs. The cost savings were not included in the net profit.

Witness: Thomas Martino, Jr.

**PPL Electric Utilities Corporation
Response to the Data Request of
The Bureau of Technical Utility Services
Dated September 4, 2020
Docket No. A-2020-3021664**

- TUS-8 Reference Application for Transfer by Sale, Page 16 – Applicant failed to sign and date the Certificate of Service showing proof of service of this application to the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate. Please provide a signed and dated Certificate of Service.
- A-8 Please see Attachment D.

VERIFICATION

I, THOMAS MARTINO, JR., being the Supervisor – Real Estate & Property Tax at PPL Electric Utilities Corporation, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 9/10/2020



Thomas Martino, Jr.

ATTACHMENT A

ATTACHMENT A

**APPRAISAL REPORT
OF REAL PROPERTY**

**33,786 SQUARE FOOT LIGHT INDUSTRIAL BUILDING
ON 13.38 ACRES**

LOCATED AT
**ONE ELECTRIC STREET
CARBONDALE TOWNSHIP
LACKAWANNA COUNTY, PENNSYLVANIA**

AS OF
JANUARY 9, 2020

PREPARED FOR
**MR. THOMAS MARTINO, JR.
SUPERVISOR - REAL ESTATE ASSET MANAGEMENT
PPL EU SERVICES CORPORATION
2 NORTH NINTH STREET
GENN2
ALLENTOWN, PENNSYLVANIA**

PREPARED BY
**MID-ATLANTIC
VALUATION GROUP, INC.**

www.mvginc.com

MVG File Number: 19178



MID-ATLANTIC

Valuation Group, Inc.

January 31, 2020

Mr. Thomas Martino, Jr.
Supervisor - Real Estate Asset Management
PPL EU Services Corporation
2 North Ninth Street
GENN2
Allentown, Pennsylvania

Re: Appraisals of the fee simple estate in
One Electric Street
Carbondale Township
Lackawanna County, Pennsylvania

Dear Mr. Martino:

The attached report presents the results of the above referenced real property appraisal assignment. The real estate that is the subject of this assignment (herein referred to as the subject property) is a 13.38 acre site improved with a vacant, single-story, light industrial building containing a gross building area (GBA) of 33,786 square feet. In addition, to the rear of the main building is an attached 7,266 square foot loading platform with a roof canopy. There is also a separate 3,432 square foot carport and storage area. The property is located at One Electric Street in Carbondale Township, Lackawanna County, Pennsylvania.

The objective of this appraisal assignment is to provide opinions of the market value of the fee simple estate in the subject property, as improved and as vacant land, as of the stated effective date of value. In this assignment, the client is PPL EU Services Corporation. The intended use of the appraisal report is to assist PPL EU Services Corporation in matters related to establishing a sale price for the property. The appraisal report is not intended for any other use. PPL EU Services Corporation is the only intended user of the report. Use of the report by others is not intended by the

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WAYNE, PENNSYLVANIA 19087
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YORK, PENNSYLVANIA 17405
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*Providing Real Property Valuation and Consulting Services in
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ATTACHMENT A

Mr. Thomas Martino, Jr.
PPL EU Services Corporation
January 31, 2020
Page 2

appraisers. The appraisal report are not to be relied upon by any third parties for any purpose, whatsoever. Any other party who uses or relies upon any information contained in the report does so at their own risk.

This report includes appraisals of the fee simple estate in the subject property, as improved and as vacant land. The effective date of value for this appraisal assignment is January 9, 2020, the date on which Mid-Atlantic Valuation Group personnel physically inspected the property.

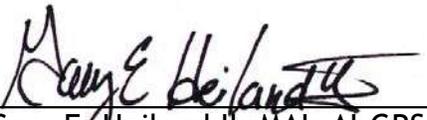
The reader is directed to the Executive Summary section of the accompanying report for the value conclusion(s). Also, a thorough understanding of any Extraordinary Assumptions or Hypothetical Conditions applicable to this appraisal assignment (see Appraisal Overview) is critical.

The appraisal assignment has been developed, and this report has been prepared, in conformity with the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.

The attached report communicates the results of this appraisal assignment and has been prepared as an ***Appraisal Report*** as defined in Standards Rule 2-2(a) of USPAP. Please refer to the General Information section of the attached report for a detailed explanation of the scope of work undertaken for this appraisal assignment.

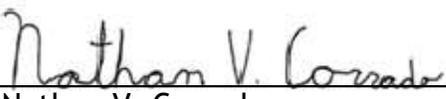
If there are any questions or comments regarding the attached appraisal report, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,
MID-ATLANTIC VALUATION GROUP, INC.



Gary E. Heiland II, MAI, AI-GRS
Principal

Pennsylvania Certified General
Real Estate Appraiser
Certification Number GA001676R



Nathan V. Corrado
Associate

Pennsylvania Licensed Appraiser Trainee
License Number LAT001033

MID-ATLANTIC

Valuation Group, Inc.

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APPRAISAL OVERVIEW

EXECUTIVE SUMMARY

**SUBJECT REAL ESTATE
33,786 SQUARE FOOT LIGHT INDUSTRIAL BUILDING ON 13.38 ACRES**

LOCATED AT
ONE ELECTRIC STREET
CARBONDALE TOWNSHIP
LACKAWANNA COUNTY, PENNSYLVANIA

Appraisal Client	PPL EU Services Corporation
Property Owner	Pennsylvania Power & Light Company
Objective of the Assignment	The objective of the appraisal assignment is to provide opinions of the market value of the fee simple estate in the subject property, as improved and as vacant land, as of the stated effective date of value.
Property Rights Appraised	Fee simple estate
Effective Date(s) of the Appraisal	January 9, 2020
Date of Appraisal Report	January 31, 2020
Property Tax Identification	64.07-01-06
Zoning Designation	IAC, Interchange Activity Center
Property Zip Code	18407 (Carbondale Township, PA)
Property Description	The real estate that is the subject of this real property appraisal assignment is a 13.38 acre site improved with a vacant, single-story, light industrial building containing a GBA of 33,786 square feet.
Highest and Best Use As Vacant	Commercial development
As Improved	Continued use as a public utility facility

Valuation Summary

Market Value	Value Indication
Estimated Market Value by the Sales Comparison Approach	\$850,000
Final Opinion of Market Value (as of January 9, 2020)	\$850,000

Market Value of Land	Value Indication
Estimated Market Value by the Sales Comparison Approach	\$325,000
Final Opinion of Market Value (as of January 9, 2020)	\$325,000

Please note that the *Executive Summary* is simply an introduction to, and a summary of, the appraisal report and is included for the reader's convenience. As such, it must be used in conjunction with the entire appraisal report and is subject to the General Assumptions and Limiting Conditions found herein.

SUBJECT PHOTOGRAPHS

Note: Except for the aerial photo(s), all subject photographs were taken on January 9, 2020 by Gary E. Heiland II, MAI.



Front (south) side of the building



Front (south) side of the building

ATTACHMENT A

One Electric Street - Childs, PA
MVG 19178

Appraisal Overview



West side of the building



Rear loading platform with roof canopy at north end of the building

ATTACHMENT A

One Electric Street - Childs, PA
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Appraisal Overview



East and south sides of the building



Parking area in front of the building

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One Electric Street - Childs, PA
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Appraisal Overview



Carport



Above ground fuel tank



Rear storage yard (fence enclosed)



Alligatoring and cracking of asphalt paving

ATTACHMENT A

One Electric Street - Childs, PA
MVG 19178

Appraisal Overview



Interior view of office area

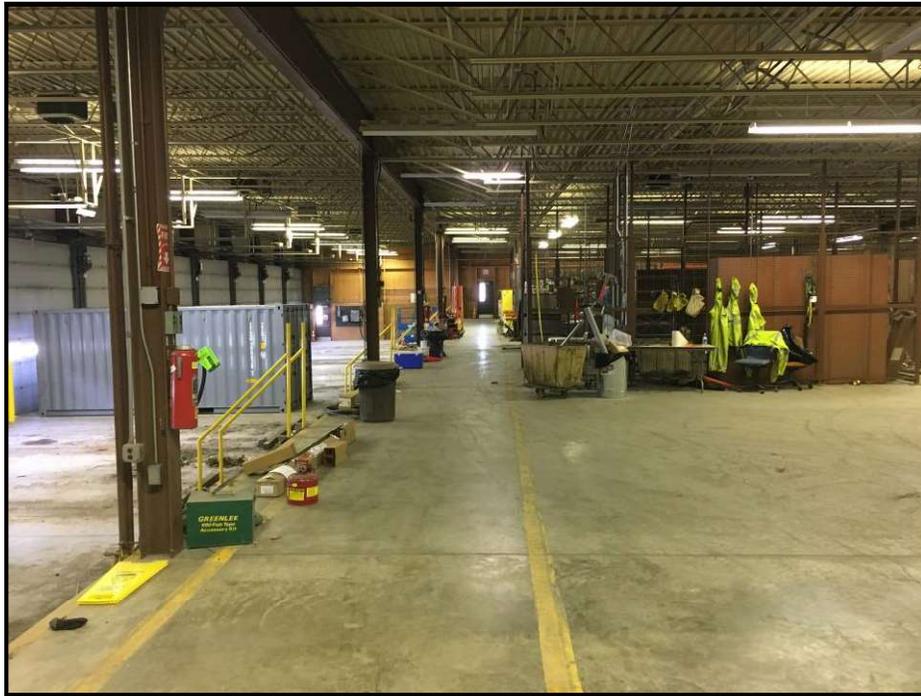


Interior view of office area

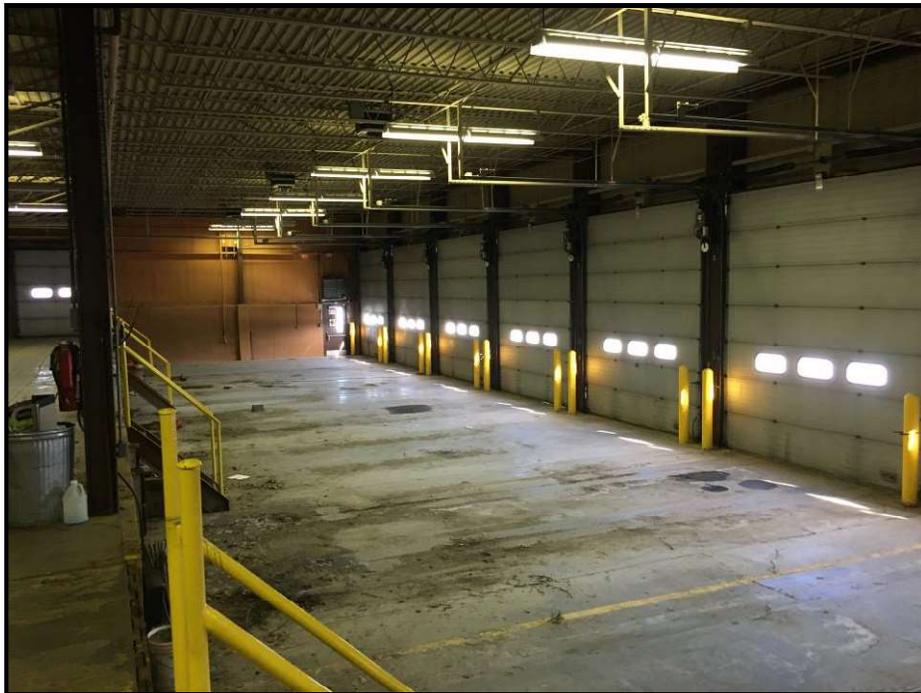
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One Electric Street - Childs, PA
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Appraisal Overview



Interior view of shop area



Interior view of shop area



Aerial photo of subject dated 6/3/2019 (Pictometry)

EXTRAORDINARY ASSUMPTIONS

An *Extraordinary Assumption* is defined by the Uniform Standards of Professional Appraisal Practice as “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 opinion or conclusions.”¹ USPAP goes on to comment that “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.”²

The appraisal analyses have been made without any extraordinary assumptions.

¹ Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice (USPAP)*, 2020-2021 Edition (Washington, DC: The Appraisal Foundation), 4.

² USPAP, 2020-2021 Edition, 4.

HYPOTHETICAL CONDITIONS

A *Hypothetical Condition* is defined by the Uniform Standards of Professional Appraisal Practice as “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.”³ USPAP adds the comment that “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.”⁴

The appraisal analyses have been made without any hypothetical conditions.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the subject property is assumed to be good and marketable unless otherwise stated.
- The appraisers cannot guarantee that the property is free of encroachments or easements, and recommend further investigation and survey. The property is appraised free and clear of any or all liens, encumbrances, encroachments, easements and restrictions, unless otherwise stated.
- No responsibility beyond reason is assumed for matters of a legal nature, whether existing or pending. It is assumed that there are no existing judgments or pending or threatened litigation which could affect the value of the property.
- Responsible ownership and competent property management are assumed.
- Information and data contained in the appraisal report, although obtained from public record and other reliable sources and, to the extent possible, carefully checked by the appraiser(s), are accepted as satisfactory evidence upon which rest the opinions expressed herein. Any information furnished by others is believed to be reliable, but no responsibility for its accuracy is assumed. Unless otherwise noted, it is assumed that all information known to the client/landowner/tenant(s) etc. and relevant to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens or other encumbrances affecting the use or value of the property. Any financial information provided to us with respect to the operation of the property, such as financial statements and reports, rent rolls and lease data, is assumed to be complete, true and correct. Any lease, mortgage, deed of trust or other agreement or instrument reviewed by

³ USPAP, 2020-2021 Edition, 4.

⁴ USPAP, 2020-2021 Edition, 4.

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*One Electric Street - Childs, PA
MVG 19178*

Appraisal Overview

us relating to the property is assumed to be legal, valid, binding and enforceable in accordance with its express terms.

- All engineering studies are assumed to be correct. The appraisers have made no legal survey, nor have they commissioned one to be prepared; therefore, any plot plans or other such illustrative materials in this report are included only to help the reader visualize the property.
- No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in the appraisal report.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable, would affect its highest and best use, or would have a material effect on its utility. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them. Unless otherwise noted, the property is not located in an area in which the purchase of flood insurance is required as a condition for federal or federally related financial assistance.
- If the appraisal assignment includes a land valuation, the appraisers' conclusion of value is based upon the assumption that there are no hidden or unapparent conditions of the property that might impact buildability. The appraisers recommend due diligence to be conducted through the local building department or appropriate municipal authority to investigate buildability and whether the property is suitable for its intended use or for any use. The appraisers make no representations, guarantees or warranties.
- It is assumed that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property, that all mechanical equipment and appliances are in good working condition, and that all electrical components and the roofing are in average condition unless otherwise noted in the report.
- It is assumed that the property is in full compliance with all federal, state and local laws and environmental regulations unless the lack of compliance is stated, described and considered in the attached report.
- It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the attached report.
- It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which any value opinions contained in this report are based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- If the appraisal assignment is for property to be built or under construction, it is assumed that construction will be completed as outlined in the report. The appraiser reserves the right to review finalized plans, require a current on-site inspection prior to the release of any funds and/or recertify any values reported.

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- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. However, the appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value opinions are predicated on the assumption that there is no such material on or in the property that would cause a loss in value; furthermore, no responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client and all intended users of the appraisal report are urged to retain an expert in this field, if desired. The valuation is subject to modification if a qualified expert in these areas detects any such potentially hazardous materials or conditions. The appraisers reserve the right to modify any qualitative or quantitative conclusions reported herein if so warranted.
- No environmental impact studies were conducted in conjunction with this appraisal assignment, and our value opinions are subject to revision based upon any such studies. If any environmental impact statement is required by law, the appraisal assignment assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
- The appraisers have not been made aware of, nor are they qualified to ascertain, the existence of radon, a radioactive gas which occurs naturally in the soil of certain identified areas. In concentrated form, this gas has been shown to have detrimental health effects, and its existence would potentially have a negative impact on the value(s) reported in the appraisal report. The value estimate(s) assume that the subject is free and clear of radon gas.

This appraisal report has been made with the following general limiting conditions:

- An appraisal is inherently subjective and represents only an opinion of a property's value.
- This appraisal report shall be considered only in its entirety and no part of this appraisal report shall be utilized separately or out of context. Any separation of the signature pages from the balance of the appraisal report invalidates the conclusions established herein.
- Any valuation opinions and/or any market or feasibility conclusions found herein apply only to the property or properties specifically identified and described in this report.
- The value reported herein is only applicable to the Property Rights Appraised in conjunction with the Objective of the Appraisal Assignment and the Intended Use of the Appraisal Report as herein set forth; the appraisal report is not to be used for any other objectives or uses.
- The conclusions stated in the appraisal report apply only as of the effective date(s) indicated and no representation is made as to the effect of any subsequent events.
- Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
- Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. Any separate values

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Appraisal Overview

allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

- Unless otherwise noted herein, the value opinions presented in this report do not include any value attributable to machinery, equipment or other personal property items.
- The appraisers reserve the right to modify the opinions and conclusions found herein should future engineering studies or consultations determine that the site and/or building measurements reported herein are inaccurate.
- Appraisers provide opinions of value and are not building or environmental inspectors. This appraisal assignment does not guarantee that the property is free of defects or environmental problems. Appraisers perform inspections of visible and accessible areas only. Defects such as mold may be present in areas that an appraiser cannot see. A professional building inspection or environmental inspection is always recommended.
- The individual appraisers signing the report and Mid-Atlantic Valuation Group, Inc. are in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property - physically, financially and/or legally.
- We reserve the right to require, as a condition to our rendering an opinion as to value, the engagement of professional experts in certain disciplines. The engagement of any such expert and the compensation of such expert shall be solely the responsibility of the client.
- If a Cost Approach is presented herein, it has only been developed as an analysis to support the appraiser's opinion of market value. Use of this data, in whole or in part, for other purposes is not intended by the appraiser. Nothing set forth in the appraisal assignment or report should be relied upon for the purpose of determining the amount or type of insurance coverage appropriate for the subject property. The appraiser does not guarantee that any insurable value estimate inferred from this report will result in the subject property being fully insured for any loss that may be sustained, and the appraiser assumes no liability for any such inference. Further, the Cost Approach may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal assignment due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.
- If an estimate of insurable value is provided herein, neither the intended user, the intended use, nor the objective of the appraisal assignment changes from that described herein. The appraiser assumes no liability for any Insurable Value estimate provided and does not guarantee that any estimate or opinion will result in the subject property being fully insured for any possible loss that may be sustained. The appraiser recommends that an insurance professional be consulted. An Insurable Value presented herein may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal assignment due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. Unless otherwise noted herein, a specific compliance survey or analysis of this property has not been made to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed 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 fact could have a negative effect upon the value of the property. Since there is no direct evidence

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relating to this issue, any possible noncompliance with the requirements of the ADA was not considered in estimating the value of the subject property.

- Any income and expense estimates contained in this appraisal report are used only for the purpose of estimating current value and do not constitute predictions of future operating results.
- The forecasts, projections and estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions. This appraisal assignment is based on the condition of local and national economies, purchasing power of money, and financing rates prevailing as of the effective date(s) of value.
- If a prospective value opinion is rendered herein, it is important to emphasize that prospective value opinions are intended to reflect the expectations and perceptions of market participants at the time the report was written; therefore, the appraisal assignment cannot account for - and the appraiser(s) cannot be held responsible for - unforeseen events that may occur and that may alter market conditions prior to the effective date of the appraisal assignment.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- Neither all nor any part of the contents of this report (especially any conclusions as to value(s), the identity of the appraiser, or the firm with which the appraiser is affiliated) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.
- The liability of the individual appraisers signing the appraisal report and Mid-Atlantic Valuation Group, Inc. is limited to the client only and to the fee actually received by the appraisers. Furthermore, there is no accountability, obligation or liability to any other party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment. Acceptance and use of this analysis by the client or any third party constitutes acceptance of the above conditions. The appraiser(s) have no liability to any parties other than the client.
- The appraiser(s), by reason of this appraisal assignment, are not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made for just and fair compensation for said services.
- The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from these General Assumptions and Limiting Conditions.

GENERAL INFORMATION

IDENTIFICATION OF SUBJECT PROPERTY

The real estate that is the subject of this real property appraisal assignment is a 13.38 acre site improved with a vacant, single-story, light industrial building containing a GBA of 33,786 square feet. The property is located at One Electric Street in Carbondale Township, Lackawanna County, Pennsylvania.

The mailing address of the subject property is One Electric Street, Childs, Pennsylvania 18407. This street is also referred to on some documents and maps as Rear Lackawanna Avenue. It is commonly referred to as the PPL Childs Service Center. The property is identified by the Lackawanna County Tax Assessment Office as parcel 06407-010-006.

OWNERSHIP, OCCUPANCY AND HISTORY

Title to the subject property is currently held by Pennsylvania Power & Light Company (PPL), as evidenced by a deed dated May 9, 1974 and recorded in the Lackawanna County Recorder of Deeds office in deed book 827, page 679. The consideration indicated on the deed is \$67,000.

It has been reported to the appraisers that the subject property is not under agreement of sale or option and is not offered for sale on the open market by the owner.

PPL ceased operations at the subject property at the end of 2019 and the property is currently vacant. The property record card indicates the building was constructed in 1983. It had been used as a utility service center since its construction.

IDENTIFICATION OF CLIENT

The Uniform Standards of Professional Appraisal Practice (USPAP) defines client as “the party or parties (i.e., individual, group, or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.”⁵

In this assignment, the client is PPL EU Services Corporation.

⁵ USPAP, 2020-2021 Edition, 4.

OBJECTIVE OF THE APPRAISAL ASSIGNMENT

The objective of the appraisal assignment is to provide opinions of the market value of the fee simple estate in the subject property, as improved and as vacant land, as of the stated effective date of value.

INTENDED USE AND USERS OF THE APPRAISAL REPORT

The intended use of the appraisal report is to assist PPL EU Services Corporation in matters related to establishing sale prices for the properties. The appraisal report is not intended for any other use. PPL EU Services Corporation is the only intended user of the report. Use of the report by others is not intended by the appraisers. The appraisal report are not to be relied upon by any third parties for any purpose, whatsoever. Any other party who uses or relies upon any information contained in the report does so at their own risk.

DEFINITION OF VALUE

Market Value - The definition of market value used herein is as follows:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.⁶

In applying the definition cited above to this assignment, it is important to note that the “price” is considered in terms of cash in US dollars or in terms of financial arrangements comparable thereto.

PROPERTY RIGHTS APPRAISED

The appraisals contained herein are of the fee simple estate in the subject property. Fee simple estate is defined as 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.⁷

⁶ Appraisal Institute, *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), 58.

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 90.

EFFECTIVE DATE OF APPRAISAL

The effective date of value for this appraisal assignment is January 9, 2020, the date that Mid-Atlantic Valuation Group personnel physically inspected the subject property.

APPRAISAL SCOPE OF WORK

The scope of work is defined by USPAP as “the type and extent of research and analyses in an appraisal or appraisal review assignment.”⁸ USPAP requires that appraisers be prepared to demonstrate that the scope of work performed in an appraisal is sufficient to produce credible assignment results. USPAP states that the scope of work should include, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.⁹

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal. An appraisal scope of work must include the research and analyses that are necessary to develop credible assignment results.

