

APPENDIX C:
PROSPERITY INFORMATION AND
APPRAISALS

INGRAM REAL ESTATE GROUP

SUMMARY APPRAISAL OF

22 NORTH 7TH STREET

ALLENTOWN, LEHIGH COUNTY, PA

**Prepared for:
Mr. Kenneth B. Bennington
Managing Director
Office of the Mayor
City of Allentown
435 Hamilton Street
Allentown, PA 18101**

**July 1, 2009
As of June 18, 2009**

INGRAM REAL ESTATE GROUP
2454 Mountain Lane, #8
Allentown, PA 18103

John R. Ingram II, MAI, MRICS, AICP, CTA
President

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July 1, 2009

Mr. Kenneth B. Bennington
Managing Director
Office of the Mayor
City of Allentown
435 Hamilton Street
Allentown, PA 18101

Dear Mr. Bennington:

Re: 22 North 7th Street
Allentown, Lehigh County, PA

Pursuant to your request, I have inspected the above-referenced property and estimated the current Market Value. The Subject property is more fully described in the attached report. In my inspection of the Subject property, no existing environmental hazards were observed, and this report assumes the Subject site is an environmentally clean site.

This is a Summary Appraisal report, and conforms to the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP). In arriving at an estimate of market value of the Subject property, I have considered all of the pertinent factors that influence value. If it were listed, we would estimate a marketing and exposure time of no more than 6-12 months at a price reflecting the estimated market values, below. As of June 18, 2009, the date of my inspection, I have estimated the market value to be:

\$1,050,000

Sincerely,



John R. Ingram II, MAI, MRICS, AICP, CTA
(PA Cert. Gen. Appraiser # GA000474L)

CERTIFICATE OF APPRAISAL

PREMISES: 22 North 7th Street, Allentown, Lehigh County, PA

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

-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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

-I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

-I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

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

-my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of 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.

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

-I 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 person signing this certification.

-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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

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

-as of the date of this report, I have completed the continuing education program of the Appraisal Institute.

A handwritten signature in black ink, appearing to read "John R. Ingram II", with a long horizontal flourish extending to the right.

John R. Ingram II, MAI, MRICS, AICP, CTA
(PA Cert. Gen. Appraiser # GA000474L)
July 1, 2009

AGREEMENT OF SALE

By and Between

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF GENERAL SERVICES

And

AND

DEVELOPMENT

ALLENTOWN COMMERCIAL/INDUSTRIAL/AUTHORITY

THIS AGREEMENT, dated May 15, 2007, is entered into by and between the COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF GENERAL SERVICES, 515 North Office Building, Harrisburg, PA 17125, (hereinafter referred to as "Seller"),

AND

ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY, Lehigh County, Pennsylvania, (hereinafter referred to as "Buyer").

WITNESSETH THAT:

WHEREAS, Seller desires to sell to Buyer the property, containing 36.08-acres more or less, and outbuildings located in the City of Allentown and the City of Bethlehem, Lehigh County, as shown in the attached plans, made a part hereof, and marked as Exhibit "A" and described in Exhibit "B", (hereinafter referred to as "the Premises"); and

WHEREAS, Buyer desires to purchase the Premises from Seller;

NOW, THEREFORE, in consideration of the Premises and the mutual covenants and promises herein contained and intending to be legally bound hereby, the parties hereto promise, covenant and agree as follows:

- (1) Consideration. The purchase price is \$1.00 and other good and valuable consideration described herein:

Upon an Approved Sale of the Premises (as hereinafter defined), the Buyer agrees to pay by certified or approved title company check at such settlement to the Seller 80% of all net proceeds from any such sale of the Premises, less the reasonable costs for studies and work necessary to acquire and or market the Premises. The fees and costs that may be deducted by Buyer from the sale price

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ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY

shall be limited to the cost for an appraisal, environmental studies (approved in advance by Seller), title reports and the land survey required hereunder. Buyer shall submit evidence of such fees and costs in form and substance reasonably satisfactory to Seller. Buyer must obtain Seller's prior review and written approval, which approval shall be at Seller's sole discretion, prior to executing any agreement of sale relative to the Premises. Furthermore, Buyer shall, at its sole cost and expense, engage counsel to prepare any agreement of sale which Buyer presents to Seller for review and approval. Upon receipt of written approval from the Seller, the Buyer may enter into the agreement of sale for the Premises and proceed to settlement in accordance with the terms of such agreement (an "Approved Sale"). Should Buyer violate any of the terms of this provision, or convey, or attempt to convey, or encumber the Premises other than through an Approved Sale, the title to the Premises shall immediately revert and re-vest in the Seller.

