



R.P. Hubbell and Company, Inc.
Market Analysts and Real Estate Appraisers

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R. PETERS HUBBELL, JR., MAI, MRICS
GRANT P. ACKERLY, MAI, CCIM

State Certified General Appraiser
ANDREW WARD
GORDON CASEMENT
ANGELO LALLIS
State Certified Residential Appraiser
CHARLES F. CARNELL

APPRAISAL REPORT
SELF CONTAINED REPORT FORMAT

PROPERTY

**New Paltz Middle School
2 South Manheim Boulevard
Village of New Paltz
Ulster County, New York**



SUBMITTED TO

**New Paltz Central School District
Attn: Richard Linden
196 Main Street
New Paltz, NY 12561**



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CHARLES F. CARNELL

October 10, 2013

New Paltz Central School District

Attn: Richard Linden

196 Main Street

New Paltz, NY 12561

Re: 2 S Manheim Boulevard, Village of New Paltz, Ulster County, NY

Dear Mr. Linden:

In accordance with your request, the following is a self-contained report of the above-referenced property. The purpose of the appraisal is to estimate the market value of the fee simple interest of the subject parcel hereinafter described as of September 3, 2013, the date of inspection. The report to follow sets forth the most pertinent data gathered, the techniques of valuation, the reasoning leading to the opinion of value, is subject to the enclosed limiting conditions and has been made in conformance to the Code of Professional Ethics, Standards of Professional Conduct of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice.

The subject is comprised of two parcels totaling 16.54 acres and improved with a 96,663 square foot public school building for the New Paltz Central School District. The building consists of classrooms, a cafeteria, auditorium, library, gymnasium, bathrooms, and administrative offices. It appeared to be in average to good condition at the time of inspection. There are also two former administrative buildings that were vacant at the time of inspection and considered to be in poor condition based on an exterior inspection and past inquiries of the school district to demolish the buildings.

The scope of the appraisal includes an inspection of the property, collecting basic background data on the area, neighborhood, and competitive properties and valuing the subject based on the appropriate approaches to value.

We hereby certify that to the best of our knowledge and belief that the data, facts and opinions set forth herein are accurate, subject to the statement of assumptions and limiting conditions set forth.

Based on an exposure time of approximately 9 to 12 months, it is our opinion that the market value estimate of the fee simple estate as of September 3, 2013 is:

FIVE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS
(\$5,250,000)

Respectfully submitted,

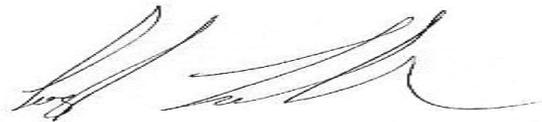
R.P HUBBELL and COMPANY, INC.



Signature:

Grant Ackerly, MAI, CCIM
State Certified General Real Estate Appraiser No. 46..46551

Signature:



Angelo Lallis
State Certified General Real Estate Appraiser No. 46..50496

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SUMMARY OF SALIENT FACTS

TYPE OF PROPERTY: Public Middle School

LOCATION: 2 S Manheim Boulevard, Village of New Paltz, Ulster County, New York

OWNER OF RECORD: New Paltz Central School District

PROPERTY RIGHTS

APPRAISED: Fee Simple

TAX MAP REFERENCE: 86.42-4-6 and 86.42-4-1

ACREAGE: 16.54 acres

ACREAGE SOURCE: Survey by J Kenneth Fraser and Associates, dated November 25, 2009

ZONING: R-2; Residence District

IMPROVEMENTS: The subject is improved with a 96,663 square foot public middle school of masonry construction in average to good condition and two former administrative buildings; one consisting of 3,109 square feet and the other consisting of 1,232 square feet.

UTILITIES: Municipal Water, Sewer, and Gas

FLOOD ZONE: The parcel is in Zone X, areas determined to be outside the 0.2% annual chance floodplain; per community panel number 36111C0755E, dated September 25, 2009

**DEED RESTRICTIONS &
EASEMENTS:**

Typical utility easements. Also parcel 86.42-4-6.2, owned by the Town of New Paltz and improved with tennis courts is a landlocked parcel and accessible over the subject parcel, however no written easement was noted. There appears to be no impact on value since access to the rear parcel is possible from the main parcel.

**EXTRAORDINARY
ASSUMPTION:**

None

**HIGHEST AND BEST USE
AS VACANT:**

Residential Development

**HIGHEST AND BEST USE
AS IMPROVED:**

Continued institutional use with future potential conversion into residential use

DATE OF VALUATION:

September 3, 2013

DATE OF REPORT:

October 10, 2013

DATE OF INSPECTION:

September 3, 2013

**OPINION OF MARKET
VALUE:**

\$5,250,000

PURPOSE OF THE APPRAISAL This appraisal will estimate the current market value of the subject property in the fee simple estate.

INTENDED USE OF THE REPORT: This appraisal is intended to assist the client, the New Paltz Central School District, for potential disposition.

INTENDED USERS: New Paltz Central School District

DEFINITIONS OF MARKET VALUE: *Market value* is defined by the federal financial institutions regulatory agencies as follows:

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

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

PROPERTY RIGHTS OR INTEREST APPRAISED: The Market Value of the Fee Simple Estate of the subject property is defined as follows: *Absolute ownership*

1 Rules and Regulations, *Federal Register*, Vol. 55, No. 165, Page 34696.

*unencumbered by any other interest or estate subject only to the four powers of government: ad valorem taxation, eminent domain, police power, and escheat.*²

HYPOTHETICAL CONDITIONS: None

DEFINITION OF HYPOTHETICAL CONDITION: That what is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.³

EXTRAORDINARY ASSUMPTIONS: None

DEFINITION OF EXTRAORDINARY ASSUMPTION: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in the analysis.⁴

DATE OF INSPECTION: September 3, 2013

EFFECTIVE DATE OF VALUATION: September 3, 2013

DATE OF REPORT: October 10, 2013

SCOPE OF APPRAISAL

As part of this appraisal, we have made a number of independent investigations and analyses. The investigations undertaken and data sources used are listed below.

- Area and Neighborhood Analysis - Demographic, employment, and housing data was gathered from the New York State Department of Labor Bulletin "New York

² *The Dictionary of Real Estate Appraisal*, Fifth Edition, The Appraisal Institute.

³*The Dictionary of Real Estate Appraisal*, 5th ed., (Chicago: Appraisal Institute, 2010), p. 97.

⁴*Ibid*, p. 73.

State Employment Trends,” The Real Estate Center of Texas A&M University, Site to Do Business, the New York State Association of Realtors, and the Ulster County Department of Planning.

- Site and Improvement Description and Analysis - examined tax maps prepared by the Real Property Tax Office of Ulster County; inspected the subject on September 3, 2013. Examined the property by viewing and photographing the interior and exterior of the improvements. Examined were topographical maps, soil maps, flood plain and freshwater wetland maps.
- Market Data Program– Researched and analyzed sales and listings of institutional buildings, places of worship, and schools, within the Mid Hudson area and includes Ulster, Dutchess, Orange, and Putnam Counties. Also researched land sales as part of the highest and best use analysis.
- Approach to Value– Applied the Sales Comparison Approach, the most relevant approach, which included an analysis based on sale price per square foot of gross building area. The Income Approach is not utilized as typical buyers in the subject marketplace do not base their purchase decisions on this approach. The Cost Approach is not utilized due to the age and condition of the improvements and the difficulties in estimating depreciation.

EXPOSURE TIME:

Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.⁵

Based on conversations with brokers and assuming proper pricing, similar properties sold in the subject market area in 9 to 12 months over the last year. Marketing times have remained stable over the last year. As stated in the current edition of USPAP, “The reasonable exposure period is a function of price, time and use, not an isolated opinion of time alone.” Thus, the estimate of exposure time assumes:

⁵ Uniform Standards of Professional Appraisal Practice, 2008-2009 ed., (Appraisal Foundation, 2008), p.U-87

1. An open, competitive market for the subject property type
2. Proper marketing of the subject with an experienced and competent commercial broker
3. A list price of no more than 110% of the appraised value
4. Availability of mortgage money at competitive, market interest rates

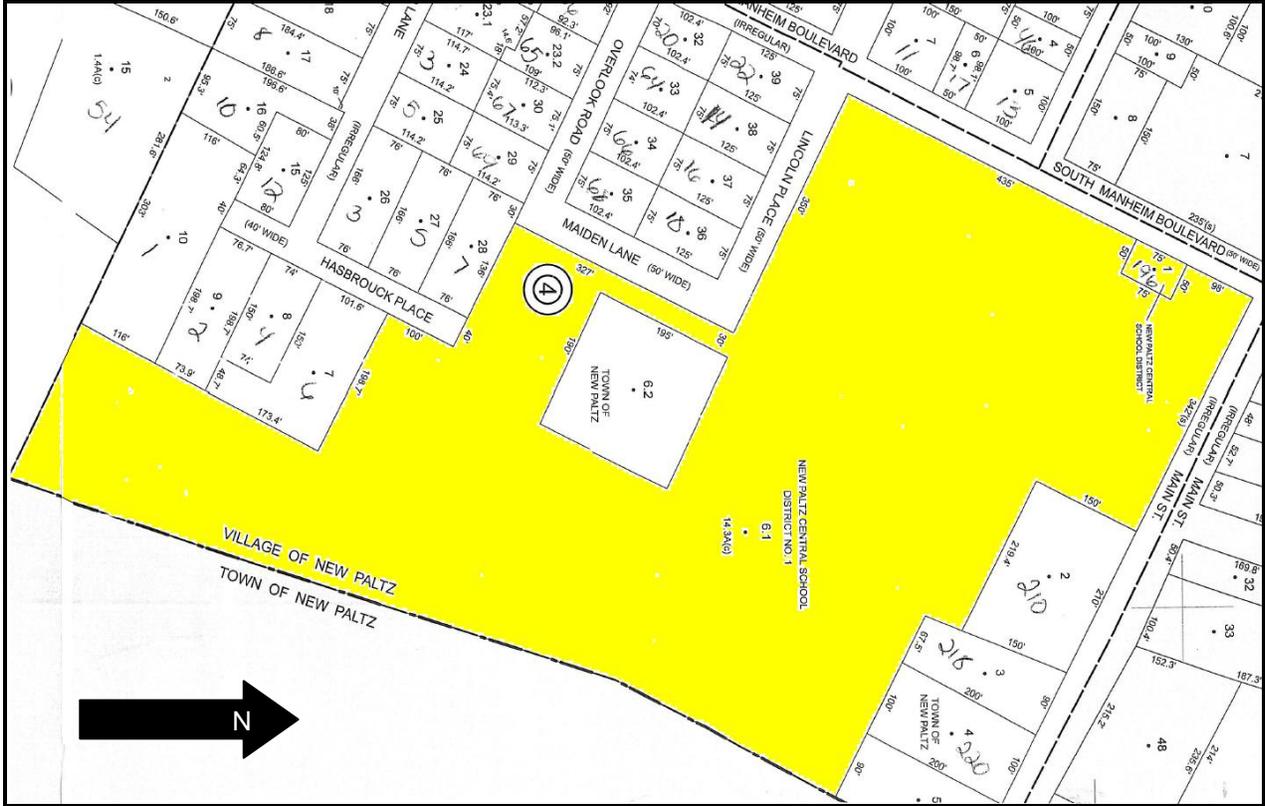
Analysis of improved property sales in the area indicates that **exposure** time would have been 9 to 12 months. Looking forward, marketing times will likely remain unchanged in the near future, however market activity appears to be improving.