USPAP determines that a scope of work is acceptable when it meets or exceeds:

- the expectations of parties who are regularly intended users for similar assignments; and
- what an appraiser’s peers’ actions would be in performing the same or a similar assignment.¹⁰

The scope of this appraisal assignment has been developed in accordance with the current edition of USPAP. The following is a list detailing the scope of work performed in the development of this appraisal assignment.

⁸ USPAP, 2020-2021 Edition, 4.

⁹ USPAP, 2020-2021 Edition, 14.

¹⁰ USPAP, 2020-2021 Edition, 15.

Subject Property Data - The subject property related data were assembled from available public records and a physical appraisal inspection of the property. Possible sources of this data include, but are not limited to:

- the last recorded deed involving the subject property;
- zoning ordinances and maps;
- Planning office data;
- tax assessment cards (property record cards) or printouts;
- tax assessment maps; and
- other GIS tools.

Additionally, the property contact or client has also provided the following for review in conjunction with this appraisal assignment:

- Real estate tax statements for calendar years 2017, 2018 and 2019;
- electricity statements for calendar years 2019;
- sewer expense statements for calendar years 2017, 2018 and 2019;
- water expense statements for calendar years 2017, 2018 and 2019;
- a site survey dated January 7, 1981; and
- flood insurance rate map dated September 30, 1981.

Appraisal Inspection - An appraisal inspection is not the same as a professional property inspection. During an appraisal inspection, appraisers generally observe the interior of the improvements and tour portions of the subject site. While appraisers must be familiar with the professional property inspection process, the aim of an appraiser in the field is not to comprehensively research or inspect the subject property; rather, an appraiser observes the components and characteristics of the subject property that will influence value in the marketplace.

The subject property was inspected by Gary E. Heiland, II, MAI and Nathan V. Corrado on January 9, 2020, accompanied by Thomas Martino of PPL. Access to the roof was not possible; therefore, the roof was not inspected. Photographs taken during the inspection are presented in the Appraisal Overview section.

Prior Assignments Involving the Subject Property - It is acknowledged that no one currently affiliated with Mid-Atlantic Valuation Group has performed a previous appraisal involving the subject property, an appraisal review involving the subject property, an appraisal consulting assignment involving the subject property, or any other real estate oriented service involving the subject property, within the three years preceding the engagement for this assignment.

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*One Electric Street - Childs, PA
MVG 19178*

General Information

Data Collection - Demographic and other statistical information on areas deemed relevant to the assignment were researched. Mid-Atlantic Valuation Group relies upon multiple resources for such data.

Data on sales, leases and listings of comparable properties was researched via various means.

Comparable Data Verification - All comparable sales contained in this appraisal report have been, at a minimum, verified with public records. An employee or contractor of Mid-Atlantic Valuation Group has physically viewed the deed for each comparable sale used in this appraisal report. Additionally, attempts have been made to verify every comparable sale or lease with a party to the transaction. Often, multiple parties to a transaction are interviewed.

Unless otherwise noted in the report, employees and/or contractors of Mid-Atlantic Valuation Group externally viewed and photographed all of the comparable properties presented herein. Occasionally, a photograph of a comparable property is obtained from a third party source for presentation in the report because it provides a more relevant representation of the comparable property or because it better depicts the comparable property at the time it was sold or leased.

Valuation Approaches - In estimating the market value of a given property, it is normal appraisal practice to assemble as much relevant data from the marketplace as possible. For an improved property, this data is then applied in the three recognized approaches to value: Sales Comparison Approach, Cost Approach and Income Capitalization Approach. In this appraisal assignment, all three generally accepted valuation approaches have been considered in determining a credible opinion of value for the subject property. Only the Sales Comparison Approach was developed in relation to the as is value of the subject property. Additionally, only the Sales Comparison Approach was developed in relation to the valuation of the land.

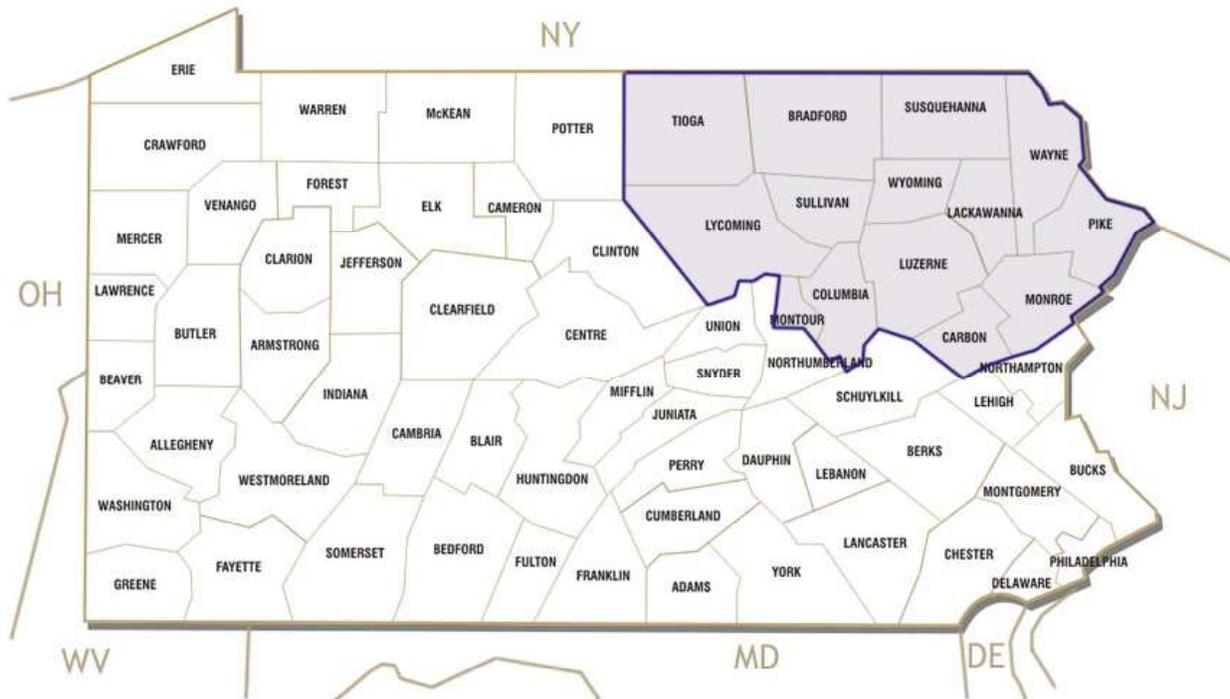
MARKET AREA ANALYSIS

NORTHEAST PENNSYLVANIA REGIONAL ANALYSIS

The ever changing nature of the basic forces that motivate buyers and sellers within a given market area can have a direct impact on the area's real estate values. This section of the appraisal report provides an analysis that outlines the general economic conditions, outlook and trends of the subject market area.

Introduction

The subject property is located within the Northeast Pennsylvania region as delineated by the Pennsylvania Department of Labor and Industry. The following map shows the subject county along with other counties in the region.



The Northeast Pennsylvania region consists of 14 counties that comprise a total land area of approximately 9,423 square miles. It is conveniently located within four hours of several major US markets, making it a good location for business.

Character and Influences

The Northeast Pennsylvania region can be divided into several smaller sub-regions. The first is the Coal Region, so named because it contains the largest deposits of anthracite coal in North America, and includes the counties of Carbon, Columbia,

Lackawanna and Luzerne, as well as two counties outside of the Northeast region. Carbon and Columbia counties are mostly rural in nature, while Luzerne and Lackawanna Counties are a mixture of urban, suburban and rural communities. The primary industries for this region are healthcare, manufacturing and government.

The Endless Mountains sub-region consists of Bradford, Sullivan, Susquehanna and Wyoming Counties. Communities in these counties are primarily rural in nature. This area is known for its picturesque beauty and is a popular destination for outdoor recreational activities. Major industries for the region include tourism and agriculture.

The Wyoming Valley sub-region includes Luzerne and Lackawanna counties. It is the most densely populated area in the Northeast region because it contains three urban cities, Wilkes-Barre, Scranton and Hazleton. Healthcare and manufacturing are the main industries. Warehousing and distribution are also becoming common along the Interstate 81 corridor.

The Pocono Mountains sub-region consists of Carbon, Monroe, Pike and Wayne Counties. The area is a popular tourist destination. Vacationers from around the world visit the region year-round for skiing, hiking, camping and other outdoor activities. The primary industry for the region is tourism, followed by retail, government and manufacturing.

Throughout the first half of this decade, the Northeast Pennsylvania region had become a key area in Marcellus Shale gas exploration and drilling. The Marcellus Shale industry brought an influx of jobs, business, money and people to the region. The hospitality industry was a big beneficiary of the gas boom, with hotels and motels reporting high occupancy rates on a nightly basis. New hotels opened and were planned in towns in the region that had not seen new hotel construction in decades. However, the economic boom created by the gas industry bottomed out in 2015 and 2016 due to government restrictions on the gas industry, insufficient pipeline capacity, as well as the reduced price of natural gas, which reached 20-year lows. Although gas industry activity in the region remains stagnated, analysts believe that economic activity in the region will rebound due to an increase in natural gas prices and better drilling technology.

The Northeast Pennsylvania region is also heavily influenced by its proximity to New York and New Jersey. Major cities in the region include Scranton, Wilkes-Barre, Hazleton and Williamsport.

Regional Demographics

Population

The following table shows population statistics for the counties in the Northeast Pennsylvania region. Luzerne County has the highest population and contains two

ATTACHMENT A

major cities - Hazleton and Wilkes-Barre. Pike County experienced the highest rates of growth through 2010 but is projected to experience a decline in population from 2019 to 2024. The past growth in these counties can be attributed to their location within the Pocono Mountains and their proximity to New York and New Jersey. Commuters to these employment centers find that the cost of a longer commute offsets the lower cost of living in the Pocono Mountain area.

Northeast Pennsylvania Region Population by County							
<i>Sources: US Census and Esri</i>							
County	2000	2010	2019 Estimate	2024 Projection	Annual Growth / Decline		
					2000 to 2010	2010 to 2019	2019 to 2024
Bradford	62,761	62,622	61,781	60,662	0.0%	-0.2%	-0.4%
Carbon	58,802	65,249	64,854	64,124	1.0%	-0.1%	-0.2%
Columbia	64,151	67,295	66,885	66,484	0.5%	-0.1%	-0.1%
Lackawanna	213,295	214,437	217,034	218,610	0.1%	0.1%	0.1%
Luzerne	319,250	320,918	322,020	321,096	0.1%	0.0%	-0.1%
Lycoming	120,044	116,111	114,713	113,656	-0.3%	-0.1%	-0.2%
Monroe	138,687	169,842	174,757	176,796	2.0%	0.3%	0.2%
Montour	18,236	18,267	18,598	18,729	0.0%	0.2%	0.1%
Pike	46,302	57,369	57,902	57,352	2.2%	0.1%	-0.2%
Sullivan	6,556	6,428	6,057	5,840	-0.2%	-0.7%	-0.7%
Susquehanna	42,238	43,356	44,127	43,734	0.3%	0.2%	-0.2%
Tioga	41,373	41,981	41,011	40,450	0.1%	-0.3%	-0.3%
Wayne	47,722	52,822	55,062	55,700	1.0%	0.5%	0.2%
Wyoming	28,080	28,276	27,758	27,226	0.1%	-0.2%	-0.4%
Total Region	1,207,497	1,264,973	1,272,559	1,270,459	0.5%	0.1%	0.0%
Pennsylvania	12,281,054	12,702,379	13,012,438	13,160,675	0.3%	0.3%	0.2%
Region as % of PA	9.8%	10.0%	9.8%	9.7%			

Overall annual growth rates for the region have outpaced the state through 2010; however, this trend has reversed in recent years, as the total population for the region overall is expected to decline from 2019 to 2024.

Households

The next table displays statistics about the Northeast Pennsylvania region's households. Household growth for the region has exceeded state levels since 1990 and through 2010; however, as with population, this trend appears to be reversing, with future declines projected overall.

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Northeast Pennsylvania Region Households by County							
<i>Sources: US Census and Esri</i>							
County	2000	2010	2019 Estimate	2024 Projection	Annual Growth / Decline		
					2000 to 2010	2010 to 2019	2019 to 2024
Bradford	24,453	25,321	25,017	24,585	0.3%	-0.1%	-0.3%
Carbon	23,701	26,684	26,536	26,239	1.2%	-0.1%	-0.2%
Columbia	24,915	26,479	26,755	26,675	0.6%	0.1%	-0.1%
Lackawanna	86,218	87,226	88,168	88,746	0.1%	0.1%	0.1%
Luzerne	130,687	131,932	131,817	131,235	0.1%	0.0%	-0.1%
Lycoming	47,003	46,700	46,211	45,775	-0.1%	-0.1%	-0.2%
Monroe	49,454	61,091	62,813	63,620	2.1%	0.3%	0.3%
Montour	7,085	7,393	7,541	7,599	0.4%	0.2%	0.2%
Pike	17,433	21,925	21,968	21,702	2.3%	0.0%	-0.2%
Sullivan	2,660	2,777	2,640	2,560	0.4%	-0.6%	-0.6%
Susquehanna	16,529	17,798	18,297	18,195	0.7%	0.3%	-0.1%
Tioga	15,925	16,727	16,683	16,494	0.5%	0.0%	-0.2%
Wayne	18,350	20,625	21,695	21,996	1.2%	0.6%	0.3%
Wyoming	10,762	11,237	11,070	10,868	0.4%	-0.2%	-0.4%
Total Region	475,175	503,915	507,211	506,289	0.6%	0.1%	0.0%
Pennsylvania	4,777,003	5,018,904	5,142,419	5,199,728	0.5%	0.3%	0.2%
Region as % of PA	9.9%	10.0%	9.9%	9.7%			

Overall, the region is expected to have very low to negative growth over the next few years. Given the uncertainty surrounding the Marcellus Shale industry, these demographic projections may prove to be inaccurate.

Income Characteristics

The following table shows median household income levels for the counties in the Northeast Pennsylvania region. Most of the counties in the region have median income levels below that of the state. Only Monroe and Pike Counties have median income level measurably above state levels as of 2019. The low cost of living in Monroe and Pike Counties has attracted residents from New York and New Jersey. Many of these new residents elected to keep higher paying jobs in those markets, which likely contributes to the higher income levels. Overall, median income levels for the region are expected to increase slightly through 2024, but most counties in the region will continue to see income growth below state levels.

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Market Area Analysis

Northeast Pennsylvania Region Median Household Income								
<i>Source: US Census and Esri</i>								
County	2000	2010	2019 Estimate	2024 Projection	Annual Growth / Decline			
					2000 to 2010	2010 to 2019	2019 to 2024	
Bradford	\$35,035	\$47,287	\$52,439	\$54,928	3.0%	1.2%	0.9%	
Carbon	\$35,112	\$52,997	\$50,563	\$55,201	4.2%	-0.5%	1.8%	
Columbia	\$34,144	\$47,202	\$52,233	\$56,430	3.3%	1.1%	1.6%	
Lackawanna	\$34,434	\$48,351	\$50,197	\$55,984	3.5%	0.4%	2.2%	
Luzerne	\$33,805	\$46,120	\$52,433	\$58,345	3.2%	1.4%	2.2%	
Lycoming	\$34,031	\$46,583	\$51,820	\$57,134	3.2%	1.2%	2.0%	
Monroe	\$46,282	\$61,051	\$62,774	\$71,061	2.8%	0.3%	2.5%	
Montour	\$38,207	\$52,869	\$58,254	\$66,511	3.3%	1.1%	2.7%	
Pike	\$44,621	\$63,050	\$68,081	\$76,937	3.5%	0.9%	2.5%	
Sullivan	\$30,256	\$41,512	\$43,593	\$46,974	3.2%	0.5%	1.5%	
Susquehanna	\$33,646	\$48,899	\$50,811	\$53,881	3.8%	0.4%	1.2%	
Tioga	\$31,971	\$45,214	\$48,727	\$51,603	3.5%	0.8%	1.2%	
Wayne	\$34,121	\$52,572	\$51,448	\$54,204	4.4%	-0.2%	1.0%	
Wyoming	\$36,287	\$50,941	\$58,446	\$65,646	3.5%	1.5%	2.4%	
Pennsylvania	\$40,108	\$55,172	\$59,112	\$66,924	3.2%	0.8%	2.5%	

Unemployment

The following table compares unadjusted unemployment rates for all counties in Pennsylvania. Montour County has the lowest unemployment rate in the Northeast Pennsylvania region, and is among the lowest in the state. In contrast, Luzerne, Monroe and Pike Counties have the highest unemployment rate in the region. These three counties also fall among the top five counties for highest unemployment in the state.

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Pennsylvania County Unemployment Rates as of April 2019					
County	Unemployment Rate **	County	Unemployment Rate **	County	Unemployment Rate **
Chester County	2.6%	Beaver County	3.7%	Armstrong County	4.2%
Cumberland County	2.8%	Berks County	3.7%	Clearfield County	4.2%
Adams County	2.9%	Fulton County	3.7%	Lycoming County	4.2%
Centre County	2.9%	Susquehanna County	3.7%	Somerset County	4.2%
Montgomery County	2.9%	Washington County	3.7%	Greene County	4.3%
Lancaster County	3.0%	Indiana County	3.8%	Lawrence County	4.3%
Perry County	3.0%	Lehigh County	3.8%	Tioga County	4.3%
Montour County	3.1%	Mifflin County	3.8%	Clinton County	4.4%
Union County	3.1%	Northampton County	3.8%	Cambria County	4.5%
Bucks County	3.2%	Westmoreland County	3.8%	Carbon County	4.5%
Butler County	3.2%	Wyoming County	3.8%	Schuylkill County	4.5%
Franklin County	3.2%	Bedford County	3.9%	Philadelphia County	4.6%
Dauphin County	3.3%	Crawford County	3.9%	Pike County	4.6%
Lebanon County	3.3%	Jefferson County	3.9%	Cameron County	4.7%
Snyder County	3.3%	Wayne County	3.9%	Luzerne County	4.7%
Delaware County	3.4%	Clarion County	4.0%	Monroe County	4.7%
York County	3.4%	Columbia County	4.0%	Northumberland County	4.7%
Allegheny County	3.5%	Erie County	4.0%	Potter County	4.7%
Bradford County	3.5%	Mc Kean County	4.0%	Huntingdon County	4.8%
Elk County	3.5%	Mercer County	4.0%	Fayette County	4.9%
Juniata County	3.5%	Lackawanna County	4.1%	Forest County	5.5%
Blair County	3.6%	Sullivan County	4.1%		
Warren County	3.6%	Venango County	4.1%		

Source: PA Department of Labor & Industry
**Not Seasonally Adjusted

Tourism

Tourism plays an important role in the overall economy of the Northeast Pennsylvania region. Although urban centers and opportunities for new development exist, the region is known, primarily, for its natural beauty and serene landscape. Outdoor enthusiasts travel to the area year-round to visit the various state parks, ski resorts and recreational facilities. Notable attractions for the region include:

- The Pocono Mountain Ski Resorts - Camelback Ski Resort, Shawnee Mountain, Blue Mountain and Jack Frost are just a few of the destinations available in the Pocono Mountain region.
- Elk Mountain Ski Resort, located in the Endless Mountains region, is known as one of the best ski resorts in Pennsylvania.
- Whitewater Challengers in Luzerne County offers whitewater rafting, kayaking and mountain biking activities on five rivers and trails surrounding the rivers.

- Steamtown National Historic Site located in downtown Scranton is a museum dedicated to preserving the history of steam locomotives. Train rides on real, working locomotives take passengers on tours around the facility and to nearby towns.

The Toyota Pavilion at Montage Mountain and Mohegan Sun Arena are two large entertainment venues for the region, along with the Mohegan Sun casino.

Sporting events are also a big part of the Northeast Pennsylvania region. Several counties in the region have minor league baseball teams. Arena football and AHL hockey teams are also present. Little league baseball was founded in Williamsport, located in Lycoming County. Williamsport is the headquarters for the league and the annual Little League World Series is played there. The Pocono Raceway holds NASCAR races and several other racing events throughout the summer and fall.

These attractions, along with a host of others, are all vital contributors to the region's economy and overall appeal.

Transportation

The Northeast Pennsylvania region has an extensive transportation network. Several highways and roadways pass through the region, connecting it to neighboring counties and states.

Interstate 80 originates in San Francisco, California, passes through the region, and ends in Teaneck, New Jersey. It is the second longest interstate highway in the US. Interstate 81 begins in Tennessee and runs north through the region, ending at the New York/Ontario border. Interstate 81 has become a major route for interstate truck transportation and is in high demand for the warehousing/distribution sector. Interstate 84 originates near Scranton and runs north to Interstate 90 (Massachusetts Turnpike) in Massachusetts. Interstate 380 connects Interstate 80 to Interstates 81 and 84. Interstate 476 runs between Interstate 95 in Chester, PA and Interstate 81 near Scranton. It is part of the Pennsylvania Turnpike system. Other highly traveled routes for the region include state routes 6, 11, 15, 33 and 191.

Air transportation for the region is serviced by Wilkes-Barre/Scranton International Airport and several other regional and municipal airports.

Freight rail service is provided by Norfolk Southern, Canadian Pacific, Pennsylvania Northeast Rail Authority, Luzerne Susquehanna Railway and the Reading Blue Mountain & Northern Railroad. Passenger rail service is also expected to return to the region in the near future, which will provide rail service from Scranton to destinations in New York and New Jersey.

Conclusion

The Northeast Pennsylvania region is a vibrant, but largely rural region benefiting from its natural assets and proximity to other major east coast markets. Its transportation and highway systems provide good market access. There is notable demand along the Interstate 81 corridor for warehousing. Population projections indicate that many counties in the region have experienced declines in populations, although demographic data appears to show projected stabilization. Increase in new residents, primarily from New York and New Jersey will be accompanied by supporting increases in housing units, albeit at a slower pace. Recent demographic data may not fully take into account the economic impact expected to be created by the Marcellus Shale gas industry in some of these counties. These areas saw increased demand for home and apartment rentals, as well as other services, due to the influx of workers during the first Marcellus Shale boom between 2011 and 2014. However, the economic boom created by the gas industry bottomed out in 2015 and 2016 due to government restrictions on the gas industry as well as the reduced price of natural gas. Reports suggest that the natural gas industry will return to the area in the coming years.

