

APPRAISAL OF THE
SCHOOL BUILDING
LOCATED AT
31 STATE ROUTE 181
BLOCK 120, LOT 21
JEFFERSON TOWNSHIP, NJ

BY:
MCNERNEY & ASSOCIATES, INC.
175 Rock Road
Glen Rock, New Jersey

McNerney & Associates, Inc.

McNerney & Associates, Inc.

Real Estate Appraisal Services · 175 Rock Road, PO Box 67, Glen Rock, New Jersey 07452-0067 · (201) 670-8558 · Fax (201) 670-0913
November 5, 2024

Rita Oroho Giacchi
School Business Administrator
Jefferson Board of Education
31 State Route 181
Jefferson, New Jersey 07849

RE: **Robert F. Drummond School**
Block 120 Lot 21
31 State Route 181
Jefferson, New Jersey

Dear Ms. Giacchi:

McNerney and Associates, Inc. are pleased to transmit our report estimating the market value of the Fee Simple Estate in the referenced real estate. It should be understood that this is an Appraisal Report with some of the detail presented being in an abbreviated format.

The value opinion reported herein is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report. Upon inspection of the site, we did not notice any potential environmental hazards to the property. This appraisal report is predicated on the assumption that hazardous substances do not exist.

This report is prepared for the Jefferson Township Board of Education and it is intended only for the specified use of the client. It may not be distributed to our relied upon by other persons or entities without written permission of the appraiser.

As a result of our analysis, we have formed an opinion that the market value of the Fee Simple Estate in the referenced, as of November 5, 2024, was:

Valuation As a School	\$2,170,000
Valuation for Redevelopment	\$1,000,000

This valuation is subject a forecasted marketing period of between six and twelve (12) months. This letter is invalid as an opinion of value if detached from the report, which contains the text and exhibits.

Respectfully submitted,



Robert McNerney, MAI, SRA, CRE
President-SCGREA #42RG00041700



William Yirce, CTA
SCGREA #42RG00237700

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location: 31 State Route 181
Jefferson, New Jersey

Tax ID: Block 120 Lot 21

Owner of Record: Jefferson Township Board of Education

Lot Size: 11.00± Acres

Description: The subject property consists of an 11.00± acre site improved with a 12,410± square foot, one story elementary school. The building was originally constructed in 1940± and is considered to be in average condition for its age. The building was utilized as an elementary school until a few years ago when it was converted to office space for the Board of Education. The layout is still conducive to that of a school with multiple classrooms, bathrooms, nurse's office, and event spaces. There is a partial, unfinished basement and the site allows for adequate on-site parking for 36± vehicles. The subject property is better known as Robert F. Drummond Elementary School.

Zoning: R-30, Medium Density Residential Zone

Tax Assessments:

	Land	Improvements	Total
2024	\$595,000	\$1,892,000	\$2,487,000

Tax Rate (2024): \$2.903/\$100

Director's Ratio (2024): 86.58%

Highest and Best Use: Current Use

Date of Value: November 5, 2024

Property Rights Appraised: Fee Simple Estate

Concluded Valuation:

Valuation As a School	\$2,170,000
Valuation for Redevelopment	\$1,000,000

40SUBJECT PROPERTY

**31 Route 181
Jefferson, New Jersey**



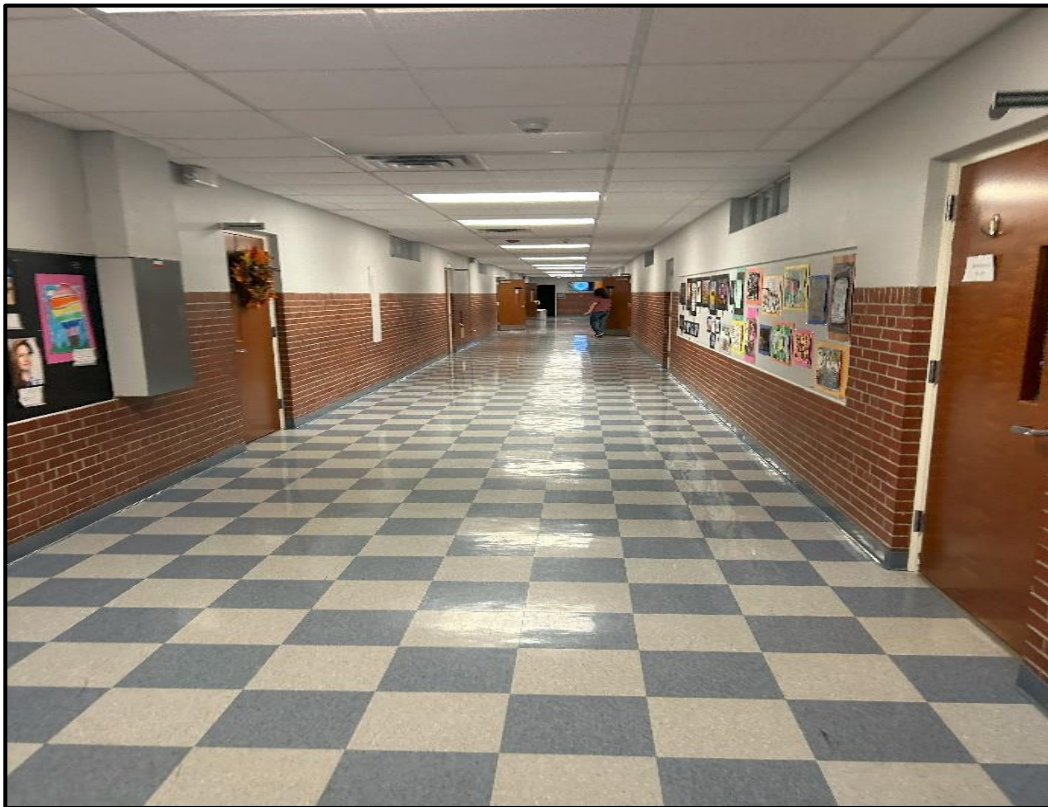
Front View of the Subject Property



Rear View of the Subject Property



Parking Area



Hallway



Break Room/Lounge



Nurse's Office



Typical Restroom



General Office Space (Former Classroom)



Conference Room (Former Classroom)



Private Office

McNerney & Associates, Inc.



Board Room



Basement



Street Scene on Route 181 Facing North



Street Scene on Route 181 Facing South

AERIAL VIEW



McNerney & Associates, Inc.