IDENTIFICATION AND HISTORY OF THE SUBJECT PROPERTY: The property is located at 2 S Manheim Boulevard, in the Village of New Paltz, and within the Town of New Paltz municipal boundaries, Ulster County, New York. The property is further identified by parcel numbers 86.42-4-6 and 86.42-4-1 and consists of 16.54 acres. It is improved with a 96,663 square foot public school building, and two former administrative office buildings consisting of 3,109 square feet and 1,232 square foot. The two former administrative offices were proposed for demolition over 10 years ago with demolition estimates ranging from approximately \$60,000 to \$300,000 according to the client.

The main school building consists of classrooms, a cafeteria, gymnasium, auditorium, bathrooms, and administrative offices. It appeared to be in average to good condition at the time of inspection. To the appraiser's knowledge the property was not currently being marketed for sale.

A tax map and aerial photo is provided as follows:

TAX MAP



AERIAL PHOTO



AREA & REGIONAL ANALYSIS

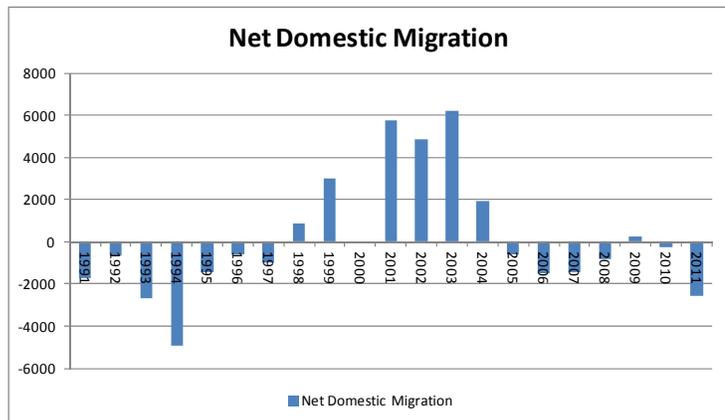
Ulster County is one of seven counties in the Hudson Valley Region of New York State. A region termed New York's *natural growth areas* due to the proximity of New York City and its attractive landscape. Ulster County is located in the center of this Mid-Hudson Region which also includes Dutchess, Orange, Putnam, Rockland, and Westchester.

Population Trends

The 2010 Census indicated Ulster County, enjoyed a population growth of approximately 2.7% which is in line with the rate of New York State's growth rate of 2.87%. Following the 9/11 catastrophe, growth rates within Ulster County peaked mid-decade as residents of the Metropolitan New York region moved north to the Mid-Hudson Valley.

Based on the 2000 and 2010 censuses, the population of Ulster County is unevenly distributed with the majority of the people located in the northeastern quadrant which includes the Towns of Esopus, Hurley, Kingston, Rosendale, Saugerties, Ulster, Woodstock, the City of Kingston and the Village of Saugerties, with major

concentrations located in the City of Kingston, Town of Ulster, and the Town and Village of Saugerties. The population of this sector has remained stable over the last ten years with the majority of the growth occurring in the south and southeastern sectors bordering Orange County. Orange County had one of highest population growth rate among all New York State counties over the past two decades, while Ulster County's growth rate has been generally slower. Since 2004, prior to the recent recession, net domestic migration has been on a downtrend through 2011. The graph at right illustrates net-domestic migration for the Mid-Hudson region.



Employment

According to the New York State Labor Department, private sector employment in the Hudson Valley Region increased 10,600 or 1.4 percent, for the 12-month period ending July 2013. Employment gains were strongest in trade, transportation and utilities (+3,900), followed by leisure and hospitality (+3,300), educational and health services (+2,700), professional and business services (+1,100), natural resources, mining and construction (+900), and other services (+600). Job losses were centered in information (-1,100) and manufacturing (-1,000). The government sector shed 2,700 jobs over the year.

In June 2013, the regional job market experienced modest growth, 2.0 percent or 14,900 jobs, its strongest over the year June job growth in 14 years. Of the 10 regions in New York State, private sector job growth in the region only trails NYC (2.3 percent) and Long Island (2.1 percent). As was the case last month, private sector job growth was spread throughout most of the region. Percentage wise, the Kingston MSA again posted the strongest job growth (+3.0 percent); followed by the Putnam-Rockland-Westchester labor market area (+2.1 percent), and the Poughkeepsie-Newburgh-Middletown MSA (+1.7 percent). And once again, Sullivan County (-1.0 percent) was the only area in the region that experienced a decline in private sector job count.

Overall, regional private sector job growth is spread throughout most industries, with more sectors reporting gains than losses. Professional and business services and trade, transportation and utilities, combined added 8,400 jobs over the period, which was more than half of total private sector job growth in June. Meanwhile, natural resources, mining and construction, a sector that has struggled since the collapse of the housing market, posted its first gain in 14 months. The sector grew by 3.5 percent or 1,500 jobs over the year.

Kingston, NY Metropolitan Statistical Area

[\(Data are not seasonally adjusted. Data are preliminary and subject to revision.\)](#)

UNEMPLOYMENT RATE

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
2013	9.90%	9.40%	8.50%	7.70%	7.60%	7.60%							
2012	9.30%	9.40%	9%	8.40%	8.80%	9.10%	9.40%	9%	8.50%	8.30%	8.10%	8.60%	8.80%
2011	9.20%	8.90%	8.30%	7.70%	8%	8.30%	8.50%	8.20%	8.30%	7.90%	8%	8.30%	8.30%
2010	9.20%	9%	8.60%	7.90%	8%	8%	8.40%	8%	7.90%	7.60%	8.10%	8.10%	8.20%
2009	7.60%	8%	7.70%	7.10%	7.60%	8.10%	8.10%	8%	8.10%	7.70%	7.70%	8%	7.80%
2008	5.70%	5.50%	5.20%	4.50%	5.10%	5.20%	5.50%	5.60%	5.60%	5.30%	5.80%	6.40%	5.50%
2007	4.70%	4.60%	4.20%	3.70%	3.90%	4.30%	4.80%	4.50%	4.50%	4.30%	4.60%	4.90%	4.40%
2006	4.90%	4.90%	4.50%	4.20%	4.10%	4.30%	4.60%	4.20%	4.10%	3.60%	3.90%	3.80%	4.20%
2005	5.20%	5.10%	4.40%	4%	4.10%	4.40%	4.50%	4.20%	4.40%	4.10%	4.40%	4.20%	4.40%
2004	5.80%	5.60%	5.40%	4.50%	4.50%	4.90%	4.90%	4.80%	4.60%	4.30%	4.50%	4.60%	4.90%
2003	5.10%	4.80%	4.40%	4.10%	4.20%	4.70%	4.90%	4.60%	4.70%	4.40%	4.80%	4.70%	4.60%
2002	5.40%	5.10%	4.80%	4.30%	4.20%	4.30%	4.50%	4.20%	4%	3.90%	4.20%	4.30%	4.40%
2001	4.30%	3.90%	3.70%	3.20%	3.20%	3.50%	3.80%	3.90%	3.80%	3.90%	4.20%	4.50%	3.80%
2000	4.30%	4.20%	3.60%	3.20%	3.30%	3.30%	3.70%	3.70%	3.60%	3.20%	3.30%	3.20%	3.60%

Housing

Annual pricing has decreased for the county as shown in the table below.

Ulster Median Sales Price – Single Family Residences, Detached

	2004	2005	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2 nd Qtr 2013*
Yrly Median	\$215,250	\$248,263	\$250,000	\$255,000	\$240,000	\$209,500	\$210,000	\$197,000	\$195,000	\$210,000
Ann % Change	19.7%	15.3%	0.7%	2.0%	-5.9%	-12.71%	0.23%	-6.19%	-1.02%	7.69%