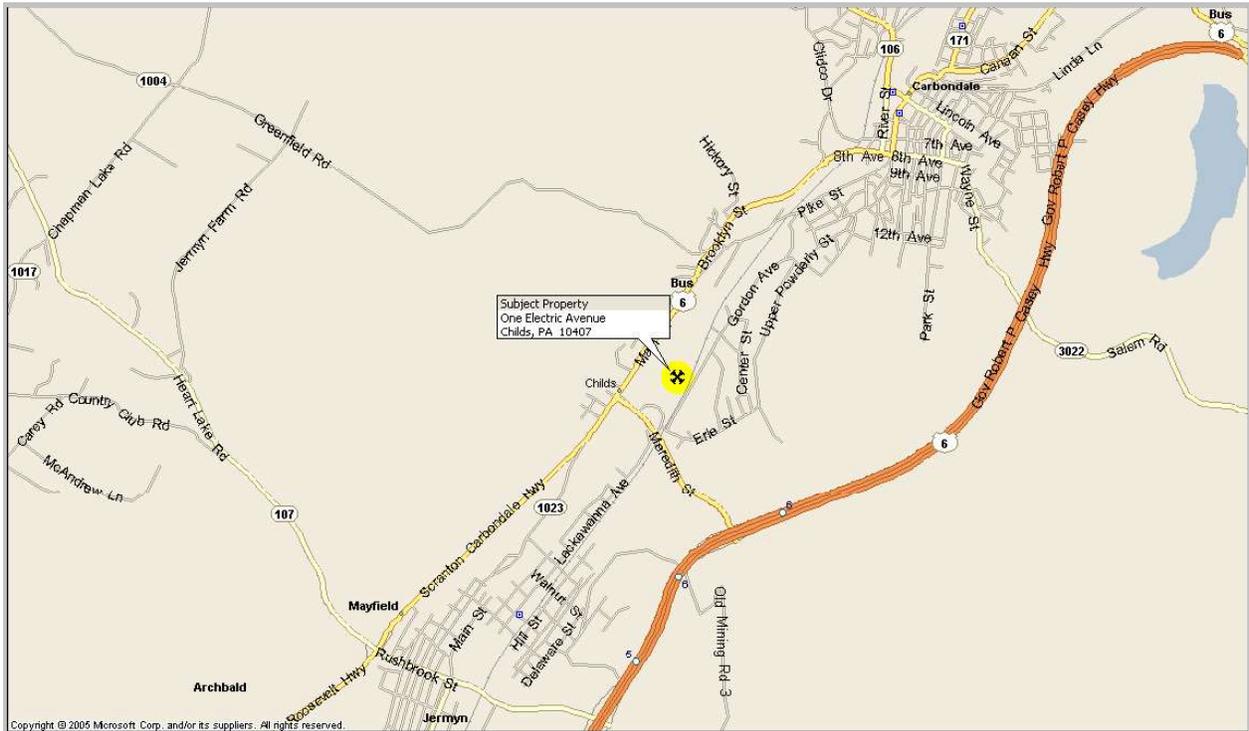
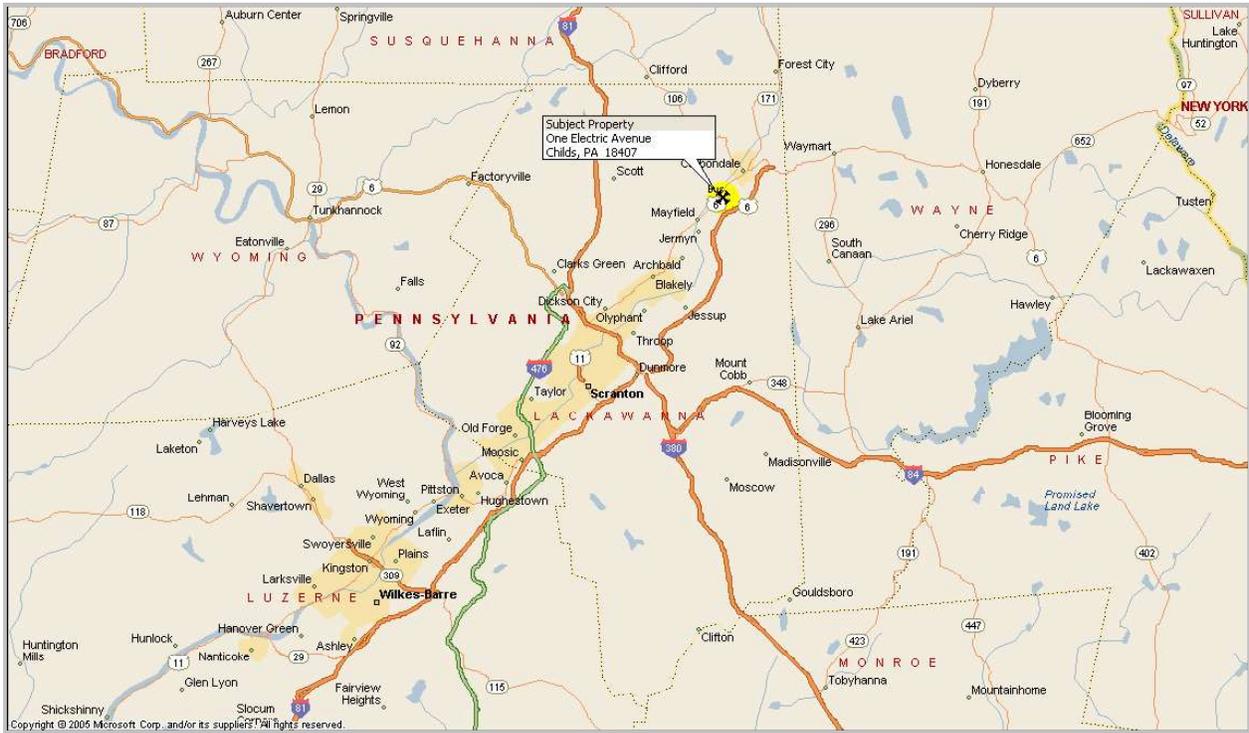
Immediate Neighborhood

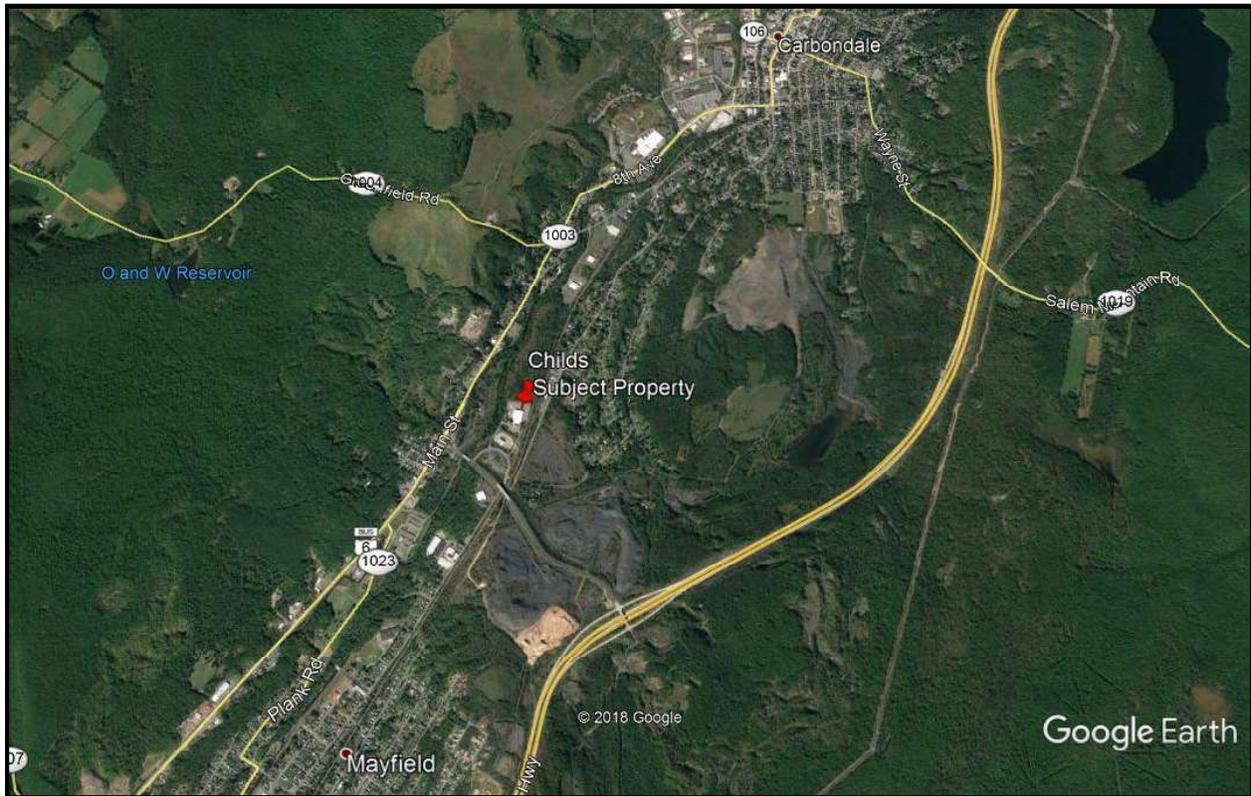
The subject is located at One Electric Street in Carbondale Township, Lackawanna County, Pennsylvania, between Route 6 and Business Route 6 just south of the City of Carbondale. Electric Street can be accessed in the north via Meredith Street, connects Route 6 and Business Route 6. Meredith Street has an average traffic volume of 6,800 vehicles per day. The neighborhood is a mix of industrial and commercial uses and is bisected by a rail line. The following maps and aerial photograph show the subject's location.

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One Electric Street - Childs, PA
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Market Area Analysis





Aerial photo dated 9/30/2017 (Google Earth)

Carbondale Township is primarily rural in nature. Most of the development in the township is located along and between Business Route 6 and US Route 6. Carbondale Township is bordered by Pell Township to the north, Greenfield Township and Scott Township to the west, Jefferson Township to the south and Wayne County to the east. Additionally, Mayfield Borough and the City of Carbondale are surrounded by Carbondale Township.

The following tables summarize demographics for the township and county.

Carbondale Township, Lackawanna County, Pennsylvania Demographic Summary Source: Esri							
	2010 Census	2019 Est.	2010-2019 Change		2024 Proj.	2019-2024 Change	
			Number	%Δ		Number	%Δ
Population	1,115	1,094	-21	-1.9%	1,087	-7	-0.6%
Households	461	451	-10	-2.2%	448	-3	-0.7%
Per Capita Income	N/A	\$27,322	N/A	N/A	\$32,897	\$5,575	20.4%
Avg. Household Income	N/A	\$66,909	N/A	N/A	\$80,576	\$13,667	20.4%
Median Household Income	N/A	\$51,516	N/A	N/A	\$61,339	\$9,823	19.1%

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Lackawanna County, Pennsylvania Demographic Summary <i>Source: Esri</i>							
	2010	2019	2010-2019 Change		2024	2019-2024 Change	
	Census	Est.	Number	%Δ	Proj.	Number	%Δ
Population	214,437	217,034	2,597	1.2%	218,610	1,576	0.7%
Households	87,226	88,168	942	1.1%	88,746	578	0.7%
Per Capita Income	N/A	\$28,313	N/A	N/A	\$32,467	\$4,154	14.7%
Avg. Household Income	N/A	\$69,461	N/A	N/A	\$79,744	\$10,283	14.8%
Median Household Income	N/A	\$50,197	N/A	N/A	\$55,984	\$5,787	11.5%

Comparisons between Carbondale Twp and Lackawanna County <i>Source: Esri</i>		
Population and Households	2010-2019	2019-2024
Annual Population Growth		
Carbondale Twp	-0.21%	-0.13%
Lackawanna County	0.13%	0.15%
Annual Household Growth		
Carbondale Twp	-0.24%	-0.13%
Lackawanna County	0.12%	0.13%
Income Levels		
Per Capita Income		
Carbondale Twp	\$27,322	\$32,897
Lackawanna County	\$28,313	\$32,467
Twp as % of County	96.5%	101.3%
Avg. Household Income		
Carbondale Twp	\$66,909	\$80,576
Lackawanna County	\$69,461	\$79,744
Twp as % of County	96.3%	101.0%
Median Household Income		
Carbondale Twp	\$51,516	\$61,339
Lackawanna County	\$50,197	\$55,984
Twp as % of County	102.6%	109.6%

The population of Carbondale Township is estimated to have decreased by 0.21% since 2010 and is projected to decrease by 0.13% over the next five years. The population of Lackawanna County is estimated to have increased by 1.2% since 2010 and projected to increase by 0.7% over the next five years. Despite the small changes, the population of both Carbondale Township and Lackawanna County are considered to be relatively stable. The income levels of Carbondale Township and Lackawanna County are projected to increase over the next five years. Carbondale Township income levels currently roughly 2.6% higher than Lackawanna County and are projected to increase almost twice as much as Lackawanna County income levels, with income

levels expected to be roughly 9.6% higher in Carbondale Township than Lackawanna County.

The subject property lies just north of Electric Street (also known as Lackawanna Avenue) and adjacent to the aforementioned rail line. As previously stated, the neighborhood is a mix of commercial and industrial uses. Adjacent to the subject on the north side of Electric Avenue is a building occupied by Alliance Imaging. On the south side of Electric Street is a Mitsubishi Motors dealership. South of Meredith Street, along Electric Street, is the Valley Lanes bowling alley and several residences. East of the railroad line is the Blooming Grove Sound and Gravel site, as well as Besten's Auto Body and Collision Center, a truck sales lot and a residential subdivision.

Overall, the subject has good access to highway linkages. The property is located in an area with other industrial uses. The area population is experiencing slight declines and the area income levels are projected to grow in the near future. The outlook for the neighborhood is for continued stability.

Submarket Summary

The subject property is industrial in nature. This market benefits from the presence of Interstate 81 through the region. The subject property is approximately nine miles from the nearest point of access to Interstate 81, and therefore does not benefit from this in the same way properties located in Scranton and other markets located along Interstate 81 do. The following are excerpts from the Industrial Market Report for the Scranton Market from CoStar.

Overview

			Scranton Industrial
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
3.4 M	(1.2 M)	9.4%	1.4%

Logistics fuels most of Scranton’s commercial real estate construction and generates the market’s strongest levels of demand for CRE space of any kind. The metro’s prime location attracts tenants from across the globe, and though absorption and construction lag in comparison to regional competitors, local developers have been active. Inventory has expanded by nearly 7%, or 6 million SF,

and during that time, major brands like Pepsi, Amazon, and Fed-Ex established distribution centers here. Acceleration of rent growth kicked off in 2015, and gains have stayed above average since. The limited levels of new supply (especially when compared to neighboring Lehigh Valley) will likely keep the supply/demand balance tilted in owners’ favor well into 2020.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	65,374,893	10.4%	\$4.43	17.9%	(198,353)	0	4,249,660
Specialized Industrial	22,838,544	7.3%	\$5.09	9.9%	35,000	0	500,000
Flex	3,594,790	3.0%	\$8.25	5.8%	0	0	0
Market	91,808,227	9.4%	\$4.73	15.5%	(163,353)	0	4,749,660
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	4.6%	6.6%	9.2%	12.1%	2000 Q4	4.3%	2018 Q3
Net Absorption SF	(1.2 M)	1,125,171	2,327,182	6,271,355	2008 Q1	(2,362,233)	2004 Q2
Deliveries SF	3.4 M	1,354,685	3,092,753	4,957,882	2008 Q1	0	2012 Q4
Rent Growth	1.4%	1.9%	0.6%	5.9%	2000 Q3	-3.7%	2010 Q3
Sales Volume	\$110 M	\$50.1M	N/A	\$216.2M	2018 Q4	\$0	2006 Q1

Leasing

Scranton Industrial

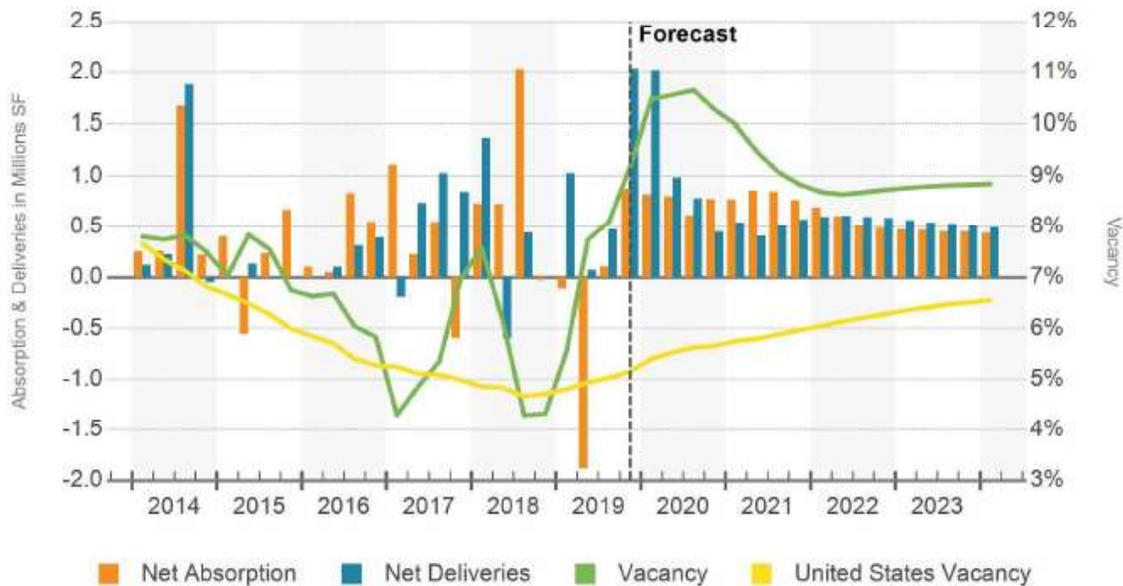
Scranton industrial demand is fueled by logistics. The increasing preference for online shopping is fueling growth across the country, and central Pennsylvania's access to international ports and a huge population swatch make it a prime shipping hub. Scranton's vacancies (at 9.4%) have stayed in check, even with millions of SF of new supply arriving.

Over the past five years, an average of about 1.3 million SF was absorbed annually here, but year-over-year rates are close to -1.2 million SF. Major companies like Fed Ex, Amazon, and Isuzu occupy Scranton distribution hubs, and interest in the market could grow if interest in

neighboring Lehigh Valley declines. Scranton rents are cheaper than its neighbors', and Lehigh developers are encountering scarcity issues with quality land.

But there are reasons big tenants still prefer Lehigh Valley. That market is closer to New York and Philadelphia's ports, and the terrain is easier to build and drive upon. While the market might play second fiddle to Allentown for some time, its occupancies are firm, and its outlook remains optimistic. It is worth noting, however, that national data across markets is showing a slowdown of leasing activity in the industrial market. For the first time in years, supply is beginning to outpace demand.

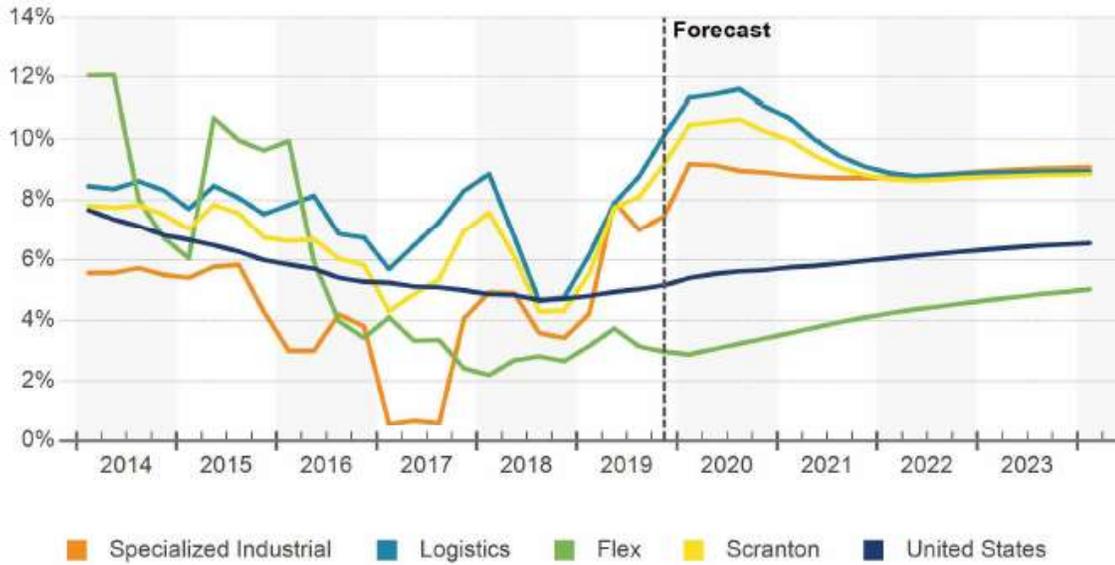
NET ABSORPTION, NET DELIVERIES & VACANCY



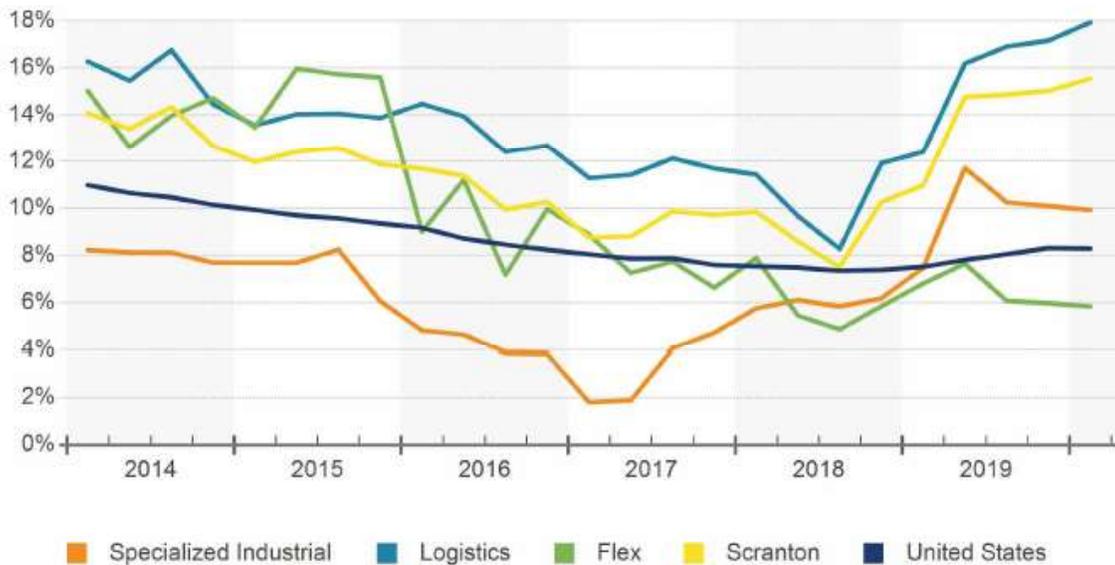
Leasing

Scranton Industrial

VACANCY RATE



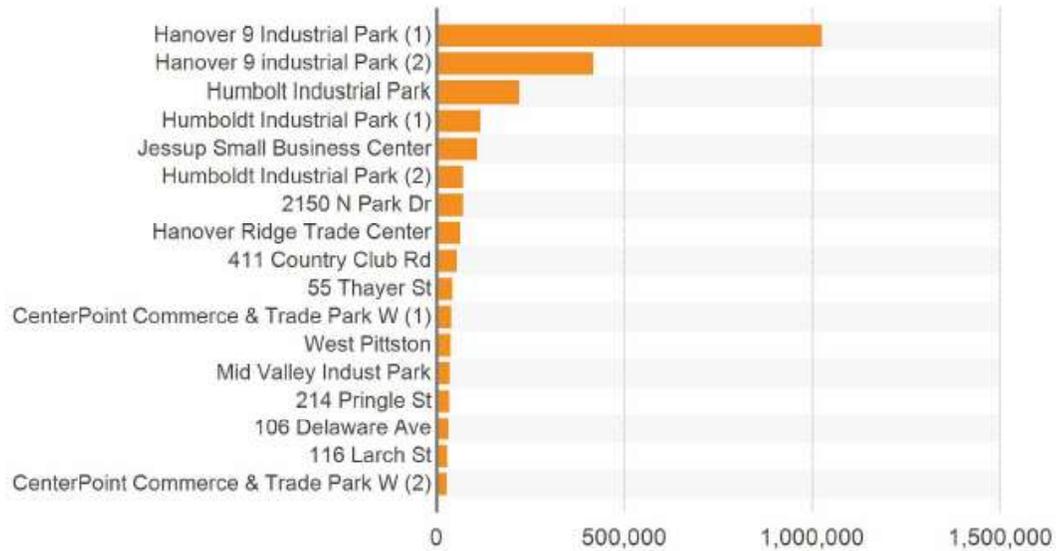
AVAILABILITY RATE



Leasing

Scranton Industrial

12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Hanover 9 Industrial Park (1)	I-81 Corridor Ind	1,393,080	366,564	0	0	0	0	1,026,518
Hanover 9 industrial Park (2)	I-81 Corridor Ind	611,000	193,440	(193,440)	0	0	0	417,560
Humboldt Industrial Park	I-81 Corridor Ind	440,504	219,545	0	0	0	0	220,959
Humboldt Industrial Park (1)	I-81 Corridor Ind	116,400	0	0	0	0	0	116,400
Jessup Small Business Center	I-81 Corridor Ind	129,540	0	0	0	0	0	108,187
Humboldt Industrial Park (2)	I-81 Corridor Ind	70,000	0	0	0	0	0	70,000
2150 N Park Dr	I-81 Corridor Ind	70,000	0	0	0	0	0	70,000
Hanover Ridge Trade Center	I-81 Corridor Ind	809,782	0	0	0	0	0	63,639
411 Country Club Rd	I-81 Corridor Ind	53,136	0	0	0	0	0	53,136
55 Thayer St	I-81 Corridor Ind	50,559	0	0	0	0	0	42,225
CenterPoint Commerce & Trade...	I-81 Corridor Ind	108,939	19,281	0	0	0	0	39,300
West Pittston	I-81 Corridor Ind	65,498	0	0	0	0	0	38,000
Mid Valley Indust Park	I-81 Corridor Ind	365,114	47,557	101	0	0	0	35,018
214 Pringle St	I-81 Corridor Ind	34,425	0	0	0	0	0	34,425
106 Delaware Ave	I-81 Corridor Ind	47,492	0	0	0	0	0	31,660
116 Larch St	I-81 Corridor Ind	285,000	0	0	0	0	0	28,168
CenterPoint Commerce & Trade...	I-81 Corridor Ind	27,500	0	0	0	0	0	27,500
Subtotal Primary Competitors		4,677,969	846,387	(193,339)	0	0	0	2,422,693
Remaining Scranton Market		87,130,258	7,751,791	29,988	0	0	0	(3,587,541)
Total Scranton Market		91,808,227	8,598,178	(163,353)	0	0	0	(1,164,848)