This provision shall not merge into the deed and shall survive settlement.

- (2) **Legislative Contingency.** Buyer hereby acknowledges and understands that the authorization of the General Assembly is legally required for Seller to convey the Premises to Buyer; that Seller's agreement to this provision shall in no way bind the General Assembly to authorize Seller to convey the Premises to Buyer; that Buyer shall not incur any liabilities if the General Assembly does not authorize Seller to convey the Premises to Buyer. If the necessary authorization from the General Assembly is not received within 1 year from the execution of this agreement, both parties shall be released from further liability or obligation hereunder, and this Agreement shall become null and void.
- (3) **Survey.** The Buyer and Seller agree that the survey plan and legal description attached hereto as Exhibit "A" and Exhibit "B" respectively are preliminary and are not considered complete by either party. The Buyer shall, within 90 days from the execution of this Agreement by the Secretary of General Services, cause to have completed, by a Pennsylvania Licensed Surveyor, a formal survey/subdivision plan and legal description of the Premises using the attached survey plan and legal description as a basis. In addition to the boundary lines, the formal survey/subdivision plan shall depict all necessary ingress, egress and utility easements that are necessary to be reserved by the Seller for the efficient operation of Allentown State Hospital. Also, the formal survey/subdivision plan shall depict all necessary ingress, egress and utility easements that are necessary to be granted to the Buyer for its development project. The Buyer agrees to furnish the formal survey/subdivision plan and legal description to the Seller, for its written approval, which shall not to be unreasonably withheld, within 90 days from the execution of this Agreement by the Secretary of General Services. Notwithstanding the foregoing, the parties agree that Premises to be conveyed are to be comprised of approximately 36-acres of land, more or less. The Buyer and Seller agree that upon the Seller's approval of the formal survey/subdivision plan and legal description, a formal application for subdivision shall be submitted by

the Buyer, at its sole cost and expense, to all applicable governmental bodies for approval. The Seller agrees to reasonably cooperate with Buyer in making such application; provided, however, Seller shall not be required to accept any conditions or restrictions on property remaining in Commonwealth ownership. The Buyer shall have 1 year from Seller's approval of the formal survey/subdivision plan to obtain final, non-appealable subdivision approval from all applicable governmental bodies ("Final Subdivision"). If the Buyer fails to obtain Final Subdivision within 1 year, both parties shall be released from further liability or obligation hereunder, and this Agreement shall become null and void. It is further agreed that these documents combined will describe the property to be conveyed to the Buyer by the Seller under the terms of this Agreement. The date the Secretary of General Services executes this Agreement shall establish the "Execution Date."

- (4) **Closing.** All times stated within this Agreement are hereby agreed to be of the essence. Unless otherwise agreed upon in writing by the parties, settlement shall occur within sixty (60) days from the later of; (a) receipt of the necessary legislative authorization under Paragraph 2 above, or (b) the date that the Seller receives Final Subdivision.
- (5) **Default of Buyer.** Should Buyer violate or fail to fulfill and perform any of the terms or conditions of this Agreement, then and in that case, any and all sums paid by Buyer under this Agreement may be retained in full by Seller as liquidated damages for such breach. In such event, both parties shall be released from further liability or obligation hereunder, and except with regard to the Buyer's agreement herein with respect to its release of Seller and indemnification, this Agreement shall become null and void.
- (6) **Default of Seller.** In the event that title to the Premises is not conveyed by Seller to Buyer at settlement in accordance with the requirements of this Agreement or closing does not occur as provided herein or Seller is otherwise in default in the performance of the provisions hereof, Buyer must either (a) disregard or waive such default and perform this Agreement by accepting said title and the Premises in such condition as Seller is still willing to convey without abatement in price, or (b) if Seller is no longer willing to convey the Premises for whatever reason, Buyer must rescind this Agreement and recover all sums paid on account of the Purchase Price, including any reasonable costs described in Paragraph 1 that have been incurred by Buyer to acquire or market the Premises without interest. In the latter event, there shall be absolutely no further liability or obligation by either party hereunder, and this Agreement shall become null and void. Buyer acknowledges that there is no right of specific performance or monetary damages against Seller arising from any possible default by Seller and that Buyer will not attempt to file any action in Equity or at Law seeking specific performance of this Agreement to compel transfer of the subject property in the event of any alleged default by Seller, Buyer will not file or record any *Lis Pendens* against the Premises or any other property of Seller and will not file suit or a claim for