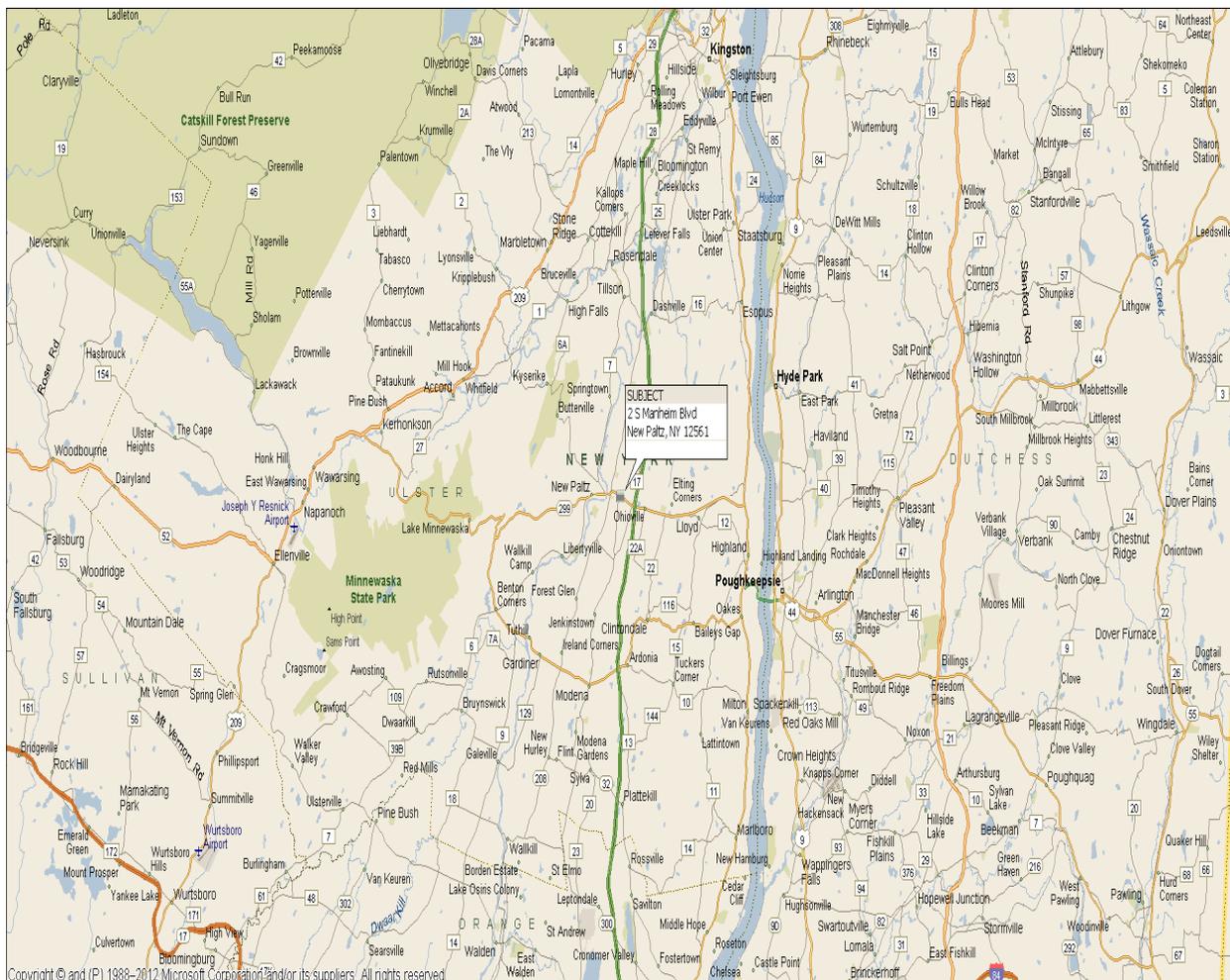
Source: Marist College – Bureau of Economic Research; *NYSAR

The Ulster County median sale price was up 2.0% from 2006 to 2007, but as of the second quarter 2013, the median price was down approximately 17.64% from its peak in 2007. Median home prices peaked in 2007 at \$255,000, an increase of 113% from 2000 median prices of \$119,500. This represents a 16% increase per year in home values, as a result of increased net domestic migration and the growth of the sub-prime mortgage market through the decade. Comparing Ulster County with Orange and Dutchess Counties, 2007 median sales prices are 23.9% lower than Dutchess (\$255,000 to \$335,000) and 20.8% lower than Orange (\$255,000 to \$322,000).

According to figures compiled by the Wall Street Journal regarding housing price trends in selected areas of the country, the Hudson Valley rate of price increase was among the highest throughout the country. Considering that median family income in Ulster County as of 2010 is \$56,000 (indicating the ability to afford a \$170,000 home) and is expected to increase to \$60,600 in 2015 (indicating the ability to afford a \$185,000), we expect the Ulster County median sales price to stabilize in the high \$100,000's to low \$200,000's through 2013.

Conclusion: The Mid-Hudson region is currently beginning recovery from the economic recession of 2008/09. Indicators such as unemployment and housing prices show that the regional economy has effectively “bottomed out” with slow growth anticipated in the future.

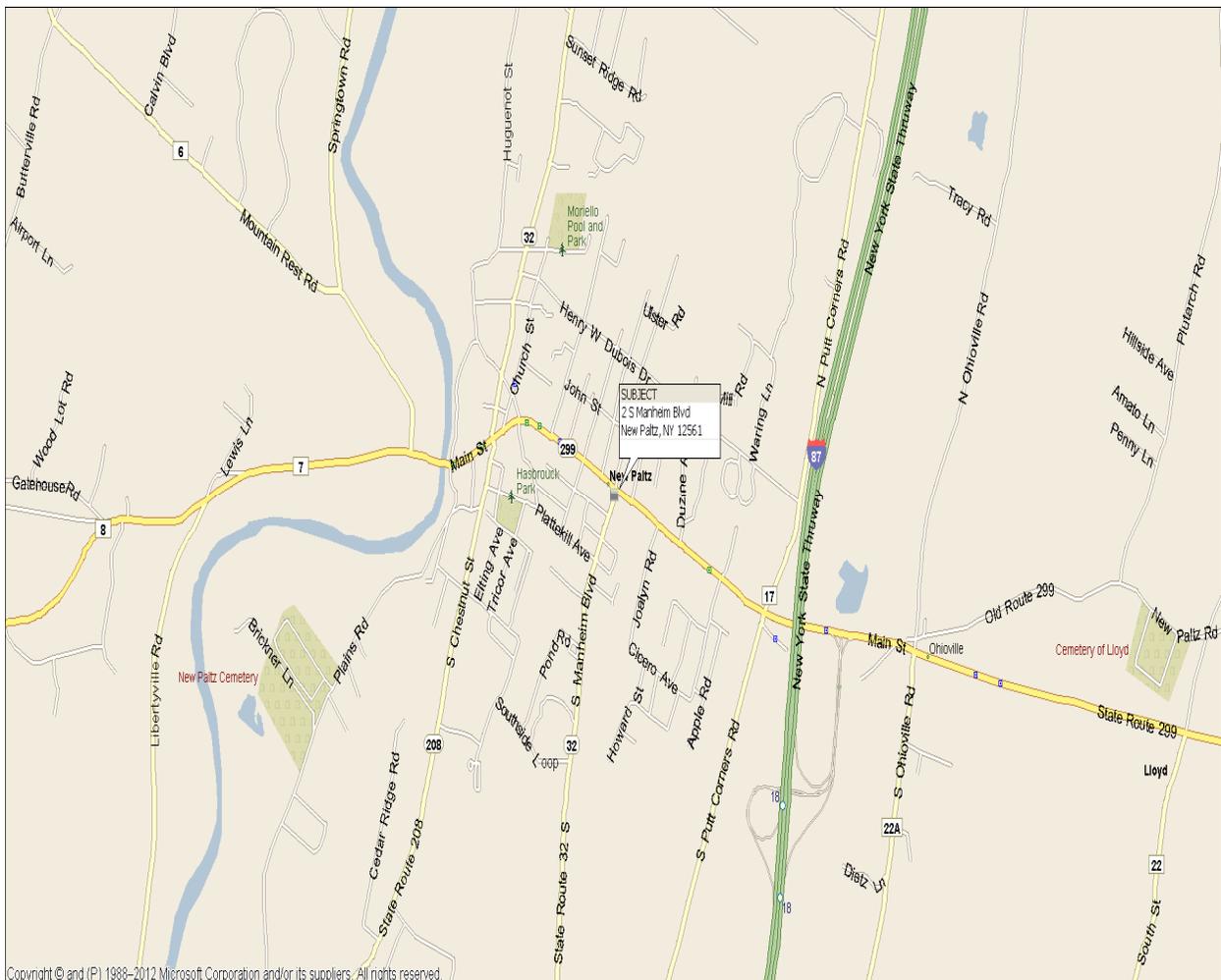
REGIONAL LOCATION MAP



NEIGHBORHOOD DESCRIPTION

The subject is located at the corner of South Manheim Boulevard (NY State Route 32) and Main Street (Route 299) along the main commercial corridor through the Village of New Paltz. The subject is also within easy walking distance of SUNY New Paltz. The immediate neighborhood is made up of converted residences along with commercial retail/office and mixed-use properties, with the first floor space occupied by mainly retail tenants and the second floors occupied as either office space or apartments. The Village of New Paltz is a quintessential “college town” and commercial properties benefit greatly by the demand created by the transient student population. Additionally, the Village’s close location to high quality natural amenities, including the Mohonk and Minnewaska State Parks, the Shawangunk Ridge, and the Walkill River, has created additional demand as a regional tourist location.

NEIGHBORHOOD MAP



Market Analysis

The subject market area encompasses the Mid- Hudson Valley and includes Ulster, Dutchess, Orange, and Putnam Counties. As a result of the 2008/09 recession there has been a limited number of recent sales in the region. The following table summarizes school and institutional sales and listings over the past few years:

Address	Town	County	Sale Date	Sale Price	GBA (SF)	Price / SF	Description
333 Verplanck Ave	Beacon	Dutchess	Feb 2012	\$300,000	6,949	\$43.17	Sale of a social hall
211 Fishkill Ave	Beacon	Dutchess	Jan 2011	\$1,200,000	125,615	\$9.55	Sale of former Beacon High School. Building was in fair condition
11 Hastings Drive	Beacon	Dutchess	Under Contract	\$2,225,000	73,876	\$30.12	Former 73,876 square foot hospital
129 Legion Ct	Esopus	Ulster	March 2010	\$180,000	5,695	\$31.61	Sale of a social hall
2-6 Adams Street	Kingston	Ulster	March 2010	\$400,000	20,420	\$19.59	Sale of a former private school on 0.53 acres located in the City of Kingston. The property was renovated and converted into a day care center with a \$2 million state grant
50 E Main St	Middletown	Orange	April 2013	\$1,100,000	28,457	\$38.65	Sale of a religious facility in good condition with a sanctuary, gymnasium, and, social hall along with an unused swimming pool in unknown condition.
2-10 Liberty St	Middletown	Orange	February 2013	\$500,000	24,735	\$20.21	Sale of a former elementary school in fair condition to the local YMCA. The property was bought for expansion of children programs due to overcrowding in its main facility.
290 North St	Newburgh	Orange	Feb 2013	\$800,000	19,668	\$40.68	Religious facility in average condition with a 250 person social hall, school, and sanctuaries, sale was the result of a merger of organizations
320 Powell Avenue	Newburgh	Orange	July 2011	\$5,000,000	84,123	\$59.44	Sale of a former convent building in average condition to an adjacent university
344 Gidney Ave	Newburgh	Orange	March 2012	\$800,000	16,254	\$49.22	Religious facility in average to good condition with a small social hall, school, and sanctuary sold to a private school for disabled children
48 Grand St	Newburgh	Orange	October 2010	\$1,000,000	24,281	\$41.18	Sale of a former social hall in average condition. The buyer was a social services organization. The property sold for \$1,400,000 with a \$400,000 concession. The seller financed the transaction and is in the process of foreclosing. The listing agent at the time expects the property to be on the market again in the summer of 2013.
535 Route 22	Pawling	Dutchess	March 2013	\$3,339,890	65,237	\$51.20	Sale of a private school purchased by the tenant
141 Boardman Rd	Poughkeepsie	Dutchess	March 2013	\$700,000	20,420	\$34.28	Sale of an industrial building to be converted into a public library. The building was in poor to fair condition at the time of sale with expected renovations and conversion costs approximately totaling \$5.8 million
25 Golf Club Lane	Poughkeepsie	Dutchess	Sep 2011	\$4,000,000	109,480	\$36.54	Sale of a former IBM conference center on 26.75 acres. The site included a cell tower, gyms, fitness center, bowling alley, swimming pools, tennis courts, and playgrounds.