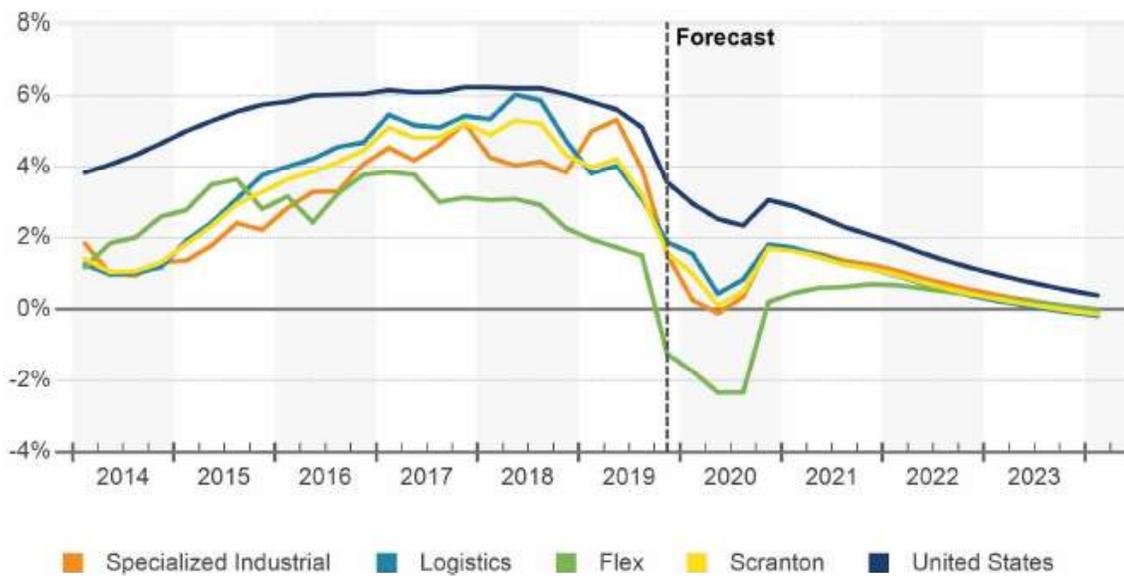
Rent

Scranton Industrial

Healthy leasing has supported accelerated industrial rent growth in Scranton for more than two years running. Rent gains averaged only about 1.5% annually since 2000, but ranged between 3%–5.5% every year from 2015–18, and the year-over-year rate is currently 1.4%. While rent growth is unlikely to maintain its current pace over the long term, at \$4.70/SF triple net, Scranton’s average rents remain about 10%–20% below those in

competing regional markets such as Harrisburg and Lehigh Valley, and about half the price of industrial rents in Northern New Jersey. Scranton’s discount to nearby competition signals potential for long-term rent growth here as logistics firms continue to seek more-affordable distribution locations close to the Northeast’s largest population centers.

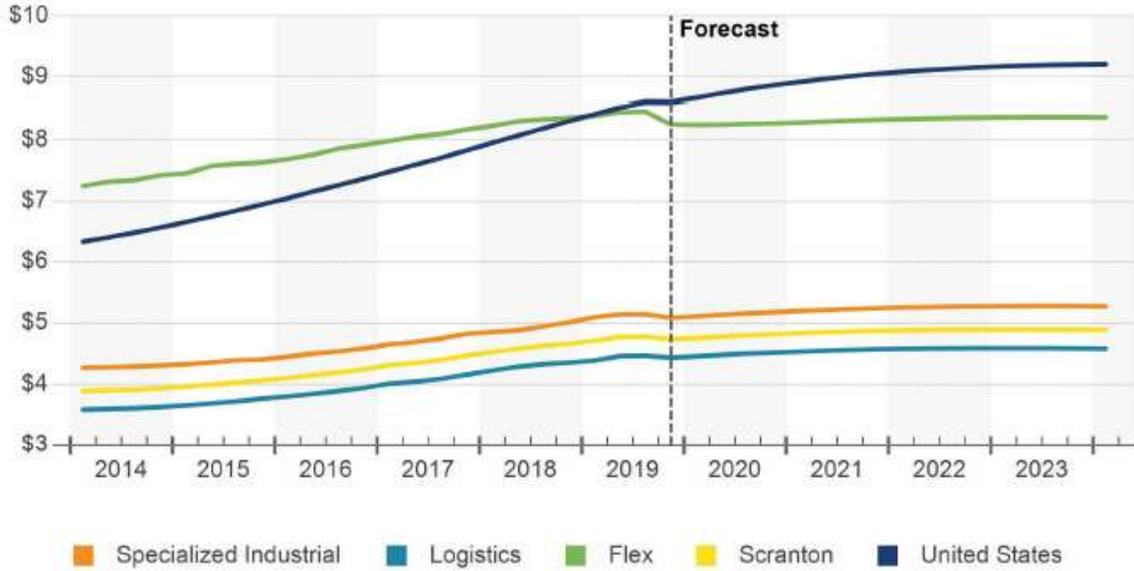
MARKET RENT GROWTH (YOY)



Rent

Scranton Industrial

MARKET RENT PER SQUARE FOOT



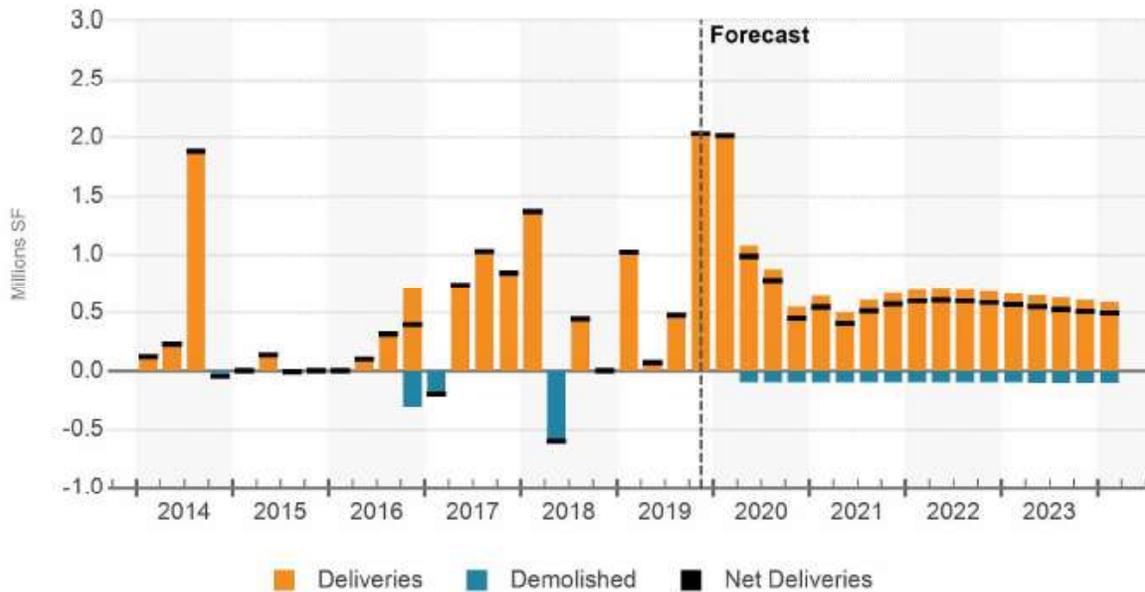
Construction

Scranton Industrial

Close to 4.7 million SF is underway, largely contained in a handful of assets being developed at the Centre Point Commerce Park. Over the past 36 months, Scranton’s industrial inventory grew by about 1.2 million SF annually, or 1.5%, in line with the national pace of industrial inventory expansion. The projects delivered in recent years have leased fairly well, although not quite as rapidly as those in high-growth industrial markets in nearby Lehigh Valley or South Jersey. About 6.3 million SF in new projects has completed here since the beginning of 2012, mostly in build-to-suits for retailers such as American Eagle, FedEx, and Home Depot.

Mericle, a local commercial real estate company that specializes in warehouse and logistic property development along the I-81 corridor, is by far the metro’s busiest developer, delivering millions of SF since 2000. The company has over 90 pad sites built out and over one million SF of spec space under construction. NorthPoint Development (based in Riverside, Missouri) has also been active here, breaking ground on two properties at Hanover Ridge Trade Center (in Wilkes Barre) so far this cycle.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory				Average Building Size			
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	I-81 Corridor	12	4,750	540	11.4%	1	77,150	395,805	1
Totals		12	4,750	540	11.4%		77,150	395,805	

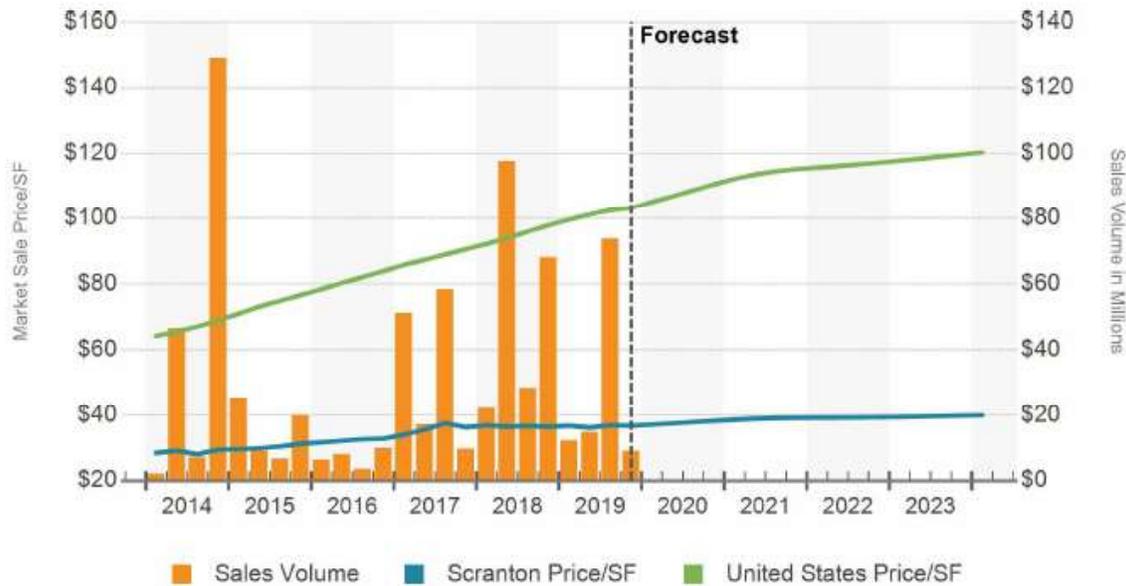
Sales

Scranton Industrial

Over the past 10 years, Scranton's logistics sales volume has averaged about \$70 million annually, but investments have topped that in recent quarters, supported by both local buyers and users, as well as investors from other regions of the U.S. New York-based W.P. Carey, Boston-based STAG Industrial, and

Missouri-based NorthPoint Development have all made acquisitions here since the beginning of 2016, and firms such as Gramercy Property Trust, Duke Realty, and KBS REIT did so in prior years. Year over year volume is around \$108 million, with the average property selling for \$37.00 with a 6.3% cap rate.

SALES VOLUME & MARKET SALE PRICE PER SF



In conclusion, Scranton's industrial market has experienced slight growth over the past few years and has seen relatively stable vacancy rates despite net increases in supply. Most of the region benefits from being in the Interstate 81 Corridor; however, the region is considered less desirable than the neighboring Lehigh Valley industrial market. Rents have been increasing and are projected to continue increase, although at lower rates. The delivery of new industrial space is expected to continue in the region in the near future.

PROPERTY DESCRIPTION

DESCRIPTION OF THE SITE

Land Area: The subject site totals 13.383 acres according to the property record card and the metes and bounds description recorded in the deed.

Tax Parcel ID: 06407-010-006

It is noted that there had previously been a second parcel (64.07-01-6P) associated with the property due to a portion of the site being enrolled in PURTA. This ID number was voided and the assessment assigned to it was combined with 06407-010-006 as of November 4, 2011 as the property was no longer enrolled in PURTA.

Shape: The site shape is irregular, although somewhat rectangular. The following GIS image shows the shape of the site.



ATTACHMENT A

One Electric Street - Childs, PA
MVG 19178

Property Description

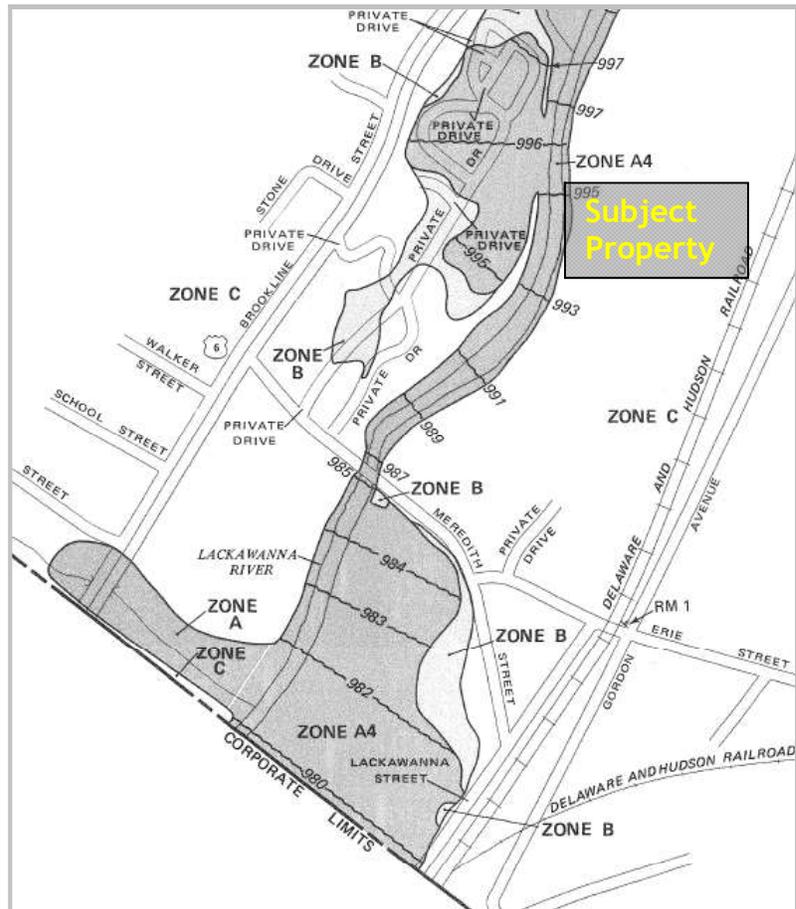
Topography/Soils:	The topography of the site ranges from mostly level (improved portion of site) to rolling (rear of site). No apparent drainage problems were observed but it should be noted that the scope of this appraisal assignment does not include specific tests for adequacy. Similarly, soils have not been tested but are believed to be adequate for this type of development.
Visibility and Access:	The subject has average visibility and is accessed via easements along two shared (private) drive entrances from Electric Street.
Frontage:	The subject property does not have frontage along a public roadway.
Land-to-Building Ratio:	17.3:1 Note that portions of this land may be impacted by rail easements and challenging topography. There is also a 20-foot wide gas pipeline easement impacting the property.
Paving/Parking:	There are roughly 60 paved parking spaces in addition to a paved storage yard and truck courts. It is noted that the paving is in fair condition evidenced by cracking and alligating of the asphalt.
Landscaping:	Non-paved areas on the front portion of the site are maintained as lawn areas. Several deciduous trees are planted around the perimeter of the parking area. Areas outside the security fencing at the rear of the property are not maintained and are covered with shrubby brush and trees.
Utilities:	The subject property operates on all public utilities.
Flood Zone:	According to a review of Flood Insurance Rate Map Number 421750 0004 A (effective date September 30, 1981) of the Federal Emergency Management Agency's National Flood Insurance Program, it appears as though most of the subject property is located in an area designated as Zone C, which indicates areas of minimal flooding. However, the site is adjacent to the Lackawanna River. The flood map indicates a narrow

ATTACHMENT A

One Electric Street - Childs, PA
MVG 19178

Property Description

area of floodplain along this waterway. It is not clear if any part of the subject property is impacted by this floodplain. A site survey provided by the client dated January 7, 1981 shows site elevations but does not indicate floodplain elevations. Parties with interest in the site should retain a qualified professional to determine to what extent, if any, the site is impacted by the 100-year floodplain. This appraisal assignment assumes that the site is not impacted by the floodplain.



The Federal Emergency Management Agency (FEMA) released preliminary flood insurance rate maps (FIRMs) for Lackawanna County in July 2011. The FIRMs were revised in August 2017 and are the first digital FIRMs for Lackawanna County. A letter of final determination was issued to Lackawanna County from FEMA in December 2019, giving communities six months to adopt the new maps into local ordinances.

The new FIRMs are tentatively set to become effective in June 2020. The FIRMs are currently available to be viewed despite not yet being effective. According to this map, the subject property does not appear to be impacted by the presence of a floodplain.



Parties with interest in the site should retain a qualified professional to determine to what extent, if any, the site is impacted by the 100-year floodplain. This appraisal assignment assumes that the site is not impacted by floodplains.

Hazardous Materials:

The scope of this assignment has not included any environmental audits or testing for hazardous materials. As in the case of all real estate, parties with interest in the subject property are advised to have a complete understanding of the environmental issues surrounding the subject site. The appraisers are not aware of negative environmental conditions at the subject property. This appraisal assignment assumes that the subject property is environmentally clean.

ATTACHMENT A

One Electric Street - Childs, PA
MVG 19178

Property Description

Underground Tanks: The property contact reports that no underground storage tanks (USTs) are located on the property. Appraisers are not experts at detecting underground tanks. Parties with interest in the subject property are advised to have an environmental expert retained to confirm the presence or absence of such tanks.

Wetlands: A wetlands survey has not been reviewed as part of the scope of this assignment. In addition, no obvious wetlands areas were noted during the inspection or reported by the property contact or client. This appraisal assignment assumes that no wetlands exist on the subject property. If wetlands are found to be present, the valuation may require reconsideration.

Easements/Encroachments: Since a survey of title is beyond the scope of this report, a precise rendering of recorded easements and encroachments was not available. Based on the deed description, the eastern boundary of the site lies in the right-of way of a railroad line. Additionally, there is also a 20-foot wide gas pipeline easement impacting the property. From a review of the current deed and from the physical inspection of the subject site, no additional easements or encroachments, other than typical utility easements, are apparent that would inhibit utilization of the site.

Zoning: The subject property is located in the IAC (Interchange Activity Center) zoning district of Carbondale Township. The zoning officer, Walter Wormuth, was interviewed and indicated that the current use is a legal, conforming use.

Permitted uses permitted in the IAC district include:

- Forestry
- Retail commerce (multiple uses listed)
- Business or professional offices
- Cinema, radio and television stations or studios
- Hotels, motels or inns
- Museums, libraries or other educational, cultural, religious, civic or philanthropic uses of a similar nature
- Transit stations, public utilities facilities
- Animal hospital, veterinarian
- Town houses and other multi-family residential dwellings
- Nursing homes

- Commercial greenhouse, nursery and wholesale florist
- Sales, repair and service of business, office and household and garden machine, equipment and devices
- Public garage, motor vehicle sales, service or minor repair shop and gasoline service station, but not including a body repair shop
- Residences, in mixed-use commercial-residential or institutional-residential buildings

Special exception uses include:

- Research, development and testing of new products, laboratories
- Hospitals
- Telecommunications facilities, commercial

Conditional uses include:

- Regional shopping centers and malls with a gross floor building area of 250,000 square feet or more

Dimensional regulations in the I-2 district include:

- Minimum Lot Area: 175,000 square feet
- Minimum Lot Width: 100 feet
- Minimum Front Setback: 25-100 feet (Depending on zoning of neighboring property)
- Minimum Rear Setback: 25-100 feet (Depending on zoning of neighboring property)
- Minimum Side Setback: 25-100 feet each side (Depending on zoning of neighboring property)
- Maximum Building Height: 65 feet with minimum yard requirements; additional height requires proportionate yard increases for all yard areas.
- Maximum Building Coverage: 30%
- Maximum Impervious Coverage: 60%

It is noted that the subject is adjacent to a rail line corridor that has multiple industrial uses along its path, including the properties in the immediate neighborhood of the subject. While near an interchange of US Route 6, the traffic along this roadway appears to be limited to commuter traffic.

Without a change in zoning to permit light industrial use, the subject property would have limited marketability to anyone other than another utility company.

Mr. Wormuth noted that Carbondale Township had been speaking with an advisor regarding re-zoning the Township; however, the advisor passed away and the re-zoning, which is only in the early stages, is not currently progressing.

Other Site Improvements:

Site improvements, other than the subject building, include paved parking, curbing, sidewalks, flag pole, sidewalk lighting, a fueling island, a storm water management area, pole-mounted lighting, security fencing and a 3,432 square foot carport.