monetary damages against Seller, the Commonwealth of Pennsylvania or any other Commonwealth agency. If Buyer institutes a legal action against Seller relating to this Agreement for any default hereunder, Buyer shall, under all circumstances, compensate Seller for the reasonable expenses and/or reasonable value of defending such action, including without limitation attorneys' fees, disbursements and court costs. (The reasonable value of attorneys' fees shall be paid to Seller, even if Seller's attorneys are employed by the Department of General Services and/or the Office of General Counsel). The obligations under this Section shall survive the termination of this Agreement.

- (7) **Transfer Taxes.** Seller is exempt by law from paying real estate transfer taxes. Such exemption shall not relieve Buyer from liability for the tax.
- (8) **Real Estate Taxes.** Seller is exempt from the payment of real estate taxes. Such exemption shall not relieve Buyer from liability for the entire tax upon transfer of title to the Property.
- (9) **Utilities.** Water, sewer, and electrical charges, if any, shall be apportioned between the parties as of the date of final settlement.
- (10) **Warranties.** The title is to be good and marketable and such as will be insured by any responsible title insurance company, licensed to do business in Pennsylvania, at regular rates, and the Premises shall be conveyed to Buyer by Special Warranty Deed warranting said Premises to be free from all liens and encumbrances, except as may be otherwise herein stated, but to be subject to all existing restrictions, easements, recorded agreements and covenants, rights of public service companies, easements of road, zoning regulations, ordinances, statutes and regulations of any constituted public authority, now in force or which may be passed prior to final settlement.
- (11) **Covenants, Conditions and Restrictions.**
 - (A) Buyer acknowledges that this agreement shall not be a valid or binding agreement until it has received the signed written approval of the Office of General Counsel, Office of Attorney General, Secretary of General Services and the Governor and that if it is not properly signed, executed and approved by these officials or their authorized designees, the Purchase Agreement will not be valid in which case the deposit shall be returned to Buyer. Furthermore, delivery of the fully signed, executed and approved Purchase Agreement from Seller to Buyer is a condition precedent to a valid agreement between the parties. The execution date of this agreement shall be the last date when signed written approval is received from all of the following: Buyer, the Secretary of General Services, the Office of General Counsel, the Office of Attorney General and the Governor, or their authorized designees.

- (B) The deed of conveyance shall contain the following covenant:

“Under and Subject to the condition, that no portion of the property conveyed shall be used as a licensed facility, as defined in 4 Pa.C.S. § 1103 (relating to definitions), or any other similar type of facility authorized under state law. The condition shall be a covenant running with the land and shall be binding upon the Buyer (Grantee), its successors and assigns. Should the Buyer (Grantee), its successors or assigns, permit any portion of the property to be used in violation of this restriction, the title shall immediately revert to and revest in the Seller (Grantor).”

- (C) Buyer acknowledges and agrees to accept a covenant that will be placed in the deed from Seller to Buyer requiring that the Premises shall be used only for commercial or senior residential uses or a combination of both, which covenant shall run with the land and shall be binding upon the Buyer, its successors and assigns.
- (D) 1. Buyer agrees to select a qualified developer(s) within 12 months of the date of the conveyance to develop the Premises in accordance with this Agreement and, subject to the requirements of Paragraph 1, thereafter enter into an agreement of sale for the Premises.
2. Buyer agrees to convey the Premises pursuant to an Approved Sale for current fair market value at the time of sale to a bona fide third party purchaser, consistent with this Agreement, within 24 months of the date of settlement under this Agreement. Should Buyer violate any of the terms of this provision the title to the Premises shall immediately revert and revest in the Seller.
3. During the entire period that Buyer holds title to the Premises, Buyer shall use its best efforts to maintain and conserve the Premises in a commercially reasonable manner and shall not commit waste or perform or permit to be performed any activity or action which would or could diminish the value of the Premises.
4. Buyer agrees to use its best efforts and act with due diligence to effect the purposes of the Agreement which is to put the Premises to a productive use consistent with the covenants imposed by this Agreement.
5. The Buyer shall indemnify and hold harmless Seller, generally, and its, officers, employees and agents, specifically; from and against any and all liabilities, claims, demands, penalties, actions, suits, judgments, costs and expenses, including all attorneys' fees resulting from death or injury to any person, and from damage to, any property occurring on or near the Premises during the period that Buyer holds equitable title under this Agreement of Sale and ,following settlement, holds title to the Premises,

arising out of, resulting from, or in any manner caused or incurred by Buyer, its contractors, subcontractors, invitees or any other persons whatsoever.