From the preceding table above, recent institutional sales range from \$9.55 per square foot to \$59.44 per square foot with variations in price per square foot based on location, building size and condition. The average price per square foot for the preceding sales is \$34.46 per square foot. The sales will be further analyzed in the Sales Comparison section of this report.

Active listings located in the subject market area range in price from \$15.97 to \$57.93 per square foot with variations in location and condition. The listing located at 70 S Hamilton is of a religious facility consisting of a sanctuary, meeting rooms, and classrooms. The listings located at 21 Wyncoop Place and 61 Crown Street in the City of Kingston and 20 Garden Street in Brewster, NY are former public school facilities being marketed for residential or medical conversion.

Address	Town	County	List Price	GBA (SF)	Price / SF	Description
70 S Hamilton St	Poughkeepsie	Dutchess	\$1,500,000	28,000	\$53.57	Listing of a recently renovated church with conference center, classrooms, and residence
21 Wyncoop Place	Kingston	Ulster	\$495,000	31,000	\$15.97	Listing of a school in the City of Kingston. The property is being marketed for residential conversion.
61 Crown St	Kingston	Ulster	\$650,000	22,680	\$28.66	Listing of a school administrative building in the City of Kingston. The property is being marketed for residential or medical office conversion
20 Garden Street	Brewster	Putnam	\$3,499,000	60,396	\$57.93	Listing of a former public school The property is being marketed for residential conversion

Recent land sales of properties in New Paltz and of land sales approved for residential development in the Mid-Hudson area are illustrated in the following table. The lands sales with approvals for development are on the higher end of the range.

Address	Town	Acres	Sale Date	Sale Price	\$/Acre	Comments
Albany Post Road	New Paltz	23.4	July 2011	\$205,000	\$8,761	Residential rural land
377 Route 32	New Paltz	19.9	May 2012	\$185,000	\$9,296	Residential rural land with minor improvements
2400 Route 9W	Ulster	10.7	August 2012	\$130,000	\$12,150	Sale of commercial land for future development
91 S Putt Corners Rd	New Paltz	10.4	December 2010	\$150,000	\$14,423	Commercial land with minor improvement
Route 9W & Oak St	Newburgh	51	May 2010	\$4,400,000	\$86,275	Sale of an approved land site for development of 260 apartments and townhouses
76-114A Violet Ave	Poughkeepsie	14.87	February 2010	\$1,600,000	\$107,599	Sale of an approved land site for development of 73 senior housing and workforce housing apartments
743 Route 52	Fishkill	26.65	November 2009	\$3,610,000	\$135,460	Sale of an approved land site for development of 106 townhouses
70 Route 299	Lloyd	22.19	December 2010	\$4,800,000	\$216,314	Sale of an approved land site for development into a 220 unit assisted living facility, a 105,850 SF retail/office complex and a 6,630 SF office
4 S Putt Corners Road	New Paltz	2.4	April 2011	\$1,100,000	\$458,333	Sale of a hotel site approved for an 87 room Hampton Inn totaling 54,948 square feet

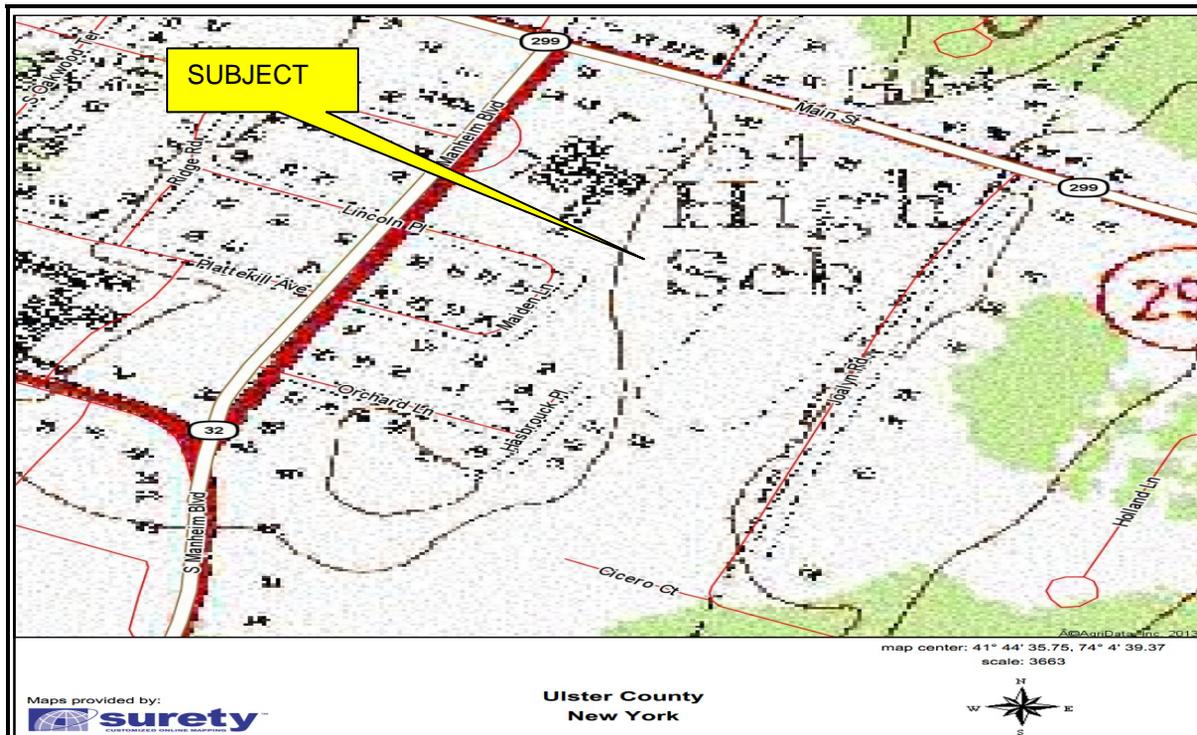
Conclusion

Conversations with local brokers indicated that the typical buyer of an institutional type property in the Mid-Hudson region would consider conversion of the existing building for residential or office use. However, there have been instances where the property was purchased for continued use as a school or daycare facilities with minimal modification. Properties typically located in urban environments sold for continued use such as 2-6 Adams Street in the City of Kingston, 2-10 Liberty Street in the City of Middletown, along with 290 North Street and 344 Gidney Avenue in the City of Newburgh. Properties near amenities and train stations such as 20 Garden Street in the Village of Brewster are being marketed for residential conversion. Greater demand is typically evident in this type of location. The Village of Brewster also has a master plan in place promoting the conversion of the building. Local brokers also indicated that local buyers tend to underestimate conversion costs with more experienced buyers purchasing these properties. The purchase prices are typically contingent on the municipal approvals and based on the total number of residential/office units. In conclusion the Mid Hudson region is recovering from the 2008/09 recession. Indicators such as unemployment, building permits, and housing prices show that the regional economy has effectively “bottomed out” with slow growth anticipated in the near future. We expect the overall conditions to improve with further stabilizing of prices across all real estate sectors.

PROPERTY DESCRIPTION

- Site Area: 16.54 acres
- Configuration: Irregular
- Frontage: There is approximately 342' feet along the south side of Main Street, +/- 608' along the east side of South Manheim Boulevard, +/-350' along the north side of Lincoln Place, and +/- 327' along the south side of Maiden Lane.
- Access: Good
- Topography: Mostly level site

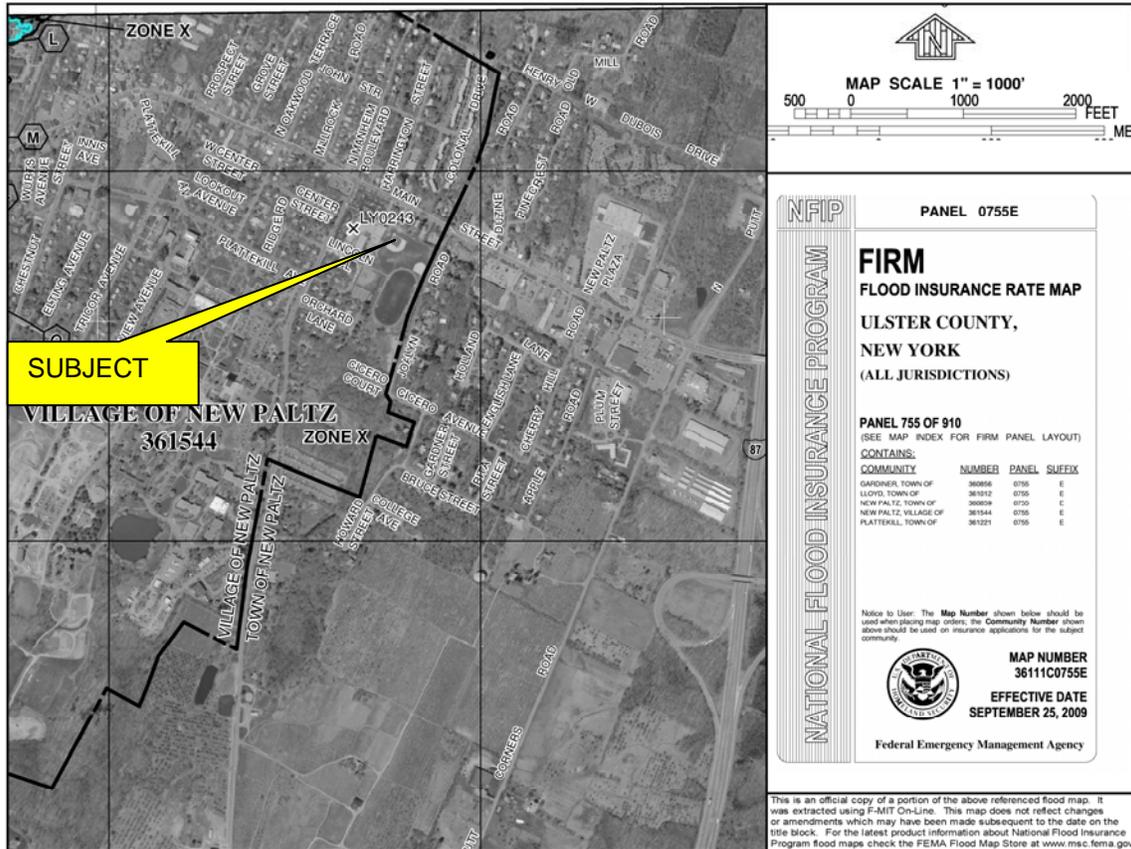
TOPOGRAPHY MAP



- Utilities: Municipal water, sewer, and gas

Flood Zone: The parcel is in Zone X, areas determined to be outside the 0.2% annual chance floodplain; per community panel number 36111C0755E, dated September 25, 2009