Approval Status:

In an appraisal of vacant land, it is important to identify the status of development approvals for the subject property and for the comparable sales. Generally speaking, land transactions fall under one of three categories: unapproved, contingent on the buyer procuring approvals prior to settlement and approved (where the seller has secured the approvals).

Unapproved land is also commonly referred to as raw land. When unapproved land is purchased without an approval contingency, the buyer recognizes significant risk associated with the following:

- 1) If engineering has not been completed, the buyer does not know what density or development is ultimately achievable.
- 2) If engineering has not been completed, the buyer is unaware of what the site costs may be.
- 3) The buyer does not know exactly how long the approval process will take.
- 4) The buyer does not know what off-site costs may be required by the municipality.
- 5) Because the amount of time to take the property through the approval process is unknown, the buyer risks possible market changes that could affect the market value of the property.
- 6) The buyer may recognize a lost opportunity cost during the approval process as he must carry the property for an uncertain amount of time.

Of the three approval status categories noted previously, unapproved sites generally sell for the lowest prices per acre (all other things being equal).

Developers often purchase land contingent on their ability to get the site approved for development. In this scenario, all costs of the approval process are still borne by the developer. However, much of the uncertainty is removed and the ultimate purchase is of approved ground. The risks recognized by the developer-buyer are reduced because:

- 1) Upon settlement, the buyer knows exactly what can be developed.
- 2) Site development costs can be more accurately projected.
- 3) If the project is infeasible due to an insufficient site yield, site conditions, etc., the buyer can walk away from the deal.
- 4) If the market changes negatively during the approval process, the buyer can walk away from the deal.
- 5) The buyer does not have to carry the property during the approval process.

Prices paid for land that is purchased contingent on the buyer procuring the approvals are generally higher than land purchased unapproved (raw).

Some property owners take land through the approval process themselves, and then market approved/unimproved land to developers and/or builders who can then install site infrastructure immediately. Transactions involving land that is already approved represent the highest prices paid for land (all other things being equal), because all of the risk related to obtaining the approvals has already been borne by the seller, not the buyer. As with contingent sales where the buyer procures the approvals, the buyer knows exactly what can be built, but here, no additional time or money must be expended by the buyer to procure the approvals.

ATTACHMENT A

*One Electric Street - Childs, PA
MVG 19178*

Property Description

Typically, after site plan approval has been achieved and permitting has been obtained for a development, the value of the land increases substantially.¹¹

In the appraisal of the subject as vacant land, the subject property is considered to be unapproved.

¹¹ Appraisal Institute, *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), 361.

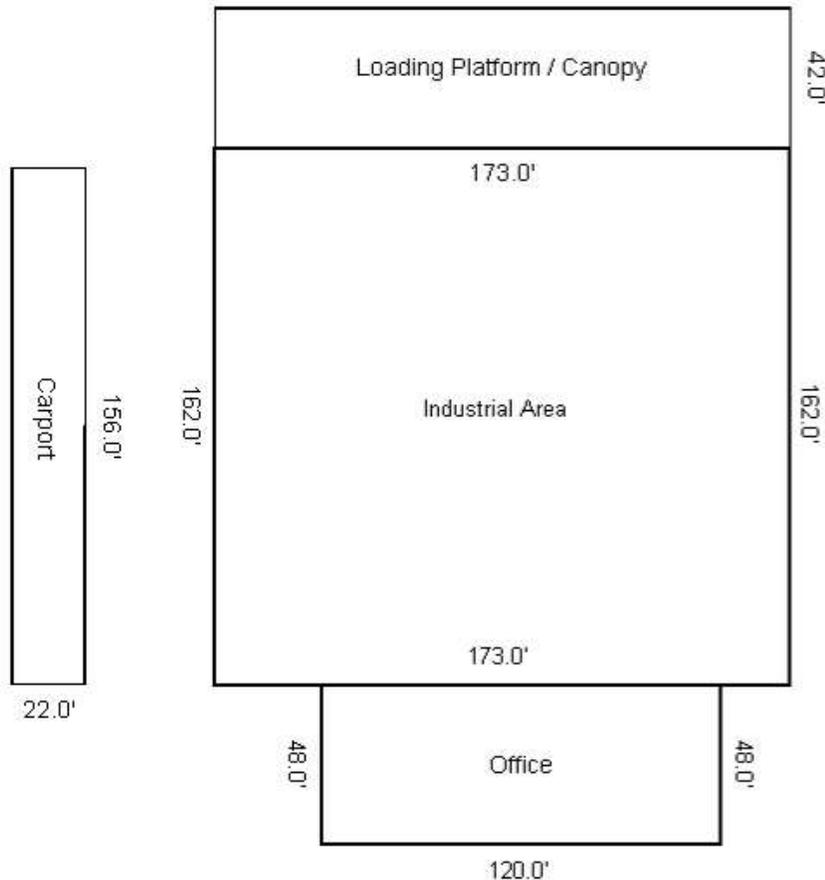
DESCRIPTION OF THE IMPROVEMENTS

Main Improvement:

The subject site is improved with a single-story light industrial building containing a gross building area (GBA) of 33,786 based on measurements taken by the appraisers. The office area measures 5,760 square feet, or roughly 11% of the GBA. In addition to the main building, there is a 3,432 square foot carport in the storage yard, as well as a fueling island.

The property record card states a building size of 37,404 square feet despite sketches shown on the card measuring 35,100 square feet. The building size as measured by the appraisers will be relied upon in this analysis.

The following sketch shows the layout of the subject improvements based on measurements taken by the appraisers.



ATTACHMENT A

One Electric Street - Childs, PA
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Property Description

Foundation:	Slab on grade
Building Frame:	Steel frame
Exterior Walls:	Exterior walls include glazed block, EIFS and metal panels.
Roof:	There is a modified bitumen roof. The roof was reportedly sealed roughly sixteen years ago with a fibrated aluminum roof coating. No subsequent work was reported by the property representative; however, no problems with the roofs were reported.
Fenestration:	The office area has average fenestration.
Interior Walls:	Interior wall finishes in the office include painted and vinyl-covered wallboard and wood paneling. Locker rooms have and restrooms have painted block walls. The industrial area walls are block and metal panel.
Floors:	All office area and locker room flooring is vinyl tile over the concrete slab. Restroom floors are covered by ceramic tile. Industrial area floor are concrete slab.
Ceilings:	Ceilings in the office area are drop ceilings with suspended fluorescent lighting fixtures. Ceilings in the industrial area and garage are open to the metal roof deck. Ceiling clearance in the industrial area is 16' at the parking level and 12' on the platform.
Loading/Receiving Areas:	The building has 22 roll-up doors with interior docks. The depth of 20 of the interior docks is only suitable for box trucks to be able to completely back inside the building. Two of the grade level doors are recessed to provide for greater clearance. One of these two docks is fitted with a leveler. In addition, there is a loading platform with a canopy at the north end of the main building. There are multiple loading positions along the east end of this platform. The interior of the industrial area is accessible via a drive-in door on the platform.
Basement:	None
Electricity:	The main switchgear is rated at 800-amps. It is assumed that the subject property's electrical system conforms to all applicable building codes and regulations. The property

ATTACHMENT A

One Electric Street - Childs, PA
MVG 19178

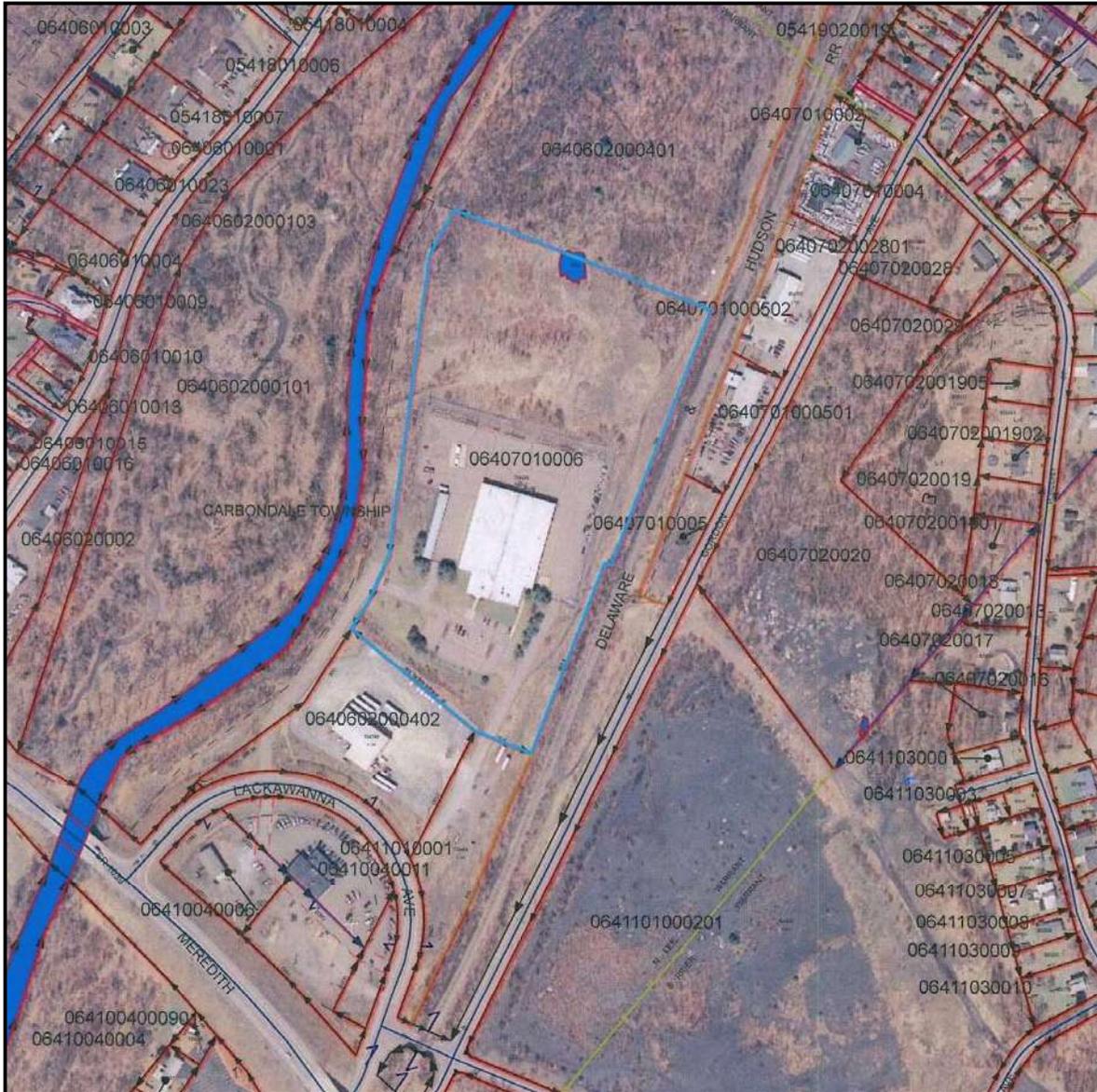
Property Description

representative did not note any problems with the system. It is assumed that the subject property's electrical system conforms to all applicable building codes and regulations. The property representative did not note any problems with the system.

- Lighting:** The building is equipped with outdated fluorescent lighting throughout. There are pole-mounted lights in the parking area and storage yard. The carport is equipped with sodium vapor lighting.
- HVAC:** The office area is heated and cooled via a rooftop mounted heat pump. The industrial area is not cooled, but is heated through suspended electric units. The building may have been heated via a solar heat system at one point and is incorrectly still shown as such on the property record card.
- Plumbing:** It is assumed that the subject property's plumbing system conforms to all applicable building codes and regulations.
- Elevators:** None
- Sprinklers:** The enclosed portions of the buildings are 100% covered by a wet sprinkler system. The exterior platform is covered by a dry sprinkler system.
- Functional Utility:** Modern, highly demanded manufacturing facilities are typically single-story with a linear product flow. Minimum ceiling clearance requirements are 18 feet. Office areas of 5% to 20% are typically demanded for manufacturing properties. Loading areas are typically a combination of dock doors and grade level doors. Sprinkler coverage is generally considered a benefit. Rail access, while demanded by some users, does not always translate into higher value. The functional utility for the subject property for this type of industrial use is considered fair to average.
- Age and Condition:** The building was reportedly constructed in 1983 and has been maintained in average condition.

TAX ASSESSMENT ANALYSIS

The subject property is identified by the Lackawanna County Tax Assessment Office as parcel 64.07-01-06. The location of the subject parcel is shown on the following tax map.



Each county in Pennsylvania has a predetermined ratio that equates the assessed value to its corresponding initial “base year” market value (generally as of the date of the last re-assessment). In addition, the State Tax Equalization Board (STEB)/Tax Equalization Division (TED) assigns each county an annual common level ratio. This is

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One Electric Street - Childs, PA
MVG 19178

Property Description

the ratio between the assessment and the current implied market value (based on previous year sales activity).

The following is a summary of the subject property's tax assessment and liability.

Tax Assessment Summary Table			
Tax Identification Number 06407-010-006			
Land Assessment	\$24,526	Municipal Millage Rate	0.014000
Building Assessment	<u>\$200,000</u>	County Millage Rate	0.053600
Total Assessment	\$224,526	School District Millage Rate	0.118050
		Other Millage Rate	<u>0.003820</u>
Predetermined Ratio	100.0%	Total Millage Rate	0.189470
Common Level Ratio	10.6%	Effective Tax Rate	0.020084
Implied Value	\$2,118,170	Tax Liability	\$42,541

The reader should note that if the implied market value is lower than the appraised market value, there is risk that the assessment could be challenged and the taxes increased. Conversely, if the implied market value is higher than the appraised market value, a tax assessment appeal should be investigated by the property owner.

VALUATION

HIGHEST AND BEST USE ANALYSIS

Introduction

Highest and best use reflects a basic assumption about real estate market behavior; that the price buyers will pay for a property is based on their conclusion about the most profitable use of the property. The determination of highest and best use is based on careful consideration of prevailing market conditions, trends affecting market participation and change, and the existing use of the subject property.

Highest and best use is defined by the Dictionary of Real Estate Appraisal as “the reasonably probable use of property that results in the highest value.¹² To conclude that a given use is the highest and best use, the use must meet four criteria. The highest and best use must be

- 1) legally permissible;
- 2) physically possible;
- 3) financially feasible; and
- 4) maximally productive.

Each factor is considered in sequential order, thereby eliminating, at each level, uses that do not qualify. Finally, the use that remains is the highest and best use.

Highest and Best Use as Vacant

First, the highest and best use of the subject site as though vacant is determined. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is regarded as the highest and best use of the land. It is assumed that the parcel of land in question is vacant. Even an improved site can be made vacant by demolishing the improvements. The question to be answered is: If the subject site were vacant, what new improvement(s), if any, should be constructed?

The subject property is 13.38 acres and is accessed via Electric Street in Carbondale Township, Lackawanna County. The subject is located in the IAC, Interchange Activity Center zoning district, which permits a moderate amount of commercial uses as well as minimal industrial and residential use. The site is served by all public utilities and is located in a neighborhood of industrial and commercial properties. The topography of the site ranges from mostly level (improved portion of site) to rolling (rear of site). The subject has average visibility and is accessed via a shared entranceway with the property to the south. The site is served by all public utilities and is located in a neighborhood of industrial and commercial properties.

¹²Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 109.

Considering the four factors of Highest and Best Use, namely legally permissible, physically possible, financially feasible and maximally productive, the highest and best use of the subject site, as if vacant and available for development, as of the valuation date, is concluded to be for development with a commercial use as permitted by zoning.

Highest and Best Use as Improved

The highest and best use of a property, as improved, refers to the optimal use that could be made of the property considering all existing structures. The implication is that the existing improvements should be renovated or retained so long as they continue to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing improvements and redevelopment of the site.

The subject is improved with a 33,786 square foot light industrial building that was constructed in 1983. The building is roughly 11% finished office space, 22 drive-in doors and a wet sprinkler system. Overall, the building is considered to be in average condition. The subject property is zoned IAC, Interchange Activity Center. The only permitted uses of industrial nature in this zone are transit stations and public utilities facilities. Without a change in zoning to permit light industrial use, the subject property would have limited marketability to anyone other than another utility company. Additionally, the functional utility for the subject property is considered fair to average.

Considering the same four factors as in the “as vacant” scenario but applied to the subject as improved, the highest and best use as improved, is concluded to be for continued use as a public utility facility.

LAND VALUATION

There are six generally accepted methods to value land. These methods include sales comparison, allocation, extraction, subdivision development, land residual and ground rent capitalization. In this analysis, only the Sales Comparison Approach is developed.

The Sales Comparison Approach is defined as “the process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.”¹³

The Sales Comparison Approach is dependent upon a number of factors, including the availability of comparable sales data, the verification of the sales data, the degree of comparability and the extent of adjustment necessary for differences and the absence of non-typical conditions affecting the sale price.

The Sales Comparison Approach is by far the most reliable approach to land value when a sufficient number of reliable, comparable sales are available. The other methods of estimating land value are either less reliable than the Sales Comparison Approach or not developable.

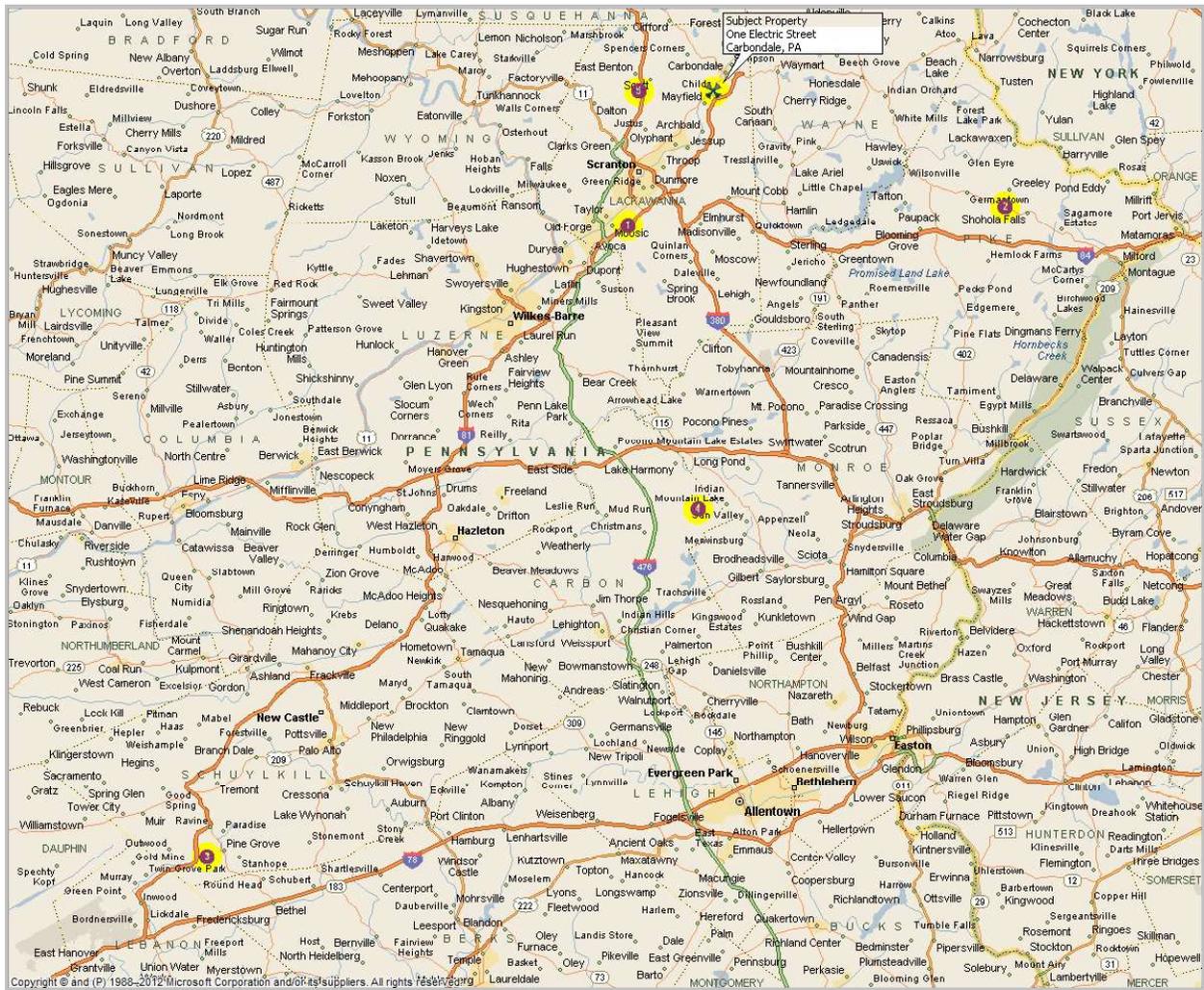
Several land sales have been analyzed and compared to the subject site as if it was vacant and available for development to its highest and best use. It should be noted that the unit of comparison used in this analysis is the price paid per acre for each property. The price per acre gives a reasonable indication of the market's development expectations of the subject site. Several land sales have been selected as being most comparable to the subject and are indicated on the map on the following page. A summary of the sales and detailed descriptions of each are presented following the map.

¹³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 207.

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Valuation



Comparable Land Sale 1

Vacant Land @ Stafford Avenue
NVC 00118

Location Data

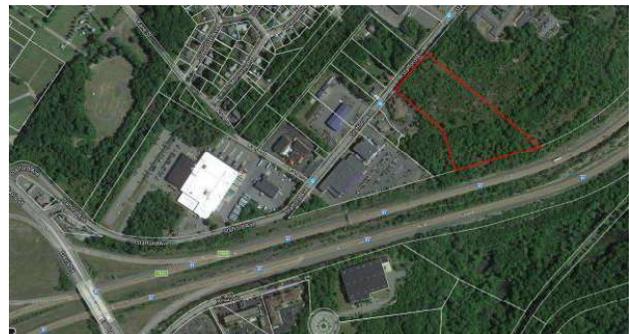
Location: 2599 Stafford Avenue
Municipality: City of Scranton
County: Lackawanna
State: PA
Tax Identification: 1770201000203

Physical Data

Property Type: Commercial Land
Land Area (acres): 7.88 acres
Land Area (sf): 343,079 square feet
Shape: Irregular
Zoning: General Commercial (C-G)
Topography: Generally level to sloping
Utilities: All public to site
Approvals: Unapproved
Site Improvements: None



Photo taken 1/13/2020 by Nathan V. Corrado



Tax map from listing

Sale Data

Sale Status:	Sold	Property Rights Conveyed:	Fee simple estate
Sale Date:	12/2019	Sale Price:	\$215,000
Marketing/Exposure:	Since at least 10/2017	Unit Rates:	\$27,298 per acre \$0.63 per sf
Deed Reference:	Not yet available	Prior Asking Price:	\$215,000
Grantor:	Health Care of Northeastern Pennsylvania Inc.	Financing:	Cash to seller
Grantee:	H&B Properties		
Confirmation Source:	Pat Sammon of Hinerfeld Commercial Real Estate and marketing material		

Comments

The real estate involved in this transaction is 7.876 acres of vacant land zoned General Commercial in the City of Scranton. The zoning allows for mostly commercial and industrial uses and the neighborhood is largely industrial in nature. The property is located within a mile of an access point to Interstate 81. The front 60% of the property is generally level and the back 40% slopes downward toward Interstate 81.

The property was sold at the same time, but separately, from the neighboring former MRI center. The grantee plans to develop a Mack Truck Sale and Service Garage on the property.