TAX MAP

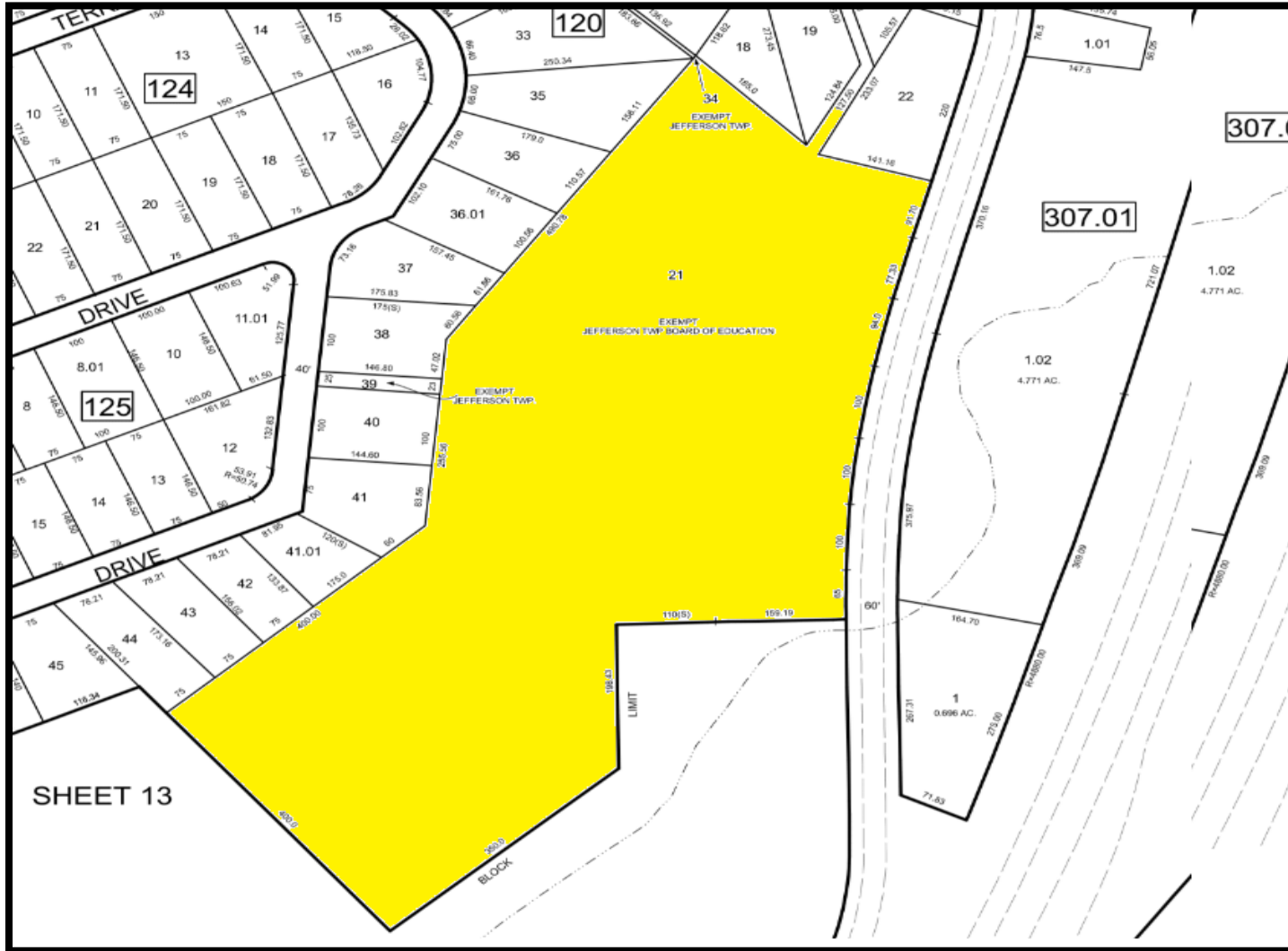


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ADDENDA

Qualifications of Robert McNerney, MAI, SRA, CRE..... 1

Qualifications of William Yirce, CTA..... 2

Floor Plan 3

CERTIFICATION

I, Robert McNerney, MAI, SRA, CRE, and William Yirce, CTA certify that:

1. The statements of facts contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. 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.
4. We have performed no 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.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. William Yirce, CTA has made a personal inspection of the property that is the subject of this report. Robert McNerney did not inspect the subject property.

10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I, Robert McNerney, have completed the continuing education program of the Appraisal Institute.
14. As of the date of this report, I, Robert McNerney, have completed the Standards and Ethics Education Requirement of the Appraisal Institute.
15. This appraisal is made, based on the assumption that the subject, unless otherwise specified in the report complies with the New Jersey Industrial Site Recovery Act (ISRA), and was signed into law on June 16, 1993. It is assumed that the subject property meets the residential environmental standards, which is the highest standard, specific under ISRA. Properties that do not meet this standard due to the existence of contamination, may require restrictions on future uses which could have a material impact on value.

Under ISRA the cleanup standard applicable to a property may be dependent upon the use or future use of the property. For residential properties the environmental standard must allow for the unrestricted use of the property. For non-residential properties the standards take into consideration the use of the property, and if contamination will require future restricted use of the property. The non-residential standard may permit a higher level of contaminants to remain on the site, which may result in less costly clean up. However, it should be noted that anything less than clear up to a residential standard can have a substantial adverse impact on the value and the future use of the property.

In conjunction with the preceding paragraph, the appraiser(s) have not been apprised of, nor are they qualified to ascertain, the existence of Radon, a

radioactive gas which occurs naturally in the soil of certain identified areas. This gas, in concentrated form, has been shown to be detrimental and its existence would create a negative impact on value. As in the above instance, the value estimate assumes the subject is free and clear of Radon gas.

- 16. The Americans With Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

November 5, 2024

November 5, 2024

Date

Date



Robert McNerney, MAI, SRA, CRE
President-SCGREA #42RG00041700

William Yirce, CTA
SCGREA #42RG00237700

IDENTIFICATION OF PROPERTY

The subject of this report consists of an 11.00± acre site improved with a one story school building containing 12,410± square feet. The property is designated on the official tax maps of the Township of Jefferson as Block 120 Lot 21, and is more commonly known as 31 State Route 181, Jefferson, New Jersey.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to establish the current market value of the fee simple estate of the subject as a school and as a residential redevelopment site according to the current zoning.