FLOOD MAP

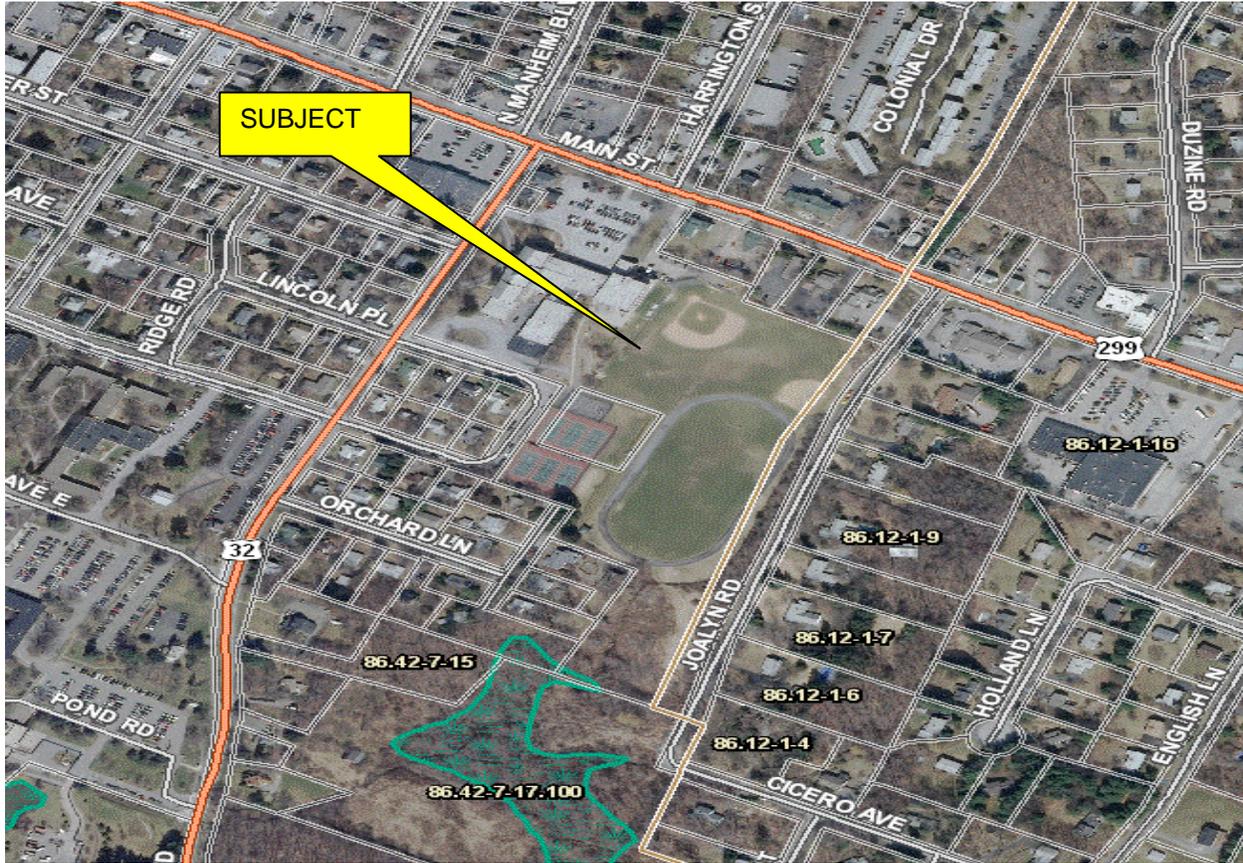


Easements and/or Encroachments: Typical utility easements. Also parcel 86.42-4-6.2, owned by the Town of New Paltz and improved with tennis courts is a landlocked parcel and accessible over the subject parcel, however no written easement was noted. There appears to be no impact on value.

Site Improvements: Paved parking, playground, lighting, signage, drainage

Wetlands: Small area of NWI (National Wetlands Inventory) appears to be in the southeastern section of the property.

WETLANDS MAP



Zoning: R-2; Residence District

R-2; Residence Village of New Paltz Ulster County, New York	
Senior Citizen Residential Development - Area Per Dwelling (SF)	3,630
Residential Development - Area Per Dwelling (SF)	7,260
Residential Development - Width at Bldg. Line (feet)	50
Nonresidential - Area per Use (SF)	15,000
Nonresidential Development - Width at Bldg. Line (feet)	75
Minimum Yard (Front/Side/Rear)	25' /12.5' /25
Maximum Lot Coverage	30%
Maximum Building Height (Feet / Stories)	30' / 2.5

Permitted uses: One and two family dwellings, cultural facilities, nonprofit club or recreational uses, nursery school or daycare, and home occupations.

Description of the Improvements: The subject is improved with a multi-story public school building comprised of 96,663 square feet. The property is in average to good condition and consists of classrooms, a cafeteria, gymnasium, auditorium, bathrooms, and administrative offices. There is also an external 240 square foot walk in cooler located near the cafeteria.

Improvement Details:

Foundation:	Concrete
Frame:	Masonry
Exterior Skin:	Masonry
Windows:	Fixed in Metal frame, sliding and hopper
Roof Structure:	Flat and gable
Roof Cover:	Rubber membrane and slate
Insulation:	Assumed fiberglass
Interior Partitions:	Gypsum board and concrete block
Floor structure:	Concrete
Finished Floor Cover:	Concrete, wood, vinyl and ceramic tile
Doors:	Glass in metal frame and wood
Finished Ceiling:	Ceiling tile
HVAC:	Two natural gas-fired cast iron boilers with backup oil fired boilers. There is a 15,000 gallon in-ground oil tank. Central air in administrative offices. Four forced hot air units in gymnasium and four radiators in auditorium.
Electric:	1,600 amp main

Plumbing: Boys and girls as well as faculty bathrooms

Sprinkler System: None noted

Elevator: Midstate Passenger 2000lb capacity

Deferred Maintenance: The two former administrative offices were proposed for demolition approximately 10 years ago with estimated costs for demolition ranging from \$60,000 to \$300,000 according to the client. Additionally according to the Marshall Valuation Service Cost Manual rough guideline building demolition costs range from \$2.90 to \$7.05 per square foot. The size of the two administrative buildings is 3,109 square feet and 1,232 square feet for a total of 4,341 square feet. Utilizing \$7.50 per square foot the estimated cost to demolish is \$32,557.50 or \$33,000, rounded. Considering the Marshall Valuation Service Cost Manual supplies a rough estimate and recommends local bids due to other variables that may evident, the \$60,000 estimate provided to the client, the lower end of the range is considered reasonable and will be utilized.

GBA: 96,663 square feet

PHOTOGRAPHS OF THE SUBJECT



Front of Subject from Main Street



Rear of Subject from Lincoln Place



Main Building Hall



Mechanicals



Cafeteria



Kitchen



Walk in Cooler



Gymnasium



Auditorium/Gym



Typical Classroom



Typical Bathroom



Music Classroom



Attic Area



Wood Shop



Roof



Playground



Former Administrative Building



Former Administrative Building

HIGHEST AND BEST USE

This principle of real estate valuation is defined as, "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

Certain criteria must be met in the economic analysis to distinguish highest and best use. These are:

1. Legally Permissible: Is it permissible, therefore possible?
2. Physically Possible: Is the site, or can it be, physically adapted?
3. Financially Feasible: Does it appear to make economic or financial sense for the proposed use to be undertaken on the site at this time?
4. Maximally Productive: Of the financially feasible uses, what use produces the highest economic return to be undertaken on this site at this time?

The highest and best use of the land or a site, vacant and available for use, may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the site. The following tests are applied to the property, both as vacant and as improved, and must be met in estimating the highest and best use: the use must be legal and probable, not speculative or conjectural and demand for the use must exist and must yield the highest net return in terms of dollars to the land among the competing alternatives.

The highest and best use is the best estimate of the appraiser, based on his opinion, as to the most profitable use among those competing alternatives, after analyzing the competitive forces within the market where the property is located, at the date of valuation.

Highest and best use, as Vacant

Legally permissible:

This test analyzes the allowable uses under the current municipal code as well as other legal restrictions such as deed restrictions and easements. All uses by right require 3,630 to 15,000 square feet minimum lot size depending on use to which the Subject conforms. All legally permissible uses by zoning are possible.

Physically Possible:

The site is mostly level with adequate frontage to allow for access to and from the site with room for improvements. Soils are assumed to not hinder development. There are minimal wetlands on the site and the property is not in a flood zone. There are no other physical encumbrances to the site.

Financially feasible and maximally productive:

This test analyzes the uses that are both physically possible and legally permissible, eliminating those uses that do not meet the criteria to produce an income or return equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization. Uses that are expected to produce a positive return are now regarded as being financially feasible within some price limits.

The subject is located along Main Street and South Manheim Boulevard in a both a commercial and residential area with close proximity to the SUNY New Paltz Campus. Given the surrounding development the highest and best use is for a mix of future commercial and residential development, which would most likely require a variance or rezone.

Highest and best use as improved

Ideal versus Existing: The subject is currently improved with a public school building.

Legally permissible: The subject's current use is permissible by special permit.