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Valuation

The C-G, General Commercial zoning district requires a minimum lot area of 5,000 square feet, a maximum building height of 50 feet, a maximum building coverage of 60% and a maximum impervious coverage of 95%.

Comparable Land Sale 2

Vacant Land @ PA-6 & PA-434
NVC 00101

Location Data

Location:	PA-6 & PA-434
Municipality:	Blooming Grove Township
County:	Pike
State:	PA
Tax Identification:	060.00-02-04.001

Physical Data

Property Type:	Commercial Land
Land Area (acres):	4.64 acres
Land Area (sf):	202,118 square feet
Shape:	Rectangular
Zoning:	C, Commercial
Topography:	Rolling
Utilities:	All public to site
Approvals:	Approvals contingent on buyer
Site Improvements:	None



Tax map

Sale Data

Sale Status:	Sold	Property Rights Conveyed:	Fee simple estate
Sale Date:	04/2019	Sale Price:	\$165,000
Marketing/Exposure:	Since 01/2018	Unit Rates:	\$35,560 per acre
Deed Reference:	201900002324		\$0.82 per sf
Grantor:	Robert Bittel	Prior Asking Price:	\$199,000
Grantee:	JLM Real Estate Investments, LLC	Financing:	Cash to seller

Confirmation Source: Eric Ehrhardt of Davis R. Chant Realtors, CoStar and deed

Comments

The real estate involved in this transaction is vacant land located at the southeastern corner of the Route 6 and Route 434 intersection in Pike County. The property was marketed as 8.90 acres, but buyer only wanted 4.94 of those acres, due to the remainder being wetlands. The seller subdivided and donated the wetlands to the local game commission prior to the sale. The buyer planned to construct a Dollar General on the property.

The C, Commercial zoning district of Blooming Grove Township requires a minimum lot area of two acres, a maximum building height of 35 feet and a maximum lot coverage of 70%.

Comparable Land Sale 3

Proposed Tractor Supply

NEM 00191

Location Data

Location: SS Suedberg Road (PA-443) at Sunnyside Dr.
Municipality: Pine Grove Township
County: Schuylkill
State: PA
Tax Identification: Part of 21-09-0086.001

Physical Data

Property Type: Commercial Land
Land Area (acres): 3.59 acres
Land Area (sf): 156,380 square feet
Shape: Rectangular
Zoning: See comments
Topography: Generally level to gently sloping
Utilities: See comments
Approvals: Approvals contingent on buyer
Site Improvements: None



Tax map



Aerial photo dated 3/10/2013 (Pictometry)

Sale Data

Sale Status:	Sold	Property Rights Conveyed:	Fee simple estate
Sale Date:	05/2016	Sale Price:	\$200,000
Marketing/Exposure:	Since at least 1/2014	Unit Rates:	\$55,710 per acre \$1.28 per sf
Deed Reference:	201600005877	Prior Asking Price:	\$262,500
Grantor:	See comments	Financing:	Cash to seller
Grantee:	TKC CXCII, LLC		

Confirmation Source: Craig Rahn of NAI/CIR and deed

Comments

The real estate involved in this transaction is a vacant site that contains 3.593 acres per the most recently recorded deed. At the time of listing, the property was part of a larger, 23.9 acre, industrially-zoned property being listed for sale at an asking price of \$525,000. The 3.5 acres had not been separately marketed for sale, but the buyer did not want the entire 23.9 acres.

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MVG 19178*

Valuation

The property went under contract sometime around July 2015, according to the listing agent. The grantee, which is a developer for Tractor Supply, intends to develop the site with a Tractor Supply store.

The property is located within 0.9 miles of an Interstate 81 interchange, and has approximately 590 feet of road frontage. The site was zoned Light Industrial (I-1) at the time of the listing. During the due diligence period, the grantee successfully obtained a zoning change from Light Industrial (I-1) to Mixed Commercial (C-1), at the grantee's expense. The deal was contingent upon the buyer obtaining final land development approval. There are no known environmental issues associated with the site. The site is mostly cleared. Public sewer is in the street; public water is nearby, but Tractor Supply planned to use a well for their water source, per the listing agent.

The deed lists the grantors in this sale as Fulton Bank, N.A., Successor in Interest to Fulton Financial Advisors, N.A., Trustee of the C. M. Freeman Trust C, Established Under the C. M. Freeman Restated Revocable Living Trust dated February 2, 2000, and Geraldine M. Freeman.

The C-1, Mixed Commercial zoning district in Pine Grove Township requires non-residential uses with public utilities to have a minimum lot size of 10,000 square feet, a maximum building height of 35 feet, a maximum building coverage of 35% and a maximum paved area of 45%.

Comparable Land Sale 4 (Current Listing)

2 Route 534
NVC 00123

Location Data

Location:	Route 534 and Meckesville Road
Municipality:	Penn Forest Township
County:	Carbon
State:	PA
Tax Identification:	11C-51A-2

Physical Data

Property Type:	Commercial Land
Land Area (acres):	8.24 acres
Land Area (sf):	358,934 square feet
Shape:	Rectangular
Zoning:	C1, Highway Commercial
Topography:	Generally level
Utilities:	None
Approvals:	Unapproved
Site Improvements:	None



Photo taken 1/13/2020 by Nathan V. Corrado



Tax map

Sale Data

Sale Status:	For sale	Property Rights Conveyed:	Fee simple estate
Sale Date:	Current listing	Sale Price:	\$200,000
Marketing/Exposure:	Since at least April 2015	Unit Rates:	\$24,272 per acre
Deed Reference:	Current listing		\$0.56 per sf
Grantor:	Michael and Helen Pozza	Prior Asking Price:	\$230,000
Grantee:	Current listing	Financing:	Assumed cash to seller

Confirmation Source: Lucille Richmond of Century 21 Select Group and CoStar

Comments

The real estate listed for sale is a parcel of commercial land in Carbon County. The listing broker noted that the 7.38 acres used for the listing is based on tax assessment records. Aerial measurements indicate a size of roughly 8.24 acres.

The C-1, Commercial Highway zoning district of Penn Forest Township requires a minimum lot size of two acres, a maximum building coverage of 40% and a maximum impervious coverage of 65%. Lots of more than three acres in Penn Forest Township have a maximum building height of 38 feet.

Comparable Land Sale 5 (Current Listing)

**Vacant Land @ PA-524 & Stone School Road
NVC 00098**

Location Data

Location:	PA-524 & Stone School Road
Municipality:	Scott Township
County:	Lackawanna
State:	PA
Tax Identification:	0600202000701

Physical Data

Property Type:	Commercial Land
Land Area (acres):	11.77 acres
Land Area (sf):	512,701 square feet
Shape:	Irregular
Zoning:	DD, Development District
Topography:	Rolling
Utilities:	None
Approvals:	Unapproved
Site Improvements:	None



Photo taken 1/13/2020 by Nathan V. Corrado



Aerial photo dated 9/30/2017 (Google Earth)

Sale Data

Sale Status:	For sale
Sale Date:	Current listing
Marketing/Exposure:	Since at least 8/2017
Deed Reference:	Current listing
Grantor:	Not disclosed

Property Rights Conveyed:	Fee simple estate
Sale Price:	\$124,900
Unit Rates:	\$10,612 per acre \$0.24 per sf
Prior Asking Price:	\$124,900, reduced from \$150,000

Grantee:	Current listing
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Financing:	Assumed cash to seller
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Confirmation Source: Steve Farrell of Classic Properties and CoStar

Comments

The real estate offered for sale is vacant land located in the Development District of Scott Township. Permitted uses are mostly commercial and residential in nature with conditional uses adding industrial and institutional uses. A creek runs through the property. As of January 2020, FEMA is working with Lackawanna County to update and publish flood maps for the county. According to the FEMA draft changes for flood zone in Lackawanna County, some floodplains are located on the property near the creek. No indication of the type of flood zone impacting the property is provided on the FEMA draft changes online interactive map.

Analysis of the Comparable Land Sales

The following is a relative comparison analysis and a ranking analysis for the valuation of the subject site via the Sales Comparison Approach. Relative comparison analysis is defined by the Appraisal Institute as “a qualitative technique for analyzing comparable sales; used to determine whether the characteristics of a comparable property are inferior, superior, or similar to those of the subject property.”¹⁴ The comparable land sales have been analyzed based on several elements of comparison. These elements of comparison are described below.

Elements of Comparison

In the upcoming table, each comparable land sale is compared to the subject based on several elements of comparison. These are the characteristics or attributes of properties and transactions that cause the land prices to vary. They include items such as market conditions, location, land size, etc. The following paragraphs explain the rationale behind each element of comparison.

Property Rights Conveyed - In most land valuations, the fee simple estate is valued. This category accounts for different property rights between the subject site and the comparable land sales.

Terms of Sale/Financing - This category accounts for atypical financing arrangements for comparable sales. The subject site is appraised in terms of cash in US dollars or in terms of financial arrangements comparable thereto. Sales involving favorable financing or non-cash consideration may be inferior or superior to the subject.

Conditions of Sale - This element of comparison considers factors that may have impacted the sale price due to motivations by the buyer or seller, or other transactional conditions that influence sale prices. For example, it is common for buyers of neighboring properties to pay a premium to control adjacent properties. In these cases, the prices may be superior to the subject. Listings regularly exhibit higher asking prices than their ultimately achieved prices. Therefore, listings will often be analyzed as superior to a subject property.

Market Conditions (Time) - This element of comparison accounts for changing market conditions from the date of each comparable sale to the effective date of this appraisal. For example, sales that occurred during a weaker market may be shown as some level of inferior to the effective date of this appraisal.

Location - This element of comparison is based on the relative strength of the surrounding land uses, accessibility to major activity centers and access ways,

¹⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 194.

strength of local economy and amount of competition. Stronger locations will be shown as superior and weaker locations as inferior.

Site Size - Size considerations are based on the concept of economies of scale, as larger sites often sell for lower unit prices with all other factors being equal. In addition, the buyer pool is somewhat reduced with larger sites and larger acquisition prices. Therefore, if the comparable sale is significantly larger than the subject site, it may be shown as inferior. Conversely, a significantly smaller comparable sale may be shown as superior to the subject.

Zoning - This element of comparison addresses differences in zoning districts. Note that while zoning districts may have similar names in different municipalities, the permitted uses and limitations in those zones may be very different.

Flood Zone - This element of comparison accounts for differences in flood zone status. A property predominantly in a flood zone will likely be inferior to a property that is not in a flood zone.

Topography/Physical Issues - This category is based on issues that may affect the site's utility, such as easements, topography, access, shape, etc.

Utilities - Occasionally, there are differences in the availability of public utilities between the subject and comparable sales. This category accounts for those differences. For example, if the subject is serviced by public water and sewer and the comparable sale has well water and septic, the comparable sale may be inferior to the subject.

Approvals - Land can sell raw, without any development approvals, contingent on the buyer procuring approvals, or approved by the seller. This category accounts for differences in value among these different stages of approval.

The following table(s) summarizes the relative comparison analysis. A ranking analysis will then follow.

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**One Electric Street - Childs, PA
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Valuation

Analysis of Comparable Land Sales 1 through 5						
	<u>Subject</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>	<u>Sale 4</u>	<u>Sale 5</u>
Address	One Electric Street	2599 Stafford Avenue	PA-6 & PA-434	PA-443 at Sunnyside Drive	2 PA-534	PA-524/Stone School Rd
Municipality	Carbondale Township	City of Scranton	Blooming Grove Twp	Pine Grove Township	Penn Forest Township	Scott Township
County	Lackawanna	Lackawanna	Pike	Schuylkill	Carbon	Lackawanna
State	Pennsylvania	Pennsylvania	Pennsylvania	Pennsylvania	Pennsylvania	Pennsylvania
Property Rights Conveyed	Fee simple estate	Fee simple estate	Fee simple estate	Fee simple estate	Fee simple estate	Fee simple estate
Terms of Sale/Financing		Cash to seller	Cash to seller	Cash to seller	Assumed cash to seller	Assumed cash to seller
Conditions of Sale		Arm's length	Arm's length	Arm's length	Current listing	Current listing
Sale Date		Dec-19	Apr-19	May-16	Current listing	Current listing
Sale Price		\$215,000	\$165,000	\$200,000	\$200,000	\$124,900
Land Area (acres)	13.38	7.88	4.64	3.59	8.24	11.77
Zoning	IAC, Interchange Activity Center	C-G, General Commercial	C, Commercial	I-1, Light Industrial	C1, Highway Commercial	DD, Development District
Topography	Level to rolling	Level to sloping	Rolling	Gently sloping	Generally level	Rolling
Flood Zone	None	None	None	None	None	Some present
Utilities	All public	All public to site	All public to site	All public nearby	None	None
Approvals	None	None	Contingent on buyer	Contingent on buyer	None	None
Sale Price per Acre		\$27,284	\$35,560	\$55,710	\$24,272	\$10,612
Property Rights Conveyed		Similar	Similar	Similar	Similar	Similar
Terms of Sale/Financing		Similar	Similar	Similar	Similar	Similar
Conditions of Sale		Similar	Similar	Similar	Superior	Superior
Market Conditions (time)		Similar	Similar	Similar	Similar	Similar
Location		Mildly superior	Mildly inferior	Similar	Inferior	Mildly inferior
Site Size		Mildly superior	Superior	Superior	Mildly superior	Similar
Zoning		Mildly superior	Similar	Mildly inferior	Similar	Similar
Flood Zone		Similar	Similar	Similar	Similar	Mildly inferior
Topography/Physical Issues		Similar	Mildly inferior	Mildly superior	Mildly superior	Inferior
Utilities		Similar	Similar	Similar	Inferior	Inferior
Approvals		Similar	Mildly superior	Mildly superior	Similar	Similar
Overall Rating		Superior	Mildly superior	Superior	Roughly similar	Highly inferior
Sale Price/Acre (rounded)		\$27,300	\$35,600	\$55,700	\$24,300	\$10,600

Ranking of the Comparable Land Sales

A ranking analysis is now performed. The Appraisal Institute defines ranking analysis as “a qualitative technique for analyzing comparable sales; a variant of relative comparison analysis in which comparable sales are ranked in descending or ascending order of desirability and each is analyzed to determine its position relative to the subject.”¹⁵ As shown in the following table, the comparable sales have been ranked from highest to lowest in terms of price per acre.

¹⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 185.

Ranking of Comparable Land Sales		
Sale	Sale Price per Acre	Overall Rating
3	\$55,700	Superior
2	\$35,600	Mildly superior
1	\$27,300	Superior
4	\$24,300	Roughly similar
5	\$10,600	Highly inferior

The comparable land sales indicate unit rates ranging between \$10,600 per acre and \$33,400 per acre. From the ranking analysis and discussion above, it is apparent that the appropriate unit rate for the subject property is roughly \$24,300 per acre. Therefore, applying this unit rate to the subject's site size of 13.38 acres yields a market value of \$325,134, rounded to \$325,000.

EXPOSURE TIME

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time is defined by USPAP as “an opinion, based on supporting market data, of the 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.”¹⁶ Exposure time is always presumed to occur prior to the effective date of the appraisal. It is a retrospective opinion based on an analysis of past events assuming a competitive and open market. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

Based on the information presented in the body of the report, a reasonable exposure time for the fee simple estate in the subject property would have been 12-24 months.

¹⁶ USPAP, 2020-2021 Edition, 4.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach allows the appraiser to reflect the actions of the typical investor-buyer being concerned with the property's income potential and future marketability. The present value of cash flows and future sale proceeds is quantified based on the timing, duration, stability and risk of these components of investment return. The investor trades present dollars for the right to receive future dollars in anticipation of making a profit. This is the Principle of Anticipation that is fundamental to this approach.

There are several methods of estimating value based on an Income Capitalization Approach. Two of the most common include direct capitalization and yield capitalization (also known as discounted cash-flow). Direct capitalization requires market-derived capitalization rates from similar properties and transactions and then applies them to the subject property's stabilized net operating income without explicit attention to "return on" and "return of" capital. Discounted cash flow is more complex and requires interpreting expectations and attitudes into formulas designed to convert several years' net income into a present value estimate.

The Income Capitalization Approach was considered but was not developed in this appraisal assignment, and its exclusion has been determined not to impact the credibility of the final result. Most properties of similar age, design and use in the subject's market are owner-occupied. It is rare that similar properties are leased. When leased, properties like the subject are leased short-term or for small sections of the greater facility. Additionally, few sales are known in the immediate market of similar properties that sold with leases in place from which a capitalization rate could be extracted. Since the subject property is not leased, and since it would most likely appeal more to an owner-occupant than an investor, the Income Capitalization Approach would have very limited to no applicability.

COST APPROACH

To estimate the value of the subject property by the Cost Approach, the value of the land, as if vacant and available for development to its highest and best use, must first be addressed. Then, the depreciated replacement cost of the subject improvements, including entrepreneurial incentive (if applicable), must be estimated. The summation of land value and depreciated replacement cost equates to the indicated market value.

As noted previously, the Cost Approach was considered but has not been developed in this appraisal assignment. *The Appraisal of Real Estate*, 14th ed., states that the Cost Approach...

... is important in estimating the market value of new or relatively new construction. The approach is especially persuasive when land value is well supported and the improvements are new or suffer only minor depreciation and, therefore, approximate the ideal improvement that is the highest and best use of the land as though vacant.¹⁷

The Appraisal of Real Estate, 14th ed., goes on to say...

When improvements are considerably older or do not represent the highest and best use of the land as though vacant, the physical deterioration, functional obsolescence, and external obsolescence may be more difficult to estimate.¹⁸

The Cost Approach was considered but has not been developed in this appraisal assignment. This approach is most useful when appraising new or nearly new properties. The effective age of the improvements results in significant depreciation, which is difficult to estimate and thus decreases the reliability of the value indication from the Cost Approach analysis. Finally, given the age of the property, a purchaser would be least interested in a Cost Approach analysis in determining an appropriate purchase price for the subject. Exclusion of the approach will not affect the credibility of the final result.

¹⁷ Appraisal Institute, *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), 566.

¹⁸ Appraisal Institute, *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), 567.

SALES COMPARISON APPROACH

The Sales Comparison Approach is defined as “the process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.”¹⁹

This approach is based on the Principle of Substitution, which states that “when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution.”²⁰ This is the primary principle upon which the cost and sales comparison approaches are based.

The Sales Comparison Approach is considered important to most appraisal problems since it indicates the price paid for interests in similar properties by knowledgeable buyers in the open market. This approach is most reliable when the property type under analysis is bought and sold regularly.

Applying this approach is a systematic procedure where similar sales are researched and analyzed through the most relevant elements of comparison.

Selection of Comparable Improved Sales

In most valuation situations, the problem to be solved is market value, or *value in exchange (transfer)*, not *value in use* or *use value*. The value in exchange concept is the basic underpinning of the definition of market value. According to USPAP, market value always presumes the transfer of a property as of a certain date, under specific conditions.²¹

In a Sales Comparison Approach, the best comparable sales are those that reflect the same property rights as are being appraised. When valuing a fee simple estate (either a vacant and unencumbered property or one that is owner-occupied), sales reflecting leased fee interests (properties encumbered by a lease or leases) may not be ideal for comparison, even those believed to be leased at market. According to an article in *The Appraisal Journal*, even if the lease is at market rent, the fee does not

¹⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 207.

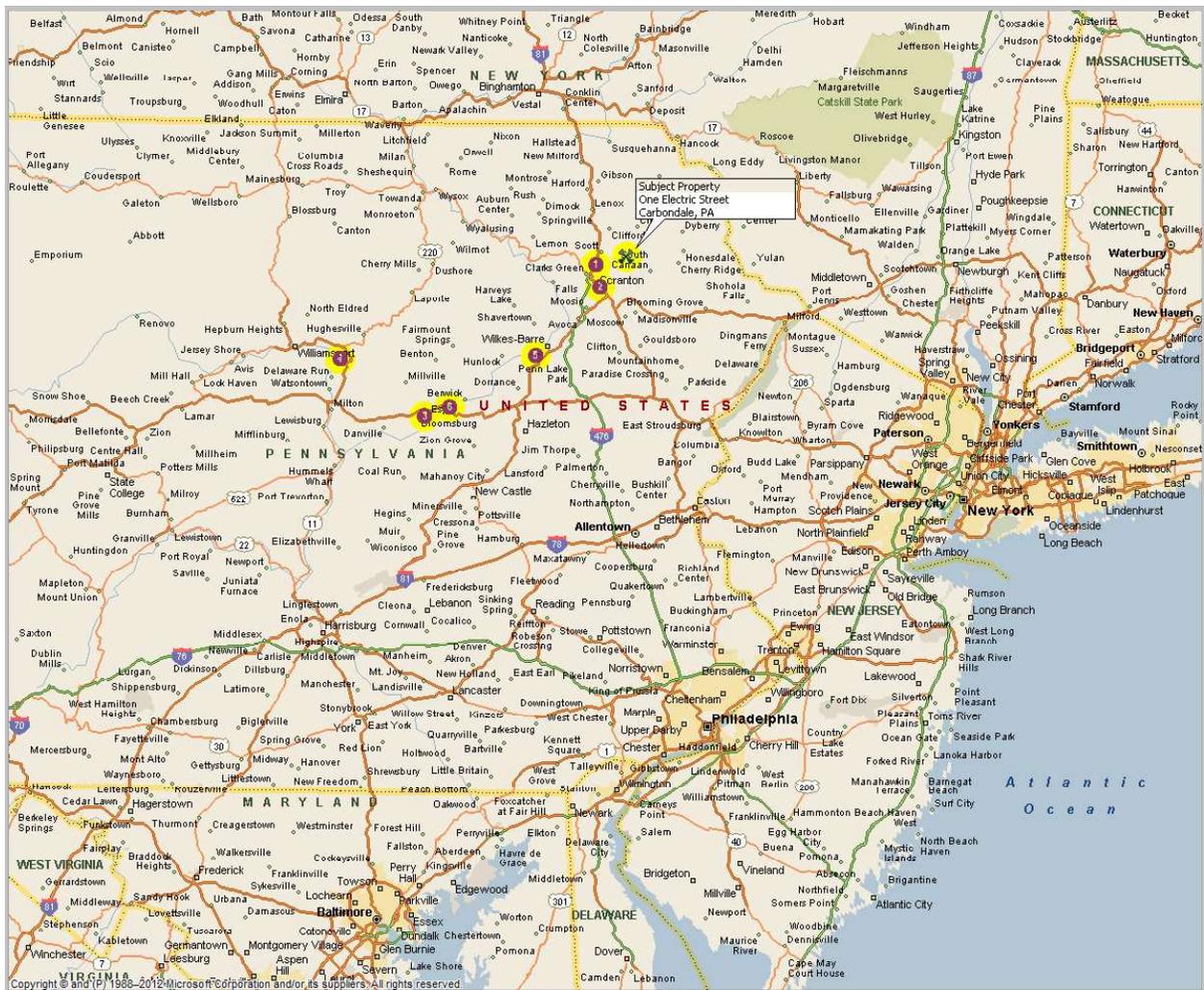
²⁰ Appraisal Institute, *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), 30.

²¹ USPAP, 2020-2021 Edition, 128.

necessarily equal the leased fee.²² Conversely, when appraising a leased fee interest, sales of properties that represent the transfer of fee simple estates may not be ideal for comparison.