SCOPE OF THE REPORT

The scope of this appraisal is to inspect the property, consider market characteristics and trends, collect and analyze pertinent data, and develop a conclusion about the property's market value.

FUNCTION OF THE REPORT

The function of this report is to assist the client in connection with the possible sale of the subject property.

EXTRAORDINARY ASSUMPTIONS

An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions. Extraordinary conditions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property or about external conditions, trends or integrity data used in an analysis.

No extraordinary assumptions were utilized in determining the market value of the subject property in the analysis contained herein.

HYPOTHETICAL CONDITIONS

1. A condition that is presumed to be true when it is known to be false.
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.
3. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis.

(The Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago, Illinois, c. 2015, p. 113)

No hypothetical conditions were utilized in determining the market value of the subject property in the analysis contained herein.

MARKET VALUE DEFINITION

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, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated.
2. both parties are well-informed or well-advised, and each 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 term of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
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.

(The Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, Chicago, Illinois, c. 2022, p. 118-119.)

EXPOSURE TIME DEFINITION

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 estimate based upon an analysis of past events assuming a competitive and open market.

(The Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, Chicago, Illinois, c. 2022, p. 67-68)

EXPOSURE TIME DEFINITION (CONT.)

The subject of this report is made up of a generally rectangular shaped site which is situated within Morris County. The site is known as 31 Route 181, Jefferson, New Jersey.

A search of the immediate market area revealed that there are no similar type properties available for sale. We have concluded that the appropriate exposure time for this particular property is between six and twelve months.

PROPERTY RIGHTS APPRAISED

The Appraisal Institute, in their 7th Edition of The Dictionary of Real Estate Appraisal, defines Property Rights as follows:

property rights. An enforceable, legal claim to title of or interest in property.

The Appraisal Institute, in their 15th Edition of The Appraisal of Real Estate, states the following with regard to Property Rights:

Professional appraisal standards require the appraiser to identify which interest is to be valued in an assignment, but the interest valued need not reflect what currently exists. For example, an appraiser can value a fee simple interest even though the property is leased. The interest appraised depends on the intended use of the appraisal and what interest the client needs to know the value of.

The property rights appraised in this assignment are all rights existing in the Fee Simple Estate as of the appraisal date. The Appraisal Institute, in their 7th Edition of The Dictionary of Real Estate Appraisal, defines Fee Simple Estate as follows:

PROPERTY RIGHTS APPRAISED (CONT.)

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

These rights are the legal and economic properties of the owner that may be rightfully exchanged for money or equivalent goods. Property rights inherent in the ownership of tangible personal property or intangible benefits of the property itself, are not the subject of this report.

CONTINGENT AND LIMITING CONDITIONS

The appraisers assume no responsibility for matters legal in character, nor render any opinion as to the title, which is assumed to be good. The legal description, if any furnished, is assumed to be correct. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.

A personal inspection of the property has been made and areas and dimensions of the property were not physically measured but were confirmed with municipal sources. Maps or sketches included in this report, if any, are to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility for its accuracy.

An analysis of local conditions and all relevant data has been made. Verification of factual matters contained in this report has been made to the extent deemed practicable. The appraisers certify that to the best of their knowledge and belief, such factual matters are true and correct and that no important factors affecting the value of this property were knowingly overlooked or withheld. Market data has been taken from

CONTINGENT AND LIMITING CONDITIONS (CONT.)

sources deemed to be reliable, but which could not be verified in all cases. The resulting estimate of market value is predicated on the financial structure prevailing as of the date of value.

The appraisal report sets forth all limiting conditions (imposed by the terms of the assignment or by the undersigned) affecting the analysis, opinions and conclusions contained herein.

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

The appraiser shall not be required to give testimony or appear in court by reason of this appraisal, unless a specific agreement for these services is otherwise arranged.