Physically possible: The subject site is mostly level and has access to municipal water and sewer.

Financially Feasible: The current improvements add value to the site. Further support of a continued positive return into the future for the subject is expected based on the current market conditions, as described in the market analysis of this report, where institutional buildings have sold for continued use and conversion to alternative uses.

Maximally productive: This final test determines what course of action should be taken with regard to the existing improvements. The options are:

- 1) Maintain
- 2) Modify (remodel or renovate)
- 3) Convert
- 4) Demolish

The subject improvement was in average to good condition at time of inspection and most likely it has significant remaining economic life. Given the current market environment residential development does not appear to be as feasible as continued use of the improvements. Therefore the improvements result in a higher return to the land than would be achieved if the land were vacant; and, therefore, neither demolition nor redevelopment of the site at this time would be realistic. The highest and best use as improved would be continued institutional use with future potential conversion into residential use.

SUMMARY OF ANALYSIS AND VALUATION:

Sales Comparison Approach

Introduction: The sales comparison approach is based on the **principle of substitution**. That is, the value of any property is directly related to the prices of competing and comparable properties which can be considered alternative choices or substitutes for a subject property.

Comparable sales: Four sales were chosen similar in land size and building size and are analyzed on a grid for comparison to the subject. Two of the sales took place between 2011 and 2013 and one of the sales is currently under contract. Also an active listing of a former public school currently for sale is also utilized. A sales location map follows the analysis with details of each improved sale. All sales were verified with a principle to the transaction where noted. When necessary, public records such as the multiple listing service and county records are used and considered reliable.

Analysis:

Discussion based on price per square foot.

The following summary describes the adjustments made to the comparable sales based on various elements of comparison.

Elements of Comparison

Dollar adjustments:

Buyer Expenditures: Sale 3 had \$120,000 in sewer work performed by the buyer prior to the closing date. This will be added to the sale price. Sale 4 will require approximately \$750,000 in asbestos remediation work, according to the listing broker. This will be added to the list price.

Property Rights: All sales represent the fee-simple interest and therefore no adjustments are necessary.

Financing: All transactions were cash or cash equivalent financing adjustments and therefore no adjustments are necessary.

Conditions of sale: No adjustments are necessary.

Percentage adjustments:

A positive percentage adjustment reflects a superior characteristic of the subject. The sales are compared and adjusted in relation to the subject for:

- market conditions
- location
- land to building ratio
- zoning
- services
- building size (GBA)
- condition

Market Conditions or time: Changing market conditions can obviously affect sale prices. Market conditions can change due to a number of factors, such as tax law revisions, supply and demand imbalances, economic recession, or economic boom. Each comparable sale should be analyzed to determine if the market conditions at the time of sale were different than those that prevail as of the effective date of the appraisal. If the comparable property sold when higher prices were prevalent, then a negative adjustment should be made to account for the difference and the opposite if prices were

lower. Prices are assumed to have stabilized in 2011. The active listing(sale 4) is adjusted -15% for a potential negotiated sale price.

Location: The location adjustment takes into consideration the neighborhood and its environment, including such things as the relative closeness to facilities, price ranges of neighboring properties, the socio-economic position of the neighborhood, traffic counts, and general amenities of the neighborhood in relationship to other similar and competitive areas. The subject is located along the commercial district of the Village of New Paltz and in close proximity to the SUNY New Paltz Campus. Sale 1 and sale 3 are not located in village or hamlet settings with less foot traffic and are given positive adjustments for their inferior locations.

Land to Building: This element examines the ratio of land area to overall building size. A larger number indicates a greater land area in relation to the building footprint and therefore greater potential parking area, area for expansion, etc. All sales have similar ratios with no adjustment given.

Zoning: This adjustment is based on the overall differences in zoning and the density of allowed development between the sales and the subject. No adjustments are necessary.

Services: The value of a parcel can be affected by the utilities it offers or lack of. No adjustments are necessary.

Building Size: Market conditions generally indicate that larger buildings tend to sell for less per unit (inferior) than smaller ones with similar amenities. Sales 1 and 4 are given negative adjustments for their smaller size.

Condition: This adjustment is based on the overall differences in condition of the buildings between the sales and the subject. Sale 3 is given a positive adjustment for its inferior condition at the time of sale.

Reconciliation

The adjusted sale prices per square foot range from \$40 to \$59 per square foot. The average of the sales is \$52 and the median is \$54. Sales 1, 2, and 4 are the most similar in condition and sale 2 is the most similar in size. More weight is given to sales 1 and 2 in this analysis with sale 4 supporting the conclusion.

The value indication via the sales approach is:

\$55/sq ft x 96,663 sq ft..... **\$5,310,000 rounded**

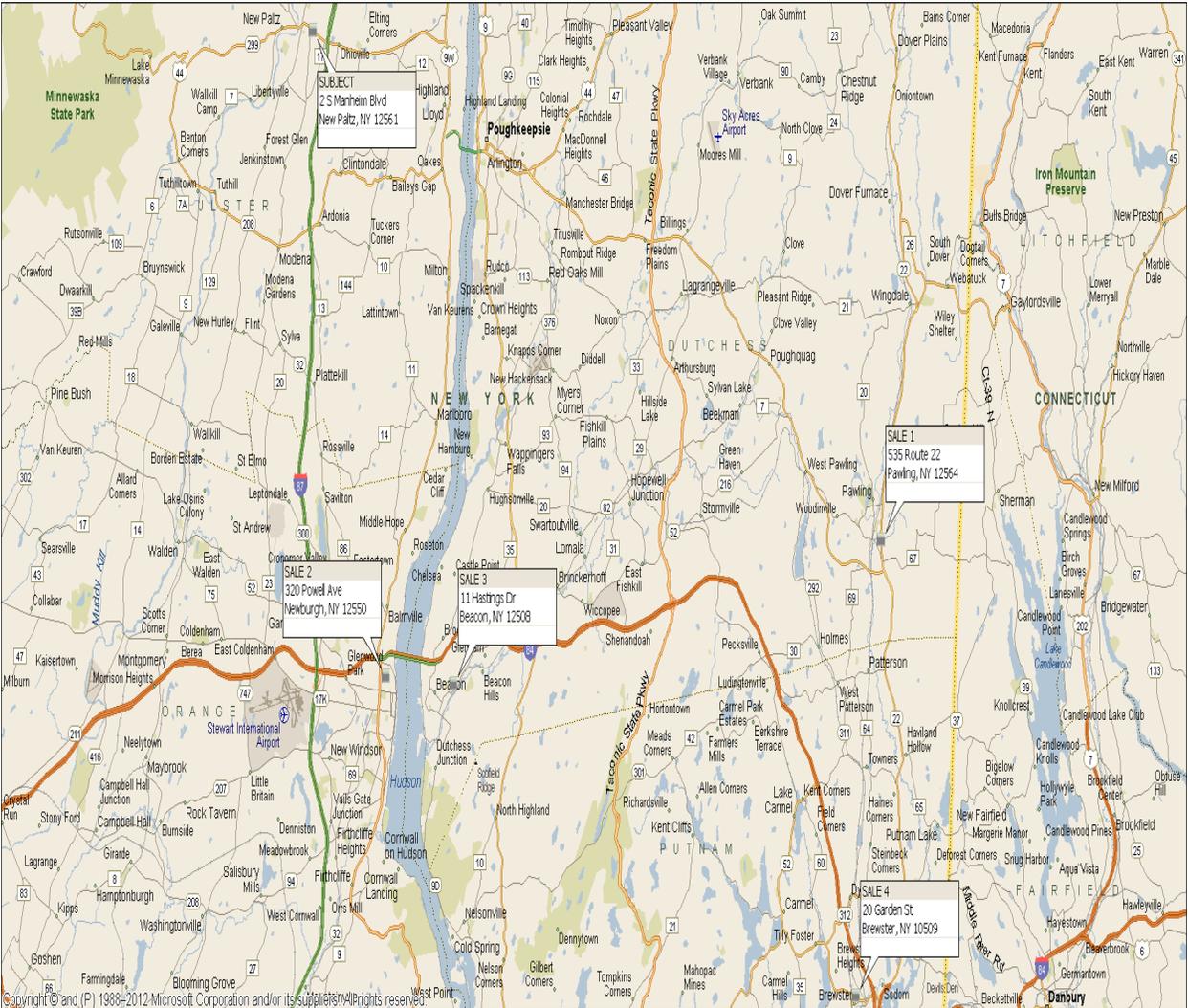
Deferred Maintenance was previously estimated to be \$60,000. This will be deducted from the value conclusion.

The as is value indication via the sales approach as of the effective date of valuation, September 3, 2013 is:**\$5,250,000, rounded**