Sales Applicable to the Subject Property

A search has been conducted in the subject’s immediate market and other nearby and comparable markets for sales of similar properties. Several sales have been determined to be the most comparable and confirmed to be arm’s length transactions. The sales have been analyzed based on sale price per square foot of building area since this is the unit of comparison on which market participants place the most weight. A map showing their locations relative to the subject is presented in the next exhibit, followed by detailed descriptions of the sales.



²² David C. Lennhoff, MAI, SRA, “You Can’t Get the Value Right If You Get the Rights Wrong,” *The Appraisal Journal* (Winter 2009): 61.

Comparable Improved Sale 1

942 Griffin Pond Road
NVC 00091

Location Data

Location:	942 Griffin Pond Road
Municipality:	South Abington Township
County:	Lackawanna
State:	PA
Tax Identification:	0810205000302

Physical Data

Property Type:	Industrial, Manufacturing
Construction Type:	Metal and masonry
Gross Building Area:	29,000 square feet
Office Percentage:	24.1 %
Ceiling Clearance:	16-24.5 feet
Sprinkler Coverage:	Wet
Grade Level Doors:	9
Dock Doors:	1
Loading Ratio:	0.34 doors/10,000 sf
No. of Stories:	Single-story
Year Built:	See comments
Property Condition:	Average
Occupancy at Sale:	Vacant
Land Area (acres):	22.90 acres
Zoning:	M-1, Manufacturing
Topography:	Generally level to gently sloping
Utilities:	All public to site
Parking:	Surface parking
Land-to-Building Ratio:	34.4:1



Photo taken 1/13/2020 by Nathan V. Corrado



Aerial photo dated 9/30/2017 (Google Earth)

Sale Data

Sale Status:	Sold	Sale Price:	\$865,000
Sale Date:	12/2018	Unit Rate:	\$29.83 per sf of GBA
Marketing/Exposure:	Since 10/2018	Prior Asking Price:	\$750,000
Deed Reference:	201820583	Financing:	Cash to seller
Grantor:	Flowserve US Inc.		
Grantee:	Summit Site Contractors, Inc.		
Property Rights Conveyed:	Fee simple estate		

Confirmation Source: Kim Jacobsen of JLL Commercial Real Estate, deed and marketing flyer

Comments

The real estate involved in this transaction is a roughly 25,000 square foot manufacturing building and a roughly 4,000 square foot auxiliary building. The property is located one mile from an access point for exit Interstate 81. The larger building has a wet sprinkler system, two interior cranes (5 and 15 tons), one dock door and eight drive-in doors. The main building is also fully-air conditioned and has 23 - 24.5 foot clear ceilings. The auxiliary building includes a 1,000 square foot, fully air conditioned office/lab space and one drive-in door. The ceiling heights in the auxiliary building are 16'.

ATTACHMENT A

*One Electric Street - Childs, PA
MVG 19178*

Valuation

The property was listed for sale in October 2018 at \$750,000 and immediately attracted multiple potential buyers, three of which submitted bids. The property ended up selling two months later for \$865,000.

The listing agent noted that the additional land was not marketed as developable because they were unsure of the environmental contamination status of that portion of the property. The listing agent noted that the two properties across the street had environmental contamination issues and that the grantor had Phase 1 and 2 studies completed on the building, but not the additional land.

A review of aerial pictometry shows that the main building was built at some point between 1978 and 1981. The auxiliary building was built between 1992 and 2005 and expanded between 2005 and 2008.

Comparable Improved Sale 2

3015 North Main Avenue
JBC 00009

Location Data

Location:	3015 North Main Avenue
Municipality:	City of Scranton
County:	Lackawanna
State:	PA
Tax Identification:	12403020003

Physical Data

Property Type:	Industrial, Light Industrial
Construction Type:	Masonry and steel
Gross Building Area:	35,262 square feet
Office Percentage:	10.7 %
Ceiling Clearance:	18 feet
Sprinkler Coverage:	None
Grade Level Doors:	8
Dock Doors:	3
Loading Ratio:	0.85 doors/10,000 sf
No. of Stories:	Single-story
Year Built:	1962
Property Condition:	Average
Occupancy at Sale:	Vacant
Land Area (acres):	3.94 acres
Zoning:	C-N, Neighborhood Commercial
Topography:	Generally level, two tiers
Utilities:	All public to site
Parking:	Surface parking
Land-to-Building Ratio:	4.9:1



Photo taken 7/8/2015 by Gary E. Heiland II, MAI



Undated aerial photo (Google Earth)

Sale Data

Sale Status:	Sold	Sale Price:	\$856,986
Sale Date:	06/2017	Unit Rate:	\$24.30 per sf of GBA
Marketing/Exposure:	At least since 12/15/2016	Prior Asking Price:	\$900,000
Deed Reference:	201710426	Financing:	Cash to seller
Grantor:	Bottling Group, LLC		
Grantee:	3015 N. Main LLC		
Property Rights Conveyed:	Fee simple estate		

Confirmation Source: Appraisal file, Dave Weaver of NAI Mertz, tax assessment records and deed

Comments

The real estate involved in this transaction is a light industrial property with a concrete slab on grade foundation. The building footprint measures 32,322 square feet and the second floor measures 2,940 square feet. A total of 3,770 square feet of finished office space is located within the building, with 2,940 square feet located on the first floor and 830 square feet of this space located on the second floor. Most of the roof is flat with a ballasted rubber covert that was replaced in 2012. Two small additions to the original building have sloping metal roofs. The entire building is heated by forced hot air rooftop units. Cooling is limited to the office

ATTACHMENT A

*One Electric Street - Childs, PA
MVG 19178*

Valuation

areas only. Main switchgear is rated 600 amps. Site improvements include paved parking, pylon signage, building-mounted lighting, security fencing and retaining walls. The property has frontage along North Main Avenue, Reese Street, Augusta Avenue (AKA Frank Avenue) and Marvine Avenue (very limited).

Comparable Improved Sale 3

1016 East 7th Street
JES 01515

Location Data

Location:	1016 E 7th Street
Municipality:	Town of Bloomsburg
County:	Columbia
State:	PA
Tax Identification:	05E-13-027-00-000

Physical Data

Property Type:	Industrial, Light Industrial
Construction Type:	Metal
Gross Building Area:	38,255 square feet
Office Percentage:	10.5 %
Ceiling Clearance:	20-24 feet
Sprinkler Coverage:	None
Grade Level Doors:	6
Dock Doors:	2
Loading Ratio:	0.52 doors/10,000 sf
No. of Stories:	Single-story
Year Built:	1986 and 1995
Property Condition:	Average
Occupancy at Sale:	Vacant
Land Area (acres):	3.00 acres
Zoning:	C-W, Commercial - Warehouse
Topography:	Generally level
Utilities:	All public to site
Parking:	Surface parking
Land-to-Building Ratio:	3.4:1



Photo taken 8/2/2017 by Julie E. Route, MAI



Undated aerial photo (Google Earth)

Sale Data

Sale Status:	Sold
Sale Date:	12/2016
Marketing/Exposure:	Not available
Deed Reference:	201700134
Grantor:	Joseph W. Graham, Elaine G. Graham, Ralph W. Gitz and Cynthia L. Gitz
Grantee:	JKLM Bloom Properties, LLC
Property Rights Conveyed:	Fee simple estate
Confirmation Source:	George F. Hayden (Buyer) and deed

Sale Price:	\$950,000
Unit Rate:	\$24.83 per sf of GBA
Prior Asking Price:	Direct deal
Financing:	Cash to seller

Comments

The real estate that is the subject of this transaction includes two separate buildings on one tax parcel. The square footage and other building specs included herein are for both buildings combined. The real estate was sold separately, but simultaneously, with the business interest that operated out of this facility. According to the buyer, the price herein for the real estate only was established by a third-party appraisal of the property. The real estate was not marketed for sale on the open market. The property partially sits in the 500-year floodplain, but the buildings do not appear to be affected.

Comparable Improved Sale 4

4 Girton Drive
JES 01372

Location Data

Location:	4 Girton Dr
Municipality:	Clinton Township
County:	Lycoming
State:	PA
Tax Identification:	07-392-104.A

Physical Data

Property Type:	Industrial, Light Industrial
Construction Type:	Masonry and metal
Gross Building Area:	51,400 square feet
Office Percentage:	15.0 %
Ceiling Clearance:	18 to 26 feet
Sprinkler Coverage:	None
Grade Level Doors:	36
Dock Doors:	0
Loading Ratio:	0.00 doors/10,000 sf
No. of Stories:	Single-story and part two-story
Year Built:	2010-2012
Property Condition:	Average to good
Occupancy at Sale:	Vacant
Land Area (acres):	23.86 acres
Zoning:	I-1
Topography:	Generally level
Utilities:	All public to site
Parking:	Surface parking
Land-to-Building Ratio:	20.2:1



Photo taken 9/5/2016 by Julie E. Route, MAI



Undated aerial photo from marketing brochure

Sale Data

Sale Status:	Sold - Auction
Sale Date:	07/2016
Marketing/Exposure:	Not available
Deed Reference:	8992/301
Grantor:	Halliburton Energy Services, Inc.
Grantee:	4 Girton Dr., LP.
Property Rights Conveyed:	Fee simple estate

Sale Price:	\$2,100,000
Unit Rate:	\$40.86 per sf of GBA
Prior Asking Price:	See comments
Financing:	Cash to seller

Confirmation Source: Brent Fish of Fish Commercial Real Estate and deed

Comments

The real estate involved in this transaction is the former Halliburton facility. The property is 23.86 acres with four detached buildings on the site. There are various overhead cranes that were included in the purchase price. One building has a pit in the floor for testing. There is a two-story section in one building that is office space and two stall truck wash bays.

ATTACHMENT A

One Electric Street - Childs, PA
MVG 19178

Valuation

The property was sold at auction on June 28, 2016 with the property to sell to the highest bidder above \$1,000,000. There is also a minimum auction service fee of \$3,000, or a buyer's premium of 5% that is added to the high bid and included in the total purchase price. The winning bid was \$2,000,000 for a total purchase price of \$2,100,000, including the buyer's premium.

Comparable Improved Sale 5

85 Young Street
JBC 00008

Location Data

Location:	85 Young Street
Municipality:	Hanover Township
County:	Luzerne
State:	PA
Tax Identification:	25-J9S1-001-01A-000

Physical Data

Property Type:	Industrial, Light Industrial
Construction Type:	Steel and masonry
Gross Building Area:	30,600 square feet
Office Percentage:	0.0 %
Ceiling Clearance:	16 feet
Sprinkler Coverage:	100% wet
Grade Level Doors:	1
Dock Doors:	2
Loading Ratio:	0.65 doors/10,000 sf
No. of Stories:	Single story
Year Built:	1970s
Property Condition:	Fair
Occupancy at Sale:	Vacant
Land Area (acres):	4.68 acres
Zoning:	I-1, General Industrial
Topography:	Generally level
Utilities:	All public to site
Parking:	Surface parking
Land-to-Building Ratio:	6.7:1



Photo taken 1/11/2017 by Jenise B. Cox



Aerial photo dated 5/30/2007 (Google Earth)

Sale Data

Sale Status:	Sold	Sale Price:	\$750,000
Sale Date:	01/2016	Unit Rate:	\$24.51 per sf of GBA
Marketing/Exposure:	248 days	Prior Asking Price:	\$1,150,000
Deed Reference:	Book 3016, Page 14658	Financing:	Cash to seller
Grantor:	Wilkes-Barre Carrier Annex LLC		
Grantee:	Luzerne County		
Property Rights Conveyed:	Fee simple estate		

Confirmation Source: Stephen Barrouk of City Brokers and deed

Comments

The property that is the subject of this transaction was a former US Postal Service facility. The property had a mold issue and the interior was stripped to remove the mold. Some wiring was removed from the building during the time it was vacant. The property was sold in this condition as is. The entire building was heated and cooled. The property included 50 onsite paved parking spaces. The property was purchased by the county for the purposes of records storage and for a coroner's office.

Comparable Improved Sale 6

20 Industrial Drive
LFM 10311

Location Data

Location:	20 Industrial Drive
Municipality:	South Centre Township
County:	Columbia
State:	PA
Tax Identification:	12-05B01000 and 12-05B00305

Physical Data

Property Type:	Industrial, Manufacturing
Construction Type:	Metal and masonry
Gross Building Area:	28,162 square feet
Office Percentage:	20.2 %
Ceiling Clearance:	13 to 17 feet
Sprinkler Coverage:	None
Grade Level Doors:	8
Dock Doors:	1
Loading Ratio:	0.36 doors/10,000 sf
No. of Stories:	Single-story
Year Built:	1988
Property Condition:	Average
Occupancy at Sale:	Vacant
Land Area (acres):	6.60 acres
Zoning:	ID, Industrial Development
Topography:	Generally level
Utilities:	All public to site
Parking:	Adequate
Land-to-Building Ratio:	10.2:1



Photo taken 5/21/2015 by Lawrence B. O'Brien



Aerial photo dated 4/21/2013 (Pictometry)

Sale Data

Sale Status:	Sold
Sale Date:	12/2015
Marketing/Exposure:	Since at least 3/2014
Deed Reference:	201510085
Grantor:	JAD Associates, LLC
Grantee:	C.H. Waltz Sons, Inc.
Property Rights Conveyed:	Fee simple estate

Sale Price:	\$750,000
Unit Rate:	\$26.63 per sf of GBA
Prior Asking Price:	\$800,000
Financing:	Cash to seller

Confirmation Source: Jason Turnbull of Rock Commercial Real Estate, CoStar and deed

Comments

The real estate involved in this transaction is an industrial property with nearby access to Route 11 and Interstate 80. The property includes two parcels of land and is not located in a flood zone. The office area has a rubber roof, is air-conditioned and has multiple private offices, a conference area and a break room. The industrial area has a standing seam metal roof, three-phase power (480V, 800A), 20' x 50' column spacing and updated T-5 lighting. The property is adjacent to an active rail line, but is not rail-served. The loading dock noted above is an interior dock.

Analysis of the Comparable Improved Sales

The following is a relative comparison analysis and a ranking analysis for the valuation of the subject property via the Sales Comparison Approach. Relative comparison analysis is defined by the Appraisal Institute as “a qualitative technique for analyzing comparable sales; used to determine whether the characteristics of a comparable property are inferior, superior, or similar to those of the subject property.”²³ The comparable sales have been analyzed based on several elements of comparison. These elements of comparison are described below.

Elements of Comparison

In the upcoming table, each comparable improved sale is compared to the subject based on several elements of comparison. These are the characteristics or attributes of properties and transactions that cause prices to vary. They include items such as market conditions, location, age/condition, functional utility, etc. The following paragraphs explain the rationale behind each element of comparison.

Property Rights Conveyed - This category accounts for different property rights between the subject and the comparable sales.

Terms of Sale/Financing - This category accounts for atypical financing arrangements for comparable sales. The subject site is appraised in terms of cash in US dollars or in terms of financial arrangements comparable thereto. Sales involving favorable financing or non-cash consideration may be inferior or superior to the subject.

Conditions of Sale - This element of comparison considers factors that may have impacted the sale price due to motivations by the buyer or seller, or other transactional conditions that influence sale prices. For example, it is common for buyers of neighboring properties to pay a premium to control adjacent properties. In these cases, the prices may be superior to the subject. Additionally, in 1031 exchanges, replacement properties may be superior to non-1031 transactions due to the tax benefits that are enjoyed by the buyer. Additionally, buyers in a 1031 exchange typically have a limited time to identify replacement properties, and further limited time to settle on replacement properties. This may reduce their negotiating power in a particular transaction. For these reasons, 1031 replacement properties are often analyzed as superior to a subject property. As another example, listings regularly exhibit higher asking prices than their ultimately achieved sale prices. Therefore, listings will often be analyzed as superior to a subject property.

Market Conditions (Time) - This element of comparison accounts for changing market conditions from the date of each comparable sale to the effective date of this

²³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 194.

appraisal. For example, sales that occurred during a weaker market may be shown as some level of inferior to the effective date of this appraisal.

Location - This element of comparison is based on the relative strength of the surrounding land uses, accessibility to major activity centers and access ways, strength of local economy and amount of competition. Stronger locations will be shown as superior and weaker locations as inferior.

Age/Condition - This category accounts for differences between the comparable sales and the subject in terms of chronological age and overall property condition. For example, a newer, better maintained comparable sale may be shown as superior to the subject. One of older age, or showing deferred maintenance that is not present at the subject, may be shown as inferior.

Building Size - Building size considerations are based on the concept of economies of scale, as larger buildings often sell for lower unit prices with all other factors being equal. Therefore, if the comparable sale is significantly larger than the subject, it may be shown as inferior. Conversely, a significantly smaller comparable sale may be shown as superior to the subject.

Utilities - Occasionally, there are differences in the availability of public utilities between the subject and comparable sales. This category accounts for those differences. For example, if the subject is serviced by public water and sewer and the comparable sale has well water and septic, the comparable sale may be inferior to the subject.

Zoning - This element of comparison addresses differences in zoning districts. Note that while zoning districts may have similar names in different municipalities, the permitted uses and limitations in those zones may be very different.

Functional Utility - This element of comparison accounts for the usability of the property for its highest and best use. Functional utility encompasses several areas of design characteristics such as ceiling clearance, office finish percentage, building configuration, sprinklers, HVAC, loading capabilities and overall layout.

Land-to-Building Ratio - This element of comparison addresses differences in land-to-building ratios. Properties with higher land-to-building ratios may be superior as they may have expansion potential. Properties with lower land-to-building ratios may be inferior.

The following table(s) summarizes the relative comparison analysis. A ranking analysis will then follow.

ATTACHMENT A

**One Electric Street - Childs, PA
MVG 19178**

Valuation

Analysis of Comparable Sales 1 through 3				
	<u>Subject</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>
Address	One Electric Street	942 Griffin Pond Road	3015 North Main Avenue	1016 East 7th Street
Municipality	Carbondale Township	South Abington Township	City of Scranton	Town of Bloomsburg
County	Lackawanna	Lackawanna	Lackawanna	Columbia
State	Pennsylvania	Pennsylvania	Pennsylvania	Pennsylvania
Property Rights Conveyed	Fee simple estate	Fee simple estate	Fee simple estate	Fee simple estate
Terms of Sale/Financing		Cash to seller	Cash to seller	Cash to seller
Conditions of Sale		Arm's length	Arm's length	Arm's length
Sale Date		Dec-18	Jun-17	Dec-16
Sale Price		\$865,000	\$856,986	\$950,000
Building Size (GBA square feet)	33,786	29,000	35,262	38,255
Occupancy at Sale	Vacant	Vacant	Vacant	Vacant
Building Age	1983	Approx. 1980	1962	1986 and 1995
Ceiling Clearance (feet)	12-16	16-24.5	18	20-24
Office Percentage	11.0%	24.1%	10.7%	10.5%
Sprinkler System	100% wet	86% wet	None	None
Number of Grade Level Doors	22	9	8	6
Number of Dock Doors	0	1	3	2
Zoning	IAC, Interchange Activity Center	M-1, Manufacturing	C-N, Neighborhood Commercial	C-W, Commercial - Warehouse
Building Condition	Average	Average	Average	Average
Utilities	All public	All public	All public	All public
Land Area (acres)	13.38	22.90	3.94	3.00
Land-to-building Ratio	17.3:1	34.4:1	4.9:1	3.4:1
Sale Price Per Square Foot of GBA		\$29.83	\$24.30	\$24.83
Property Rights Conveyed		Similar	Similar	Similar
Terms of Sale/Financing		Similar	Similar	Similar
Conditions of Sale		Similar	Similar	Similar
Market Conditions (time)		Similar	Similar	Similar
Location		Similar	Mildly superior	Similar
Age/Condition		Similar	Mildly inferior	Similar
Building Size		Similar	Similar	Similar
Utilities		Similar	Similar	Similar
Zoning		Superior	Superior	Superior
Functional Utility		Superior	Similar	Mildly superior
Land-to-building Ratio		Mildly superior	Highly inferior	Highly inferior
Overall Rating		Highly superior	Inferior	Mildly inferior
Sale Price/sf (rounded)		\$29.80	\$24.30	\$24.80

ATTACHMENT A

**One Electric Street - Childs, PA
MVG 19178**

Valuation

Analysis of Comparable Sales 4 through 6				
	<u>Subject</u>	<u>Sale 4</u>	<u>Sale 5</u>	<u>Sale 6</u>
Address	One Electric Street	4 Girton Avenue	85 Young Street	20 Industrial Drive
Municipality	Carbondale Township	Clinton Township	Hanover Township	South Centre Township
County	Lackawanna	Lycoming	Luzerne	Columbia
State	Pennsylvania	Pennsylvania	Pennsylvania	Pennsylvania
Property Rights Conveyed	Fee simple estate	Fee simple estate	Fee simple estate	Fee simple estate
Terms of Sale/Financing		Cash to seller	Cash to seller	Cash to seller
Conditions of Sale		Auction sale	Arm's length	Arm's length
Sale Date		Jul-16	Jan-16	Dec-15
Sale Price		\$2,100,000	\$750,000	\$750,000
Building Size (GBA square feet)	33,786	51,400	30,600	28,162
Occupancy at Sale	Vacant	Vacant	Vacant	Vacant
Building Age	1983	2010-2012	1970s	1988
Ceiling Clearance (feet)	12-16	18-26	16	13-17
Office Percentage	11.0%	15.0%	0.0%	20.2%
Sprinkler System	100% wet	None	100% wet	None
Number of Grade Level Doors	22	36	1	8
Number of Dock Doors	0	0	2	1
Zoning	IAC, Interchange Activity Center	Industrial	I-1, General Industrial	ID, Industrial Development
Building Condition	Average	Average-to-good	Fair	Average
Utilities	All public	All public	All public	All public
Land Area (acres)	13.38	23.86	4.68	6.60
Land-to-building Ratio	17.3:1	20.2:1	6.7:1	10.2:1
Sale Price Per Square Foot of GBA		\$40.86	\$24.51	\$26.63
Property Rights Conveyed		Similar	Similar	Similar
Terms of Sale/Financing		Similar	Similar	Similar
Conditions of Sale		Inferior	Similar	Similar
Market Conditions (time)		Similar	Mildly inferior	Mildly inferior
Location		Mildly superior	Mildly superior	Mildly superior
Age/Condition		Superior	Inferior	Similar
Building Size		Similar	Similar	Similar
Utilities		Similar	Similar	Similar
Zoning		Superior	Superior	Superior
Functional Utility		Superior	Mildly inferior	Mildly superior
Land-to-building Ratio		Similar	Inferior	Mildly inferior
Overall Rating		Highly superior	Inferior	Superior
Sale Price/sf (rounded)		\$40.90	\$24.50	\$26.60

Ranking of the Comparable Sales

A ranking analysis is now performed. The Appraisal Institute defines ranking analysis as “a qualitative technique for analyzing comparable sales; a variant of relative comparison analysis in which comparable sales are ranked in descending or ascending order of desirability and each is analyzed to determine its position relative to the subject.”²⁴ As shown in the following table, the comparable sales have been ranked from highest to lowest in terms of price per square foot.

Ranking of Comparable Improved Sales		
Sale	Sale Price per sf	Overall Rating
4	\$40.90	Highly superior
1	\$29.80	Highly superior
6	\$26.60	Superior
3	\$24.80	Mildly inferior
5	\$24.50	Inferior
2	\$24.30	Inferior

The comparable sales indicate unit rates ranging between \$24.30 per square foot and \$40.90 per square foot. From the ranking analysis and discussion above, it is apparent that the appropriate unit rate for the subject property is between \$24.80 per square foot and \$26.60 per square foot, but closer to the lower end of the range. A unit rate of \$25.30 per square foot is concluded. Applying this unit rate to the subject's GBA of 33,786 square feet yields a market value of \$854,786, rounded to \$850,000.