6. The Buyer, at its own expense, shall provide and maintain for the benefit of the Seller and itself, as their respective interests may appear, adequate insurance in amounts satisfactory to the Seller with responsible insurance companies licensed to do business in the Commonwealth of Pennsylvania insuring the Premises for liability insurance in an amount to be approved by Seller and for property damage in the amount of at least \$1,050,000.00, the appraised value of the Property. Such policy shall name the Commonwealth of Pennsylvania as an additional insured. The Buyer or its insurance agent or company must forward evidence of the aforementioned insurance coverage to the Department of General Services, Bureau of Real Estate, Land Management Division, Room 500 North Office Building, Harrisburg, Pennsylvania 17125 prior to or simultaneous with the taking of title to the Premises. The Buyer or its insurance agent or company shall notify Seller at least one (1) month prior to any change, transfer, or cancellation of the aforementioned insurance coverage.
 7. Buyer acknowledges and agrees that Seller, in its sole discretion, may reserve and accept any easements on the Premises to be conveyed to Buyer which are necessary for the efficient operation of Allentown State Hospital. It is mutually agreed that Buyer will cause to have all necessary utility easements for the benefit of Allentown State Hospital depicted and described on its proposed survey/subdivision plan pursuant to Paragraph 3 of this Agreement. The Seller agrees that upon Seller's approval of said survey/subdivision plan, to limit the reservation of easements under this paragraph to those depicted on the survey/subdivision plan.
 8. Each provision of this Section (11) (D) shall not terminate or merge into the Deed but shall survive settlement and remain binding on Buyer.
- (12) **Costs.** Seller agrees to prepare the Deed. All costs and expenses relating to Buyer's title examination or the purchase of title insurance shall be the sole responsibility of the Buyer.
- (13) **Assignment.** Buyer may not assign its rights under this Agreement.
- (14) **Condition of Premises.** Buyer acknowledges that it has entered into this Agreement with the knowledge that the Premises will be acquired on an "as is" basis, that it has had the opportunity to inspect the Premises, and that said Premises are being purchased as a result of said inspection and not as a result of any advertisement, hand bill or any representation, either oral or written, made by Seller or its employees. Buyer agrees that Seller and its employees shall not be

liable for any error in any advertisement, hand bill or announcement made by Seller or its employees, if any, nor for any agreement, condition, representation or stipulation, oral or written, not specifically set forth herein.

- (15) **Care of Premises.** From and after the date of this Agreement until the date of settlement under this Agreement, the Seller shall materially comply with all state and municipal laws, ordinances, regulations and orders or notices of violations relating to the subject Premises and which are applicable to Seller, except that compliance may be postponed while Seller is in good faith contesting the validity of said orders or notices.
- (16) **Risk of Loss.** Risk of loss shall remain with Seller until settlement. In the event of damage to the Premises by fire or other casualty, Buyer shall have the option of terminating this Agreement or accepting the Premises in its then condition.
- (17) **Miscellaneous.**
 - (A) Seller agrees to furnish to the Buyer all title data which Seller may have in its possession, including but not limited to deeds, maps, surveys, plans, abstracts, title reports and title policies.
 - (B) Buyer shall receive possession of the Premises at the time of closing by delivery of the deed and such keys as Seller may possess at that time. Subject to the indemnification provisions and provided that the Buyer obtains and presents Seller with proof of the insurance required by this agreement, then prior to settlement Buyer shall have the right, at reasonable times and upon reasonable notice to Seller, to enter upon the Premises for purposes of inspecting the Premises or any conditions existing thereon.
 - (C) Neither party hereto has dealt with or through any real estate broker or agent in connection with this transaction. In the event that any real estate broker or agent claims a commission as a result of this transaction, the party with whom said broker or agent allegedly dealt shall have the responsibility for defending against and, if unsuccessful, paying the claim of such broker or agent.
- (18) **Recording.** This Agreement or any memorandum thereof shall not be recorded by Buyer in the Recorder of Deeds of Lehigh County or in any other public office of record.
- (19) **Subsequent Liens and Ordinances.** Any notices or ordinances filed subsequent to the date of settlement by any governing authority for which a lien could be filed are to be complied with at the expense of the Buyer, provided that Buyer takes title hereunder. Any such notices or ordinances filed prior to the date of settlement are to be complied with at the expense of the Seller.