All major improvements on the land under appraisal appear to be structurally sound, unless otherwise noted in the body of this report. However, the appraisers are not engineers and have not been instructed to secure a qualified engineer's certification to structural soundness of said improvements or functional utility of major appliances or mechanical units. Therefore, no legal responsibility is hereby accepted for structural or mechanical failures which would not be obvious in the scope of the appraiser's normal inspection of the improvements or be obvious to a prudent purchaser.

The appraisers assume no responsibility for site, soil or subsurface conditions that are not readily evident upon a visual inspection of the property. It is further assumed that the land is environmentally sound.

The appraisal report has been made in conformity with the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.

CONTINGENT AND LIMITING CONDITIONS (CONT.)

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. Those who meet the minimum standards of this program, are awarded periodic educational certification. Robert McNerney, MAI, SRA, CRE is certified under these respective programs through December, 2026.

OWNER OF RECORD

The ownership of the subject properties as of the date in question are listed as follows:

Township of Jefferson Board of Education
31 State Route 81
Lake Hopatcong, New Jersey

There have been no transactions of the subject property within three years of the valuation date, nor was the subject listed for sale relative to the valuation date.

TAX IDENTIFICATION AND ASSESSMENTS

The subject properties are identified on the tax maps of the Township of Jefferson, County of Morris, State of New Jersey as:

Block 120 Lot 21

Assessment, tax rate, and equalization ratio are as follows:

PROPERTY TAX DATA	
Land:	\$ 595,000
<u>Improvements:</u>	<u>\$1,892,000</u>
Total:	\$2,487,000
Tax Rate:	\$2.903/\$100
Equalization Ratio:	86.58%

REGIONAL ANALYSIS



The subject property is located within the Township of Jefferson, Morris County, New Jersey. Morris County, located thirty miles west of New York City, is at the center of northern New Jersey. Bounded by Sussex and Passaic Counties on the northwest and northeast, Essex and Union Counties on the east and southeast, Somerset County on the south, and Hunterdon and Warren Counties on the southwest and west, Morris County contains a total of 480.95 square miles and is ranked seventh in size among the State's twenty-one counties. According to the 2000 Census, the county had an estimated population of 470,212 up substantially from 421,353 in 1990 and 407,630 in 1980. Most of the increase in population is attributed to new, residential developments located at the western portion of the county.

REGIONAL ANALYSIS (CONT.)

Given its area, Morris County has the lowest population density of the five counties in the urban/suburban northeastern part of New Jersey - Morris, Bergen, Essex, Union and Passaic. Morris County's population density, according to the 2000 Census, was 1,002.6 individuals per square mile.

Morris County as a whole has experienced noticeable growth of 10.39% in the last decade, outpacing the more immediate expansion. The bulk of this growth can be found in the western most part of the county, including Washington and Mount Olive Township's which experienced the greatest development in Morris County.