Conclusion to the Sales Comparison Approach

The Sales Comparison Approach indicates that the market value of the fee simple estate in the subject property, as of January 9, 2020, is \$850,000.

EXPOSURE TIME

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time is defined by USPAP as “an opinion, based on supporting market data, of the 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.”²⁵ Exposure time is always presumed to occur prior to the effective date of the appraisal. It is a retrospective

²⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Edition (Chicago: Appraisal Institute, 2015), 185.

²⁵ USPAP, 2020-2021 Edition, 4.

ATTACHMENT A

*One Electric Street - Childs, PA
MVG 19178*

Valuation

opinion based on an analysis of past events assuming a competitive and open market. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

Based on the information presented in the body of the report, a reasonable exposure time for the fee simple estate in the subject property would have been twelve months.

CERTIFICATION

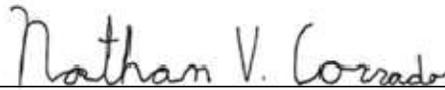
We, Gary E. Heiland II, MAI, AI-GRS and Nathan V. Corrado, to the best of our knowledge and belief, do hereby certify that:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results; furthermore, this assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- Our 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 the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 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 Practice of the Appraisal Institute.
- Our reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
- We have performed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Gary E. Heiland II, MAI, AI-GRS and Nathan V. Corrado have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, Gary E. Heiland II, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Nathan V. Corrado has not completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



Gary E. Heiland II, MAI, AI-GRS
Principal

Pennsylvania Certified General
Real Estate Appraiser
Certification Number GA001676R



Nathan V. Corrado
Associate

Pennsylvania Licensed Appraiser Trainee
License Number LAT001033

ADDENDUM

ATTACHMENT A

GARY E. HEILAND II, MAI, AI-GRS APPRAISER QUALIFICATIONS

Current Position

Principal and co-founder of Mid-Atlantic Valuation Group, Inc.; York and Wayne, Pennsylvania

Work Experience

July 2006 to Present - Principal

Mid-Atlantic Valuation Group, Inc.; York and Wayne, Pennsylvania

February 1999 to June 2006 - President

Mid-Atlantic Appraisals; York, Pennsylvania

May 1996 to February 1999 - Associate Appraiser

Weinstein Realty Advisors; York, Pennsylvania

January 1995 to May 1996 - Associate Appraiser

Ratcliffe, Cali, Duffy, Hughes (RCDH) & Company; Philadelphia, Pennsylvania

Appraisal Certificates and Licenses

Certified General Appraiser, Commonwealth of Pennsylvania #GA001676R

Certified General Real Estate Appraiser, State of Maryland #11203

Certified General Real Property Appraiser, State of Delaware #X1-0000334 (Inactive)

General Appraiser, District of Columbia #GA11461 (Inactive)

Certified General Real Estate Appraiser, State of Ohio #2008000464 (Inactive)

Certified General Real Estate Appraiser, State of New Jersey #42RG00147300 (Inactive)

Certified General Real Estate Appraiser, State of Virginia #4001 013793 (Inactive)

Education

Bachelor of Science in Business Administration - 1994

Shippensburg University, Shippensburg, Pennsylvania

Major: Real Estate

Appraisal Institute Courses and Exams Successfully Completed

Appraisal Principles - Course 110

Appraisal Procedures - Course 120

Basic Income Capitalization - Course 310

General Applications - Course 320

Standards of Professional Practice (USPAP), Part A - Course 410

Standards of Professional Practice, Part B - Course 420

Standards of Professional Practice, Part C - Course 430

Advanced Income Capitalization - Course 510

Highest & Best Use and Market Analysis - Course 520

Advanced Sales Comparison and Cost Approaches - Course 530

Report Writing and Valuation Analysis - Course 540

Advanced Applications - Course 550

General Comprehensive Exam

Standards of Professional Practice (USPAP) Update

The Appraiser as an Expert Witness: Preparation and Testimony

Other Courses and Seminars Completed

USPAP Update - McKissock Data Systems

Pennsylvania Law - McKissock Data Systems

USPAP and Pennsylvania Law Updates - Central Pennsylvania Chapter of the Appraisal Institute

ATTACHMENT A

GARY HEILAND II, MAI, AI-GRS

APPRAISER QUALIFICATIONS, CONTINUED

Pennsylvania Assessment Laws and Procedures - Philadelphia Metropolitan Chapter of the Appraisal Institute
Pennsylvania Assessment Laws and Procedures - Central Pennsylvania Chapter of the Appraisal Institute
General Demonstration Report Writing Seminar - Appraisal Institute
Comprehensive Appraisal Workshop - Ted Whitmer, MAI
Rates and Ratios: Making Sense of GIMs, OARs and DCF - Ken Lusht, MAI; Central Pennsylvania Chapter of the Appraisal Institute
Hotel Appraisal Issues on the East Coast - John W. O'Neill, MAI; Central Pennsylvania Chapter of the Appraisal Institute
Evaluating Commercial Construction - James C. Canestaro, AIA, AICP; Pittsburgh Metropolitan Chapter of the Appraisal Institute
Appraisal Independence, What Appraisers and Bankers Need to Know to Comply with New Regulatory Guidelines and Procedures - Telephone Briefing; American Bankers Association and Appraisal Institute
United States Real Estate Landscape - Peter Korpacz, MAI; Central Pennsylvania Chapter of the Appraisal Institute
New From Old: Common Architectural Styles in South Central Pennsylvania - Bob Heiserman; Central Pennsylvania Chapter of the Appraisal Institute
Evaluating Residential Construction - James C. Canestaro, AIA, AICP; Central Pennsylvania Chapter of the Appraisal Institute
Review of Pennsylvania Appraisers Certification Act - Appraisal Institute
Appraisal Institute Experience Training Seminar - Appraisal Institute, Baltimore, MD
What Clients Would Like Their Appraisers to Know - Central Pennsylvania Chapter of the Appraisal Institute
Introduction to Eminent Domain - Central Pennsylvania Chapter of the Appraisal Institute
Uniform Standards for Federal Land Acquisitions - Maryland Chapter of the Appraisal Institute
Fair Housing Training - The Virginia Fair Housing Office
Condemnation Appraising: Basic Principles and Applications - Central Pennsylvania Chapter of the Appraisal Institute
Appraisal Challenges: Declining Markets and Sales Concessions - Central Pennsylvania Chapter of the Appraisal Institute
Commercial Appraisal Engagement and Review - Central Pennsylvania Chapter of the Appraisal Institute
Hotel Appraising, New Techniques for Today's Uncertain Times - Steve Rushmore, MAI, FRICS, CHA; Central Pennsylvania Chapter of the Appraisal Institute

Testimony

Board of Assessment Appeals (Pennsylvania)
Counties of Adams, Allegheny, Beaver, Bedford, Berks, Blair, Bradford, Bucks, Butler, Cambria, Carbon, Centre, Chester, Clearfield, Clinton, Columbia, Crawford, Cumberland, Dauphin, Delaware, Elk, Erie, Fayette, Franklin, Huntingdon, Lackawanna, Lancaster, Lawrence, Lebanon, Lehigh, Luzerne, Lycoming, McKean, Mercer, Monroe, Montgomery, Northampton, Northumberland, Schuylkill, Snyder, Tioga, Washington, Wayne, Westmoreland, Wyoming and York

Condemnation Boards of View (Pennsylvania)
Lancaster County and York County

ATTACHMENT A

GARY HEILAND II, MAI, AI-GRS

APPRAISER QUALIFICATIONS, CONTINUED

Pennsylvania Court of Common Pleas
Allegheny County, Berks County, Clearfield County, Dauphin County, Lancaster County,
Lebanon County, Schuylkill County, Snyder County and York County

United States Bankruptcy Court
Middle District of Pennsylvania

Seminars Presented

- “Real Estate Tax Assessment Seminar;” Gary E. Heiland II, MAI and Helen L. Gemmill, Esquire;
Harrisburg, Pennsylvania
- “Real Estate Tax Assessment Appeals - What You Need to Know;” Gary E. Heiland II, MAI and
Randy L. Varner, Esquire; For the Dauphin County Bar Association Lunch and Learn Series,
Harrisburg, Pennsylvania
- “Assessment Law and Procedure” - Appraisal segment, PBI, Pittsburgh and Mechanicsburg,
Pennsylvania

Published Articles

- “Property Rights Brought to Light: Principles and Misconceptions,” *The Appraisal Journal*
(Summer 2019): 190.
- “Big Box Retail Properties: Pitfalls of Valuation;” Martin A. Skolnik, MAI and Gary E. Heiland II;
International Association of Assessing Officers (IAAO) 1998 Conference Proceedings,
Pages 360-372.

Committees and Appointments

- President, Central Pennsylvania Chapter of the Appraisal Institute, 2009
- Second Vice President of the Central Pennsylvania Chapter of the Appraisal Institute, 2008
- Secretary, Board of Directors, Central Pennsylvania Chapter of the Appraisal Institute, 2004
- Associate Guidance Chair - General, Central Pennsylvania Chapter of the Appraisal Institute,
2004-2008
- Education Committee Member, Central Pennsylvania Chapter of the Appraisal Institute, 2004
- Candidate Advisory Committee Member, Central Pennsylvania Chapter of the Appraisal
Institute, 2013
- Director, Board of Directors, Central Pennsylvania Chapter of the Appraisal Institute,
2002, 2003, 2007, 2012, 2013
- National Screener and Experience Review Panel Member for the Appraisal Institute, 2006-2009
- Monarch Ridge Architectural Review Committee, 2009-2010

Professional Designations

- MAI Membership Designation of the Appraisal Institute (received 2004)
- AI-GRS Membership Designation of the Appraisal Institute (received 2015)

ATTACHMENT A

NATHAN V. CORRADO QUALIFICATIONS

Current Position

Associate - Mid-Atlantic Valuation Group, Inc.; York and Wayne, Pennsylvania

Appraisal Certificates and Licenses

Licensed Appraiser Trainee, Commonwealth of Pennsylvania #LAT001033

Education

Bachelor of Science in Real Estate and Urban Economic Studies - 2018
University of Connecticut, Storrs, Connecticut

Appraisal Institute Courses and Exams Successfully Completed

Appraisal Institute - Basic Appraisal Principles - July 2019
Appraisal Institute - Basic Appraisal Procedures - July 2019
Appraisal Institute - National USPAP Course - July 2019
Appraisal Institute - Supervisory Appraiser/Trainee Appraiser Course - July 2019

ATTACHMENT A

PENNSYLVANIA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
REQUIRED CHECKLIST FOR LICENSED APPRAISAL TRAINEE

THE BOARD REQUIRES THIS CHECKLIST BE USED WHEN A LICENSED APPRAISAL TRAINEE IS UTILIZED IN THE PERFORMANCE OF AN APPRAISAL. THIS CHECKLIST MUST BE SIGNED BY THE CERTIFIED APPRAISER AND MADE PART OF THE APPRAISAL REPORT THAT IS SUBMITTED TO THE CLIENT AND RETAINED IN THE APPRAISAL WORKFILE.

BY COMPLETING THIS CHECKLIST AND MAKING IT PART OF THE APPRAISAL REPORT SUBMITTED TO THE CLIENT, THE TRAINEE AND SUPERVISORY APPRAISER HAVE MET APPLICABLE USPAP REQUIREMENTS FOR ACKNOWLEDGMENT AND DISCLOSURE OF SIGNIFICANT REAL PROPERTY APPRAISAL ASSISTANCE.

THE BOARD CANNOT GRANT EXPERIENCE HOURS FOR APPRAISAL ASSIGNMENTS IN WHICH THE LICENSED APPRAISAL TRAINEE IS NOT PROPERLY ACKNOWLEDGED IN THE REPORT.

SUBJECT PROPERTY ADDRESS: One Electric Street, Childs, PA

The licensed appraisal trainee to the certified real estate appraiser has contributed significant real property appraisal assistance in this appraisal assignment. Specifically, the licensed appraisal trainee:

- | Yes | No | N/A | |
|-------------------------------------|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in the preparation of the workfile with all forms and general information for the appraisal. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in determining the scope of work of the appraisal. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in gathering and entering data as follows: tax assessment information and map, flood hazard information and map, zoning information and map, location map and similar information. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Inspected the subject property.
If yes, accompanied by supervisor? <u>YES</u> (yes/no)
Type of inspection (check one): <input checked="" type="checkbox"/> interior <input type="checkbox"/> exterior |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in analyzing the highest and best use of the subject property. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in gathering information for comparable land sales data, verified and analyzed the comparable land sales data. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Assisted in gathering data for the cost approach, including estimates of cost new and accrued depreciation. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Assisted in data and analysis for the income approach, including estimates of market rent, vacancy/expense analysis, and development of GRM or capitalization rate. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in gathering and verifying comparable sales data, and analysis of the comparable sales. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in the exterior inspection of the sales, rentals, land and/or other comparables. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Assisted in sketch drawing. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in entering subject and comparable data on the form and in the comment areas. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in reconciliation and final opinion of value for the subject property. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Assisted in the final review of this report. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other _____ |

SIGNATURE OF THE APPRAISAL TRAINEE Nathan V. Corrado

PRINT/TYPER NAME: Nathan Corrado

The supervising certified real estate appraiser certifies that the named individual did assist with the items checked above, and also certifies that he/she reviewed all work done by the trainee. The supervising appraiser further certifies that the person signing this report as trainee understands the concepts and processes associated with the appraisal process.

SIGNATURE OF SUPERVISING CERTIFIED REAL ESTATE APPRAISER:

[Signature]
PA Certified General
Real Estate Appraiser
GA001676R

ATTACHMENT B

ATTACHMENT B

company_name	utility_account	asset_location	long_description	depr_group	vintage	accum_quantity	orig_cost	res_allo_factor	orig_cost_dep_recited	orig_cost	present_day_cost	present_day_cost	present_day_cost
20401 Electric Utilities	390.4 - Air Conditioning Equipment	9493: CARBONDALE AREA SERVICE CENTER	CAB SC Telecom Room HVAC	390.4 - Air Cond Equip - EU	2014	0	18,917.78	0.81137	15,349.39	716	809	1,12989	21,374.98
20401 Electric Utilities	390.4 - Air Conditioning Equipment	9493: CARBONDALE AREA SERVICE CENTER	heat vent & air conditioning ; 88	390.4 - Air Cond Equip - EU	2006	0	172,015.02	0.60328	103,773.77	555	809	1,45766	250,739.01
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building : 040100	390.2 - Buildings - EU	2013	0	79,623.84	0.85822	68,334.74	537	611	1,1378	90,596.21
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	drainage system : 174000	390.2 - Buildings - EU	2006	0	133,850.28	0.70766	94,720.10	431	611	1,41763	189,750.63
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building : 040100	390.2 - Buildings - EU	2003	0	6,890.00	0.64522	4,445.58	364	611	1,67857	11,565.36
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	signs : 163400	390.2 - Buildings - EU	2000	0	4,154.93	0.58537	2,432.17	342	611	1,78655	7,422.99
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	fencing: chain link : 173820	390.2 - Buildings - EU	1999	0	11,299.64	0.5661	6,396.74	330	611	1,85152	20,921.45
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	fencing: chain link	390.2 - Buildings - EU	1982	0	24,572.54	0.30007	7,373.40	189	611	3,2328	79,438.21
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	roads & driveways: parking area	390.2 - Buildings - EU	1982	0	195,146.95	0.30007	58,557.08	189	611	3,2328	630,871.89
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	roads & driveways	390.2 - Buildings - EU	1982	0	155,898.82	0.30007	46,780.03	189	611	3,2328	503,990.36
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	drainage system	390.2 - Buildings - EU	1982	0	24,757.43	0.30007	7,428.88	189	611	3,2328	80,035.92
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	grading	390.2 - Buildings - EU	1982	0	87,376.89	0.30007	26,218.89	189	611	3,2328	282,472.38
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	landscaping	390.2 - Buildings - EU	1982	0	51,373.59	0.30007	15,415.50	189	611	3,2328	166,080.76
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	grading	390.2 - Buildings - EU	1982	0	199,158.38	0.30007	59,760.78	189	611	3,2328	643,840.05
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	signs	390.2 - Buildings - EU	1982	0	1,823.72	0.30007	547.24	189	611	3,2328	5,895.73
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	signs	390.2 - Buildings - EU	1982	0	3,706.57	0.30007	1,112.22	189	611	3,2328	11,982.62
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	yard lighting	390.2 - Buildings - EU	1982	0	13,865.79	0.30007	4,160.66	189	611	3,2328	44,825.38
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	improvements to site	390.2 - Buildings - EU	1982	0	1,199.62	0.30007	359.97	189	611	3,2328	3,878.14
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	sewage system	390.2 - Buildings - EU	1982	0	53,997.92	0.30007	16,202.97	189	611	3,2328	174,564.70
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	water supply system	390.2 - Buildings - EU	1982	0	1,330.93	0.30007	399.37	189	611	3,2328	4,302.64
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	water supply system	390.2 - Buildings - EU	1982	0	30,086.85	0.30007	9,028.06	189	611	3,2328	97,264.90
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	sidewalks	390.2 - Buildings - EU	1982	0	10,957.66	0.30007	3,288.03	189	611	3,2328	35,423.97
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	44,495.99	0.30007	13,351.76	189	611	3,2328	143,846.82
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1998	0	158,986.15	0.5472	86,997.32	324	611	1,8858	299,816.47
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	23,324.84	0.30007	6,999.01	189	611	3,2328	75,404.64
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	16,693.12	0.30007	5,009.05	189	611	3,2328	53,965.59
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	30,883.72	0.30007	9,267.17	189	611	3,2328	99,841.02
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	73,305.42	0.30007	21,996.51	189	611	3,2328	236,982.07
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	78,549.45	0.30007	23,570.07	189	611	3,2328	253,934.99
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	731,100.83	0.30007	219,378.95	189	611	3,2328	2,363,505.86
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	6,531.98	0.30007	1,960.03	189	611	3,2328	21,116.61
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	284,786.16	0.30007	85,454.82	189	611	3,2328	320,657.90
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	261,733.36	0.30007	78,537.44	189	611	3,2328	846,132.71
20401 Electric Utilities	390.2 - Buildings	9493: CARBONDALE AREA SERVICE CENTER	building	390.2 - Buildings - EU	1982	0	8,212.05	0.30007	2,464.16	189	611	3,2328	26,547.95
20201 Support	398.0 - Miscellaneous Equipment	9493: CARBONDALE AREA SERVICE CENTER	Non Utilized Plant	398.0 - 2024 Amort - Support	1999	0	11,299.64	0.05683	642.12	422	809	1,91706	21,662.11
20201 Support	398.0 - Miscellaneous Equipment	9493: CARBONDALE AREA SERVICE CENTER	INSTALL NEW GATE AND OP	398.0 - Miscellaneous Equip-Support	2000	1	(11,299.64)	0.06517	(736.45)	448	809	1,8058	(20,404.93)
							3,000,608.22		1,106,977.53			100.12	8,700,248.09
													2,910,812.68

ATTACHMENT C

Facilities O&M Costs by building

Report Filter:

((Accounting Period) <> 998, 999, 0) And ((Budget Item) <> CATGA, CATGB, OFUNC, TFUNC) And ((Analysis Type) = ACT) And ((Account Type Level1) = EXPENSE_CLEARING) And (SRC = 0570, 0886, 0887, 0889, 0891, 0892, 0893, 0894, 0895, 0896, 0897, 0898, 0987) And (Year (ID) >= 2015)

View Filter:

{Facility Descr} = CarbondSC

Page by:

Account Type Level1: EXPENSE_CLEARING

Facility	Facility Descr	Project ID	Sub Project	Project Description	Metrics Sub Project Descr	Monetary Amount				
						2015	2016	2017	2018	2019
0570	CarbondSC	709200	200	0892-Operations	CAB- Supv & GO Tech Support	519	71			
0570	CarbondSC	709200	201	0892-Operations	CAB- Operations	985		1,176	-988	29
0570	CarbondSC	709200	202	0892-Operations	CAB- Utilities	10,019	9,889	5,762	4,119	3,870
0570	CarbondSC	709205	001	0892-Structural Maintenance	CAB-Structural Maint	3,982	9,091	1,872	2,117	5,632
0570	CarbondSC	709210	430	0892 - Equipment Maintenance	CAB- Preventative Maint	506	181	16,242	14,023	13,967
0570	CarbondSC	709210	431	0892 - Equipment Maintenance	CAB- Corrective Maint	4,372	538	8,123	11,033	23,557
0570	CarbondSC	709210	434	0892 - Equipment Maintenance	CAB- HVAC Maintenance	979	1,399			
0570	CarbondSC	709210	435	0892 - Equipment Maintenance	CAB- HVAC Breakdowns	1,576	7,129	-1		
0570	CarbondSC	709210	436	0892 - Equipment Maintenance	CAB- Life Safe/Fire/Sec Maint	1,628	4,121	-1		
0570	CarbondSC	709210	437	0892 - Equipment Maintenance	CAB- Life Safe/Fire/Sec Break			1,611		
0570	CarbondSC	709210	438	0892 - Equipment Maintenance	CAB- Mechanical Maintenance	3,089	10,226	-111		
0570	CarbondSC	709210	439	0892 - Equipment Maintenance	CAB- Mechanical Breakdowns	198	1,217			
0570	CarbondSC	709210	440	0892 - Equipment Maintenance	CAB- Plumbing Maintenance	2,171	2,773			
0570	CarbondSC	709210	441	0892 - Equipment Maintenance	CAB- Plumbing Breakdowns	280	131			
0570	CarbondSC	709215	001	0892-Grounds Maintenance	CAB-Grounds Maint	12,887	7,710	4,434	6,388	8,114
0570	CarbondSC	709215	003	0892-Grounds Maintenance	CAB-Snow Removal	15,476	5,435	22,768	10,853	109,994
0570	CarbondSC	709220	001	0892-Custodial Services	CAB-Univ & Haz Waste Disposal	3,495	777	1,148		
0570	CarbondSC	709220	002	0892-Custodial Services	CAB-Custodial Services	41,116	1,635	3,449	3,517	13,692
0570	Total					103,279	63,935	64,861	51,062	178,855
Grand T						103,279	63,935	64,861	51,062	178,855

ATTACHMENT D

ATTACHMENT D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of PPL Electric Utilities :
Corporation for Approval of the Transfer by : Docket No. A-2020-3021644
Sale of Real Property and Facilities :
Located at One Electric Street, :
Carbondale, Pennsylvania to Emerald Isle :
North, LLC Pursuant to 66 Pa.C.S. § :
1102(a)(3) :

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FEDERAL EXPRESS

Tonya J. McCloskey, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

John R. Evans
Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Rick Kanaskie, Esquire
Director
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Dated: September 10, 2020



Kimberly A. Klock (ID #89716)
Michael J. Shafer (ID #205681)
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, Pennsylvania 18101
Phone: 610-774-5696
Phone: 610-774-2599
Fax: 610-774-4102
E-mail: kklock@pplweb.com
E-mail: mjshafer@pplweb.com

Attorney for PPL Electric Utilities Corporation