- (20) **Representations and Warranties of Seller.** Seller, to induce Buyer to enter into this Agreement and to complete settlement, makes the following representations and warranties to Buyer, which representations and warranties are true and correct as of the date of this Agreement, and except as limited below in (C) and (D) below, shall be true and correct at and as of the date of settlement in all respects as though such representations and warranties were made both at and as of the date of this Agreement, and as of the date of settlement.
- (A) Seller has not received any notice from any insurance company which has issued a policy with respect to the Premises or from any board of fire underwriters (or other body exercising similar functions) claiming any defects or deficiencies in the Premises or suggesting or requesting the performance of any repairs, alterations or other work to the Premises.
 - (B) There are no leases, service equipment, supply, security, maintenance, or other agreements with respect to or affecting the Premises which shall be binding upon Buyer or with respect to the Premises from and after the date of settlement.
 - (C) As of the date hereof, there is no action, suit or proceeding pending or, to the knowledge of Seller, threatened against or affecting Seller with respect to the Premises or any portion thereof or relating to or arising out of the ownership, management or operation of the Premises, in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality.
 - (D) As of the date hereof, Seller has not received any notice of any condemnation proceeding or other proceedings in the nature of eminent domain ("Taking") in connection with the Premises and, to Seller's knowledge, no Taking has been threatened.
 - (E) All contractors, subcontractors and other persons or entities furnishing work, labor, materials or supplies for the Premises have been paid in full and there are no claims against the Seller or the Premises in connection therewith.
 - (F) The undersigned represents and warrants that they have full power and authority to execute and deliver this Agreement on behalf of Seller.
 - (G) Seller has disclosed to Buyer, Seller's belief, that although no testing has been conducted by Seller, it is highly likely that lead-based paint or lead-based paint hazards are present in or about the Premises. Buyer agrees that Seller has offered Buyer opportunity to conduct a risk assessment or

inspection of the Premises to determine the presence of lead-based paint and/or lead-based paint hazards.

- (21) **Release.** Buyer hereby releases, quit claims and forever discharges Seller and its agents and employees, from any and all claims, losses, or demands, including, but not limited to, personal injuries and property damage and all of the consequences thereof, whether now known or not, which may arise from the presence of termites or other wood boring insects, radon, lead-based paint hazards, environmental hazards, or any defects or conditions on the Premises. This Release shall survive settlement and shall not merge in to the deed.

SUBJECT TO THE FOREGOING, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective representatives, successors and/or permitted assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement on May 15, 2007.

SELLER:

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES**

Charles D. West
Office of Chief Counsel *C.M. 2*
Department of General Services

James P. Creedon 5-15-07
James P. Creedon (Date) *(Lys)*
Secretary

Gregory M. Elliott
Office of Attorney General

[Signature]
Office of General Counsel

[Signature]
GOVERNOR

ATTEST:

Michael R. Miller
Secretary / Treasurer

BUYER:

AND

**ALLENTOWN COMMERCIAL/INDUSTRIAL DEVELOPMENT
AUTHORITY**

[Signature]
Executive Director

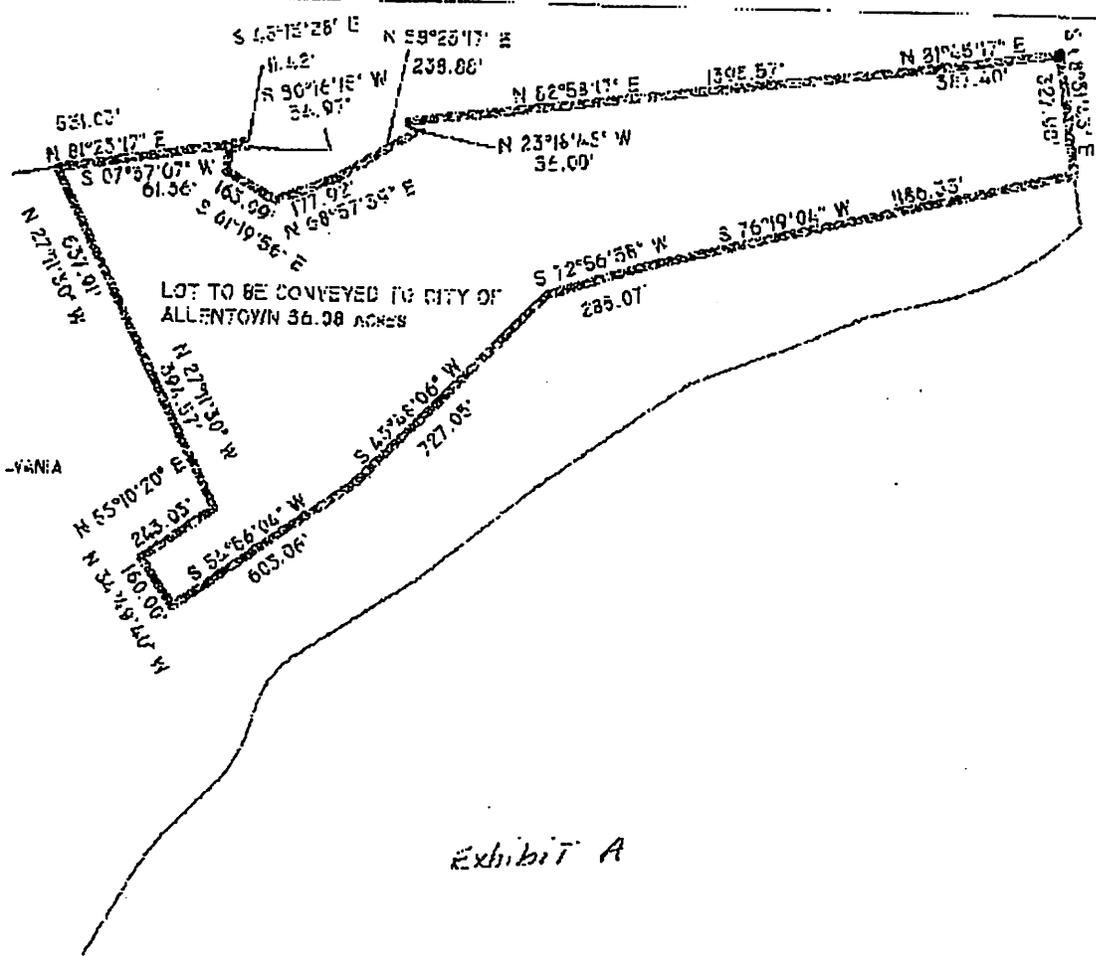


Exhibit A

LEGAL DISCRPTION

Beginning at a point being the POINT OF BEGINNING; thence S. 08° 31' 43" E., a distance of 327.98 feet; thence S. 76° 19' 04" W., a distance of 1,186.33 feet; thence S. 72° 56' 55" W., a distance of 285.07 feet; thence S. 43° 48' 06" W., a distance of 727.05 feet; thence S. 54° 56' 04" W., a distance of 603.06 feet; thence N. 34° 49' 40" W., a distance of 160.00 feet; thence N. 55° 10' 20" E., a distance of 243.0 feet; thence N. 27° 11' 30" W., a distance of 394.57 feet; thence continue northwesterly along said line, a distance of 637.91 feet; thence N. 81° 23' 17" E., a distance of 531.03 feet; thence S. 43° 13' 28" E., a distance of 11.42 feet; thence S. 80° 16' 15" W., a distance of 54.97 feet; thence S. 07° 57' 07" W., a distance of 61.36 feet; thence S. 61° 19' 56" E., a distance of 163.09 feet; thence N. 68° 57' 39" E., a distance of 177.92 feet; thence N. 58° 25' 17" E., a distance of 238.88 feet; thence N. 23° 18' 43" W., a distance of 36.00 feet; thence N. 82° 58' 17" E., a distance of 1,395.57 feet; thence N. 81° 45' 17" E., a distance of 387.40 feet to the POINT OF BEGINNING.

CONTAINING 36.08-ACRES, MORE OR LESS.

Exhibit B