SALES GRID

PROPERTY:		2 S MANHEIM BLVD NEW PALTZ NY				
SALES GRID						
PROPERTY TYPE:	PUBLIC SCHOOL					
ITEM	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	
DATE	SEPTEMBER 2013	MARCH 2013	JULY 2011	UNDER CONTRACT	LISTING	
LOCATION	2 S MANHEIM BLVD	535 ROUTE 22	320 POWELL AVE	11 HASTINGS DRIVE	20 GARDEN STREET	
MUNICIPALITY	VILLAGE OF NEW PALTZ	VILLAGE OF PAWLING	CITY OF NEWBURGH	CITY OF BEACON	VILLAGE OF BREWSTER	
COUNTY	ULSTER	DUTCHESS	ORANGE	DUTCHESS	PUTNAM	
UNADJUSTED SALE PRICE		\$3,339,890	\$5,000,000	\$2,225,000	\$3,499,000	
BUYER EXPENDITURES		NONE	NONE	NONE	ASBESTOS REMEDIATION	
PROPERTY RIGHTS	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	
FINANCING	MARKET FINANCING	MARKET FINANCING	MARKET FINANCING	MARKET FINANCING	MARKET FINANCING	
CONDITIONS OF SALE		NONE	NONE	NONE	NONE	
BUYER EXPENDITURES		\$0	\$0	\$120,000	\$750,000	
PROPERTY RIGHTS		\$0	\$0	\$0	\$0	
FINANCING		\$0	\$0	\$0	\$0	
CONDITIONS OF SALE		\$0	\$0	\$0	\$0	
ADJUSTED SALE PRICE		\$3,339,890	\$5,000,000	\$2,345,000	\$4,249,000	
LAND SIZE (acre)	16.54	7.98	13.1	19.04	9.9	
LAND TO BLDG	7.46	5.33	6.78	11.23	7.08	
PARKING	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	
ZONING	R-2	R2 & R3	R-1	R1-7.5	R20	
SERVICES	MUNI W & S	MUNI W & S	MUNI W & S	MUNI W & S	MUNI W & S	
USE	PUBLIC MIDDLE SCHOOL	PRIVATE SCHOOL	FORMER CONVENT	FORMER HOSPITAL	FORMER PUBLIC SCHOOL	
BUILDING/S	2 STY MASONRY	1 & 2 STY MASONRY	4 STY MASONRY;	3 STY MASONRY	2 STY MASONRY	
GBA (sq.ft.)	96,630	65,237	84,123	73,876	60,936	
CONDITION	AVERAGE TO GOOD	AVERAGE TO GOOD	AVERAGE TO GOOD	FAIR TO AVERAGE	AVERAGE TO GOOD	
PRICE/SQ. FT.		\$51.20	\$59.44	\$31.74	\$69.73	
MIRKT. COND.		\$51.20	\$59.44	\$31.74	\$59.27	
LOCATION		5%	0%	5%	0%	
LAND TO BUILDING		0%	0%	0%	0%	
ZONING		0%	0%	0%	0%	
SERVICES		0%	0%	0%	0%	
BUILDING SIZE sf		-5%	0%	0%	-5%	
CONDITION		0%	0%	20%	0%	
NET ADJ.		0%	0%	25%	-5%	
IND. VALUE		\$51	\$59	\$40	\$56	
AVERAGE	\$52			GBA SQ.FT.	VALUE/SF	VALUE INDICATION
MEDIAN	\$54			96,630	\$55.00	\$5,310,000
				DEFERRED MAINTENANCE		(\$60,000)
				VALUE INDICATION		\$5,250,000

SALES MAP



IMPROVED SALES SUMMARY TABLE

No.	Location	Sale Date	Price	Building Size (SF)	Price/SF
1.	535 Route 22	03/28/2013	\$3,339,890	65,237	\$51.20
2.	320 Powell Ave	07/13/2011	\$5,000,000	84,123	\$59.44
3.	11 Hastings Road	Under Contract	\$2,225,000	73,876	\$30.12
4.	20 Garden Street	Active Listing	\$4,249,000	60,396	\$70.35

Improved Sale No. 1





Property Identification

Record ID 2244
Property Type 600 - Community Services, 612 - schools
Address 535 Route 22, Pawling, Dutchess County
Tax ID 7056-05-174952, 204996, 127939,120946

Sale Data

Grantor Foundation for Christian Living
Grantee Mizzentop Day School
Sale Date March 28, 2013
Deed Book/Page 22013/1629
Property Rights Fee Simple
Verification Grantee; October 04, 2013; Other sources: Public Records

Sale Price \$3,339,890
Cash Equivalent \$3,339,890

Land Data

Land Size 7.980 Acres or 347,609 SF
Zoning R2 & R3, Residential
Topography Slight slope from road grade to level
Utilities Muni W & S
Shape Irregular

General Physical Data

Building Type Single Tenant
SF 65,237
Stories 1 & 2

Condition Average to Good

Indicators

Floor Area Ratio 0.19

Land to Building Ratio 5.33:1

Remarks

Sale of a private school facility on 7.98 acres for continued use. The property had been leased by the grantee for approximately 11 years before the purchase. There are two buildings on the site, one is occupied by the grantee and consists of a one and two story sections with classrooms, a gymnasium, cafeteria, auditorium, library, and administrative offices. The other improvement is a two story building currently available for lease as a school or as office space. According to the director of the school due diligence was performed by both parties with appraisals ordered by both the grantee and grantor to help facilitate a purchase price. The buildings were in average to good condition.

Improved Sale No. 2



Property Identification

Record ID 1816
Property Type 600 - Community Services, 613 - Colleges and Universities
Property Name Dominican Sisters of Hope
Address 320 Powell Ave, Newburgh, Orange County
Tax ID 8-1-1.32

Sale Data

Grantor Sister of St. Dominic
Grantee Mount Saint Mary College
Sale Date July 13, 2011
Deed Book/Page 13199/1225
Conditions of Sale Related parties
Verification Seller; Confirmed by Daniel Hubbell

Sale Price \$5,000,000
Cash Equivalent \$5,000,000

Land Data

Land Size 13.100 Acres or 570,636 SF
Zoning R1, Residential
Topography Level

R.P. HUBBELL AND COMPANY, INC.

Utilities Muni W, S, gas

General Physical Data

Building Type Single Tenant
SF 84,123 Former Convent

Construction Type Masonry
Roof Type Flat, rubber
Foundation Concrete block
Stories 4
Floor Height 10
Condition Average

Indicators

Sale Price/ SF \$59.44
Floor Area Ratio 0.15

Remarks

Sale of a former convent building to adjacent university for conversion to student dormitory uses. Property sold in average condition with updated HVAC and electric. Asbestos remediation on convent building consisted of sealing only. The subject is 13.1 acres in size, with excellent views of the Hudson River and gently rolling, open topography. The subject is improved with a 84,123 square foot four story brick-face, steel-frame convent with ground floor, fifth floor tower, infirmary, chapel, full commercial kitchen, and updated utilities; a 1,196 square foot 1.5 story single family residence; and two story maintenance garage with full basement. The subject fronts on Powell Avenue and is adjacent to Mount Saint Mary College.

Pending Improved Sale No. 3



Property Identification

Record ID 2145
Property Type 600 - Community Services, 642 - All other Health Facilities
Address 11 Hastings Road, Beacon, Dutchess County
Tax ID 6055-03-268090

Sale Data

Grantor St Francis Hospital
Property Rights Fee Simple
Verification Grantor; April 26, 2013; Other sources: Public Records

Contract Price \$2,225,000
Cash Equivalent \$2,225,000
Upward Adjustment \$120,000
Adjusted Price \$2,345,000

Land Data

Land Size 19.040 Acres or 829,382 SF
Zoning R1-7.5, Residential
Topography Level to Sloping
Utilities Muni W & S

General Physical Data

Building Type	Single Tenant
SF	73,876
Construction Type	Masonry & Steel
Roof Type	Flat - Membrane
Sprinklers	Full
Stories	3
Year Built	1960
Condition	Fair to Average

Indicators

Floor Area Ratio	0.09
Land to Building Ratio	11.23:1

Remarks

Former St Francis Hospital located in the City of Beacon under contract of sale. It is improved with a two and three story block and steel frame building constructed in 1957/58 totaling 73,876 square feet. The first floor totals 30,382 square feet containing main entrance with service and security lobbies, administrative offices and small cafeteria in the south wing, meeting rooms, kitchen, dining room, mechanical room, and pharmacy in the north wing. The second floor totals 31,550 square feet containing rehabilitation residential rooms and lobby in south wing, outpatient rehabilitation services, radiology lab, general lab, and medical offices in north wing. The third floor is 11,944 square feet and contains 31 detox beds, 5 alcohol rehab beds, central lobby, and small food service. There are a total of 51 patient rooms. The building was in fair to average condition at the time of inspection.

Improved Listing No. 4



Property Identification

Record ID 2245
Property Type 600 - Community Services, 612 - schools
Address 20 Garden Street, Brewster, Putnam County
Tax ID 67.34-1-37

Sale Data

Grantor Brewster Central School District
Survey Date October 04, 2013
Property Rights Fee Simple
Verification Listing Broker; October 04, 2013; Other sources: Public Records

Listing Price \$3,499,000
Cash Equivalent \$3,499,000
Upward Adjustment \$750,000 Asbestos Remediation
Adjusted Price \$4,249,000

Land Data

Land Size 9.900 Acres or 431,244 SF
Zoning R20, Residential
Topography Level

Improved Listing No. 4 (Cont.)

Utilities	Muni W & S
<u>General Physical Data</u>	
Building Type	Single Tenant
SF	60,396
Stories	2
Condition	Average to Good
<u>Indicators</u>	
Floor Area Ratio	0.14
Land to Building Ratio	7.14:1

Remarks
Listing of a former public elementary school on 9.90 acres in the Village of Brewster. The site is within walking distance of the Metro North Train Station and the Village of Brewster commercial district. According to the listing broker the property will require approximately \$750,000 in asbestos remediation. The property is being marketed for residential conversion.

RECONCILIATION AND FINAL VALUE ESTIMATE:

REGARDING THE APPROACHES

"As is" Valuation

The discussion will outline the strengths and weaknesses of the data used.

TESTS OF REASONABLENESS:

Sales Comparison Approach

Quality of sales: There were an adequate number of quality comparable sales used in this approach. The sales utilized indicate a tight range in price per square foot.

Qualitative analysis: Most of the adjustments are qualitative in nature and therefore this approach is reliable only as much as the reasonableness of the adjustments. Two of the four sales had net adjustments under + or – 5%. The value conclusion was near the average and median price per square foot of all sales

The sales approach is considered adequately supported

Conclusion

It is our opinion that the market value of the fee simple estate as defined herein as of the effective date of valuation, September 3, 2013 is:

FIVE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS

(\$5,250,000)

ASSUMPTIONS & LIMITING CONDITIONS

This appraisal report, the letter of transmittal, and the certification are made expressly subject to the following assumptions and limiting conditions, and any special limiting conditions contained in the report, which are incorporated herein by reference.

1. The legal description furnished is assumed to be correct. I assume no responsibility for matters legal in character, nor do I render any opinion as to the Title, which is assumed to be good and marketable. All existing liens and encumbrances, if any, have been disregarded and the property appraised as though free and clear, under responsible ownership and competent management.
2. The sketches in this report, if any, are included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
3. I assume to be reliable the information which was furnished by others, but I assume no responsibility for its accuracy.
4. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose other than the intended use by the appraiser or the applicant without the previous written consent of the appraiser or the applicant, and then only with proper qualification.
5. I am not required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.
6. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building(s) must not be used in conjunction with any other appraisal and are invalid if so used.
7. No investigation has been made to determine if there are subsurface deposits of gas or minerals.
8. This appraiser very carefully inspected the building(s) involved in this appraisal report, and damage, if any, by termites, dry rot, wet rot, or other infestations was reported as a matter of information by your appraiser as I do not guarantee the amount of degree of damage.

9. All furnishings and equipment, except those specifically indicated and typically considered as a part of real estate have been disregarded by this appraiser. Only the real estate and necessary FF &E has been considered.
10. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the comparable sales completely, and it was necessary to rely on information furnished by others as to said data. Therefore, the value conclusions are subject to the correctness and verification of said data.
11. The appraiser has inspected, as far as possible, by observation the land and the improvements thereon. However, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made herein as to these matters, and unless specifically considered in the report, the value estimate is subject to any such conditions that could cause a loss in value. Condition of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements, unless otherwise stated.
12. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to valuation and conclusions and the identity of the appraiser or the firm with which he is connected.
13. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea formaldehyde foam insulation, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraiser is not qualified to detect such substances. We urge the client to retain an expert in this field, if desired.
14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific survey or analysis of this property has been conducted to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost to cure the property's potential physical characteristics, no comment can be made on compliance to ADA. A brief summary of the physical description is included in this report and in no way suggests or implies ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-

accessibility, any value estimate does not consider possible noncompliance. Specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

15. Many appraisals involve an inspection of the land and an exterior and interior inspection of the existing improvements by an appraiser on a walk-through basis. This type of inspection is not the equivalent of an inspection by a qualified engineer. We recommend the client have a qualified building inspection done prior to the disbursement of any loan funds. An appraiser's inspection should, at the minimum, be thorough enough to adequately describe the real estate in the appraisal report; develop an opinion of highest and best use, when such an opinion is necessary and appropriate; and make meaningful comparisons in the appraisal of the property.⁶ This type of inspection is not the equivalent of an inspection by a qualified engineer. Therefore, no responsibility is assumed for such conditions as structural, mechanical, etc. that an inspection the equivalent of an engineer's would be required to discover. The client is urged to get an engineer inspection prior to the disbursement of any loan funds. Unless otherwise stated, the property is assumed to be building code compliant.
16. The property is considered and assumed to be under responsible ownership and competent management.

⁶ Portions taken from USPAP 2010/11 e-edition Advisory Opinion AO-2

CERTIFICATION

We certify that, to the best of our knowledge and belief:

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

The reported analyzes, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyzes, 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.

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

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.

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

Angelo Lallis and Grant Ackerly have made a personal inspection of the property that is the subject of this report.

We have not performed any services, as an appraiser 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.

We certify that, to the best of our knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the code of professional ethics and standards of professional appraisal practice of the Appraisal Institute.

We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

R.P. HUBBELL AND COMPANY, INC.

As of the date of this report, Grant Ackerly, MAI has completed the requirements of the continuing education program of the Appraisal Institute.

As of the date of this report, Angelo Lallis has completed the standards and ethics requirement of the Appraisal Institute.

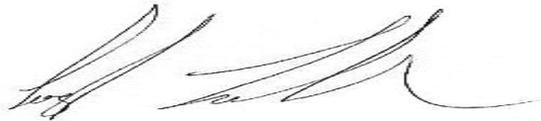
Date: October 10, 2013

Signature:



Grant Ackerly, MAI, CCIM
State Certified General Real Estate Appraiser No. 46..46551

Signature:



Angelo Lallis
State Certified General Real Estate Appraiser No. 46..50496

ADDENDA



R.P. Hubbell and Company, Inc.
Market Analysts and Real Estate Appraisers

MAIN OFFICE

3 Neptune Road, S-400 • Poughkeepsie, NY 12601
(845) 454-6525 • (845) 454-6359 (F)

NORTHERN NEW YORK OFFICE

Chazy, NY 12921
(518) 846-3322

www.rphubb.com

Federal Tax ID 14-1811274



R. PETERS HUBBELL, JR., MAI, MRICS
GRANT P. ACKERLY, MAI, CCIM

State Certified General Appraiser
ANDREW WARD
ANGELO LALLIS
GORDON CASEMENT

State Certified Residential Appraiser
CHARLES F. CARNELL

August 25, 2013

Richard Linden
Assistant Superintendent for Business
New Paltz Central School
196 Main Street
New Paltz, New York 12561

Re: Appraisal of 2 South Manheim Blvd. and 31 Sunset Ridge Road

APPRAISAL SERVICES CONTRACT
“ENGAGEMENT LETTER”

This contract is an agreement between R.P. Hubbell and Company, Inc. (APPRAISER), and New Paltz Central School (CLIENT). Payment is not contingent upon arriving at a particular value.

The real property to be appraised is:

- An 18.00 acre parcel improved with a 1-story, +/- 65,000 square foot school building identified by tax ID #78.20-4-49
- A 17.30 acre parcel improved with a +/- 81,000 square foot school building identified by tax ID #86.42-4-6

APPRAISER agrees to conduct a scope of services that includes:

- Visual inspections of the subject properties (interior and exterior)

- Valuing the fee simple interest of the properties as of the inspection date (to be determined), based on the market value of the “highest and best use”
- Conducting market research and analysis of similar sales within the subject market for use in the sales approach

The value conclusion will be developed and communicated by a narrative summary-format report per USPAP 2012-2013. The summary report will include summary details sufficient for the client to understand the value conclusion. Additional supporting documentation will be retained in the appraiser.

Users of the report will be the CLIENT. The intended use will be for estate planning purposes. If the reports are used for other purposes, or by other people it could be misleading, inaccurate, or insufficient for those purposes.

Items requested include: Copy of survey, building plans, deed, title reports (if available), three-year expense history, leases and current rent roll (if any) and list of capital repairs made in the last five years.

CLIENT agrees to remunerate APPRAISER, as compensation for services an amount of \$5,000 in total upon the signing of this contract with a 50% retainer of \$2500 paid prior to initiating the project. The balance of the fee is to be paid upon completion of the project.

Delivery date will be approximately four to five weeks from our receipt of a signed copy of this engagement letter and retainer.

In the event that any payment is not paid when due, CLIENT shall pay all expenses of collection, including, but not limited to, court costs and attorneys' fee.

One (1) printed copy of each report plus pdf copy via email will be provided at the above fee. Additional printed and signed originals will be \$250 each.

Thank you for the opportunity of presenting this contract for your consideration. If the contract meets with your approval, please execute and return a signed original, together with the required retainer and requested data.

Respectfully submitted:
R.P. HUBBELL AND COMPANY, INC.



Grant Ackerly, MAI, CCIM

State Certified General Real Estate Appraiser No. 46..46551

R.P. HUBBELL AND COMPANY, INC.

AUTHORIZATION TO PROCEED

I agree to the terms and conditions of the Appraisal Service Contract set forth herein, and hereby authorize APPRAISER to proceed with said services.

Signature

Date

Printed Name

Title

Person and phone number to contact for inspection:



R.P. Hubbell and Company, Inc.

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ANDREW WARD
ANGELO LALLIS
GORDON CASEMENT

State Certified Residential Appraiser
CHARLES F. CARNELL

QUALIFICATIONS OF GRANT P. ACKERLY

PROFESSIONAL DESIGNATIONS

MAI - Member Appraisal Institute; Appraisal Institute
CCIM - Certified Commercial Investment Member; CCIM Institute

CERTIFICATION and LICENSES

New York State Certified General Real Estate Appraiser No. 46000046551
Qualified General Real Estate Appraiser for NYS Department of Transportation
Qualified New York State Real Estate Appraisal Instructor
Connecticut Certified General Real Estate Appraiser No. RCG.0001232
Approved market analyst: New York State

MEMBERSHIPS

Appraisal Institute, member #445564, awarded September 18, 2003
CCIM, member #19121, awarded April 15, 2011

GENERAL EDUCATION

State University of New York at New Paltz, B.A. Economics

PROFESSIONAL EDUCATION

Appraisal Institute:

Advanced Income Capitalization, Course 510; 2004; Highest and Best Use and Market Analysis, Course 520, 2005; Advanced Cost and Sales, Course 530, 2005; Report Writing and Valuation Analysis, Course 540, 2005; Advanced Applications, Course 550, 2006; "Evaluating Commercial Construction", 2004; "Hotel Valuation", 2008, "GIS Applications", 2008; "The Discounted Cash Flow Model", 2009; "Site use and Valuation Analysis", 2010; "Commercial Appraisal Engagement and Review", 2012; "Fundamentals of separating Real Property, Personal Property and Intangible Value", 2012

CCIM Institute:

C101: *Financial Analysis for Commercial Investment Real Estate Analysis: 2009*
C102: *Market Analysis for Commercial Investment Real Estate: 2010*
C103: *User Decision Analysis for Commercial Investment Real Estate: 2010*
C104: *Investment Analysis for Commercial Real Estate: 2011*

PROFESSIONAL EXPERIENCE

President and C.O.O., R.P. Hubbell and Company, Inc.

Since 2003, engaged exclusively in the appraisal of real estate with emphasis on commercial, industrial, income producing properties and land for development.



R.P. Hubbell and Company, Inc.

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ANDREW WARD
ANGELO LALLIS
GORDON CASEMENT

State Certified Residential Appraiser
CHARLES F. CARNELL

QUALIFICATIONS OF ANGELO LALLIS

CERTIFICATION AND LICENSES

New York State Certified General Real Estate Appraiser No. 46000050496

MEMBERSHIPS

Appraisal Institute, Associate Member #534733

GENERAL EDUCATION

State University of New York Empire State College, B.S. Business Management

PROFESSIONAL EDUCATION

Basic Appraisal Principles, Course R-1, 2003; Basic Appraisal Procedures, Course R-2, 2003; Uniform Standards of Professional Appraisal Practice, 2003; AQ-1, Fair Housing, Fair Lending and Environmental Issues, 2003; Basic Income Capitalization, G-1, 2005; General Market Analysis and Highest and Best Use, G-4, 2009; Real Estate Finance Statistics, and Valuation Modeling, 2009; General Appraiser Sales Comparison Approach, G-5, 2009; General Appraiser Site Valuation and Cost Approach G-6, 2009; General Appraiser Income Approach, G-7, 2009; General Appraiser Report Writing and Case Studies, G-8, 2010

PROFESSIONAL EXPERIENCE

Appraiser, R.P. Hubbell and Company, Inc.

2012-Present - Appraisal of real estate with emphasis on commercial properties

Assistant Assessor, Town of Monroe, NY

2010-2012 – Appraisal for assessment purposes of residential and commercial properties.

Assistant Assessor, City of Newburgh, NY

2005-2010 – Conducted annual revaluation of all commercial and residential properties

Appraiser, Allied Appraisers

2004-2005 – Appraisal of residential real estate