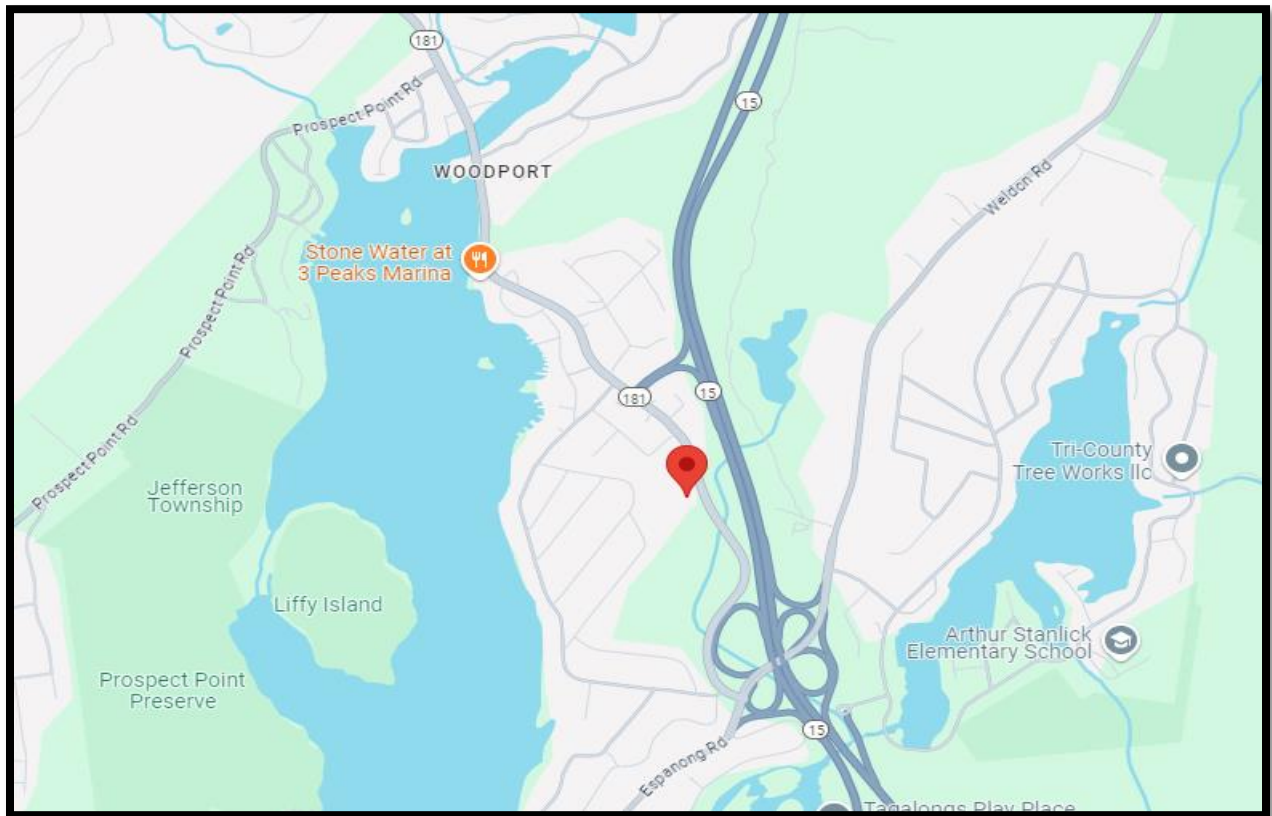
Mount Olive Township has been established as New Jersey's Foreign Trade Zone and numerous industries have relocated there. These areas include large undeveloped tracts that generally require larger lot sizes which are considered very desirable. Lincoln Park Township in eastern Morris adjacent to Passaic County had the largest percentage increase fueled by completion of a large condominium complex by K. Hovnanian Companies, a large scale middle income housing building. Fortune 500 companies and larger employers which have major facilities in the county include Allied-Signal, Warner-Lambert, AT&T/Bell Laboratories, Prudential, Nabisco, Sandoz, Schering-Plough, Exxon, BASF and Crum & Forster. The largest employer in Morris County is the U.S. Army Armament partly in Jefferson Township, with a reported employment in excess of 5,500 persons.

Morris County will continue to attract corporate and regional headquarters, high technology companies and large "back office" operations of insurance companies, banks and other corporations. Economic and locational forces stimulating this trend include Morris County's competitive rent structure relative to New York City and many other suburban office markets, an excellent transportation network, lower utility costs, attractive

REGIONAL ANALYSIS (CONT.)

residential neighborhoods and proximity to affordable housing relative to other metropolitan area locations, a highly skilled work force, and the availability of large parcels of developable land with good highway access and a well-established and highly diversified economic base.

TOWNSHIP DATA



TOWNSHIP OF JEFFERSON

The Township of Jefferson is located at the northern most portion of Morris County, along the Passaic and Sussex County borders. It has a total land area of 43.11 square miles, of which 3.98 square miles is water, surrounded by the Pequanock River. The 2020 Census population of 20,538 represents a slight decrease from the 2010 Census population of 21,314.

TOWNSHIP DATA (CONT.)

Jefferson Township borders West Milford (Passaic County) to the northeast; Sparta (Sussex County) to the northwest; Hopatcong and Mount Arlington to the west; Roxbury and Wharton to the south; and Rockaway to the east.

Jefferson is a middle-class, suburban community consisting mainly of modest single-family neighborhoods.

The breakdown of land use valuation and parcels of Jefferson are listed as follows:

<u>Class</u>	<u># Parcels</u>	<u>% Valuation</u>
Vacant	623	1.99%
Residential	7,880	89.46%
Farm	66	0.24%
Commercial	224	7.20%
Industrial	11	0.20%
Apartment	26	0.91%
Total	8,830	100.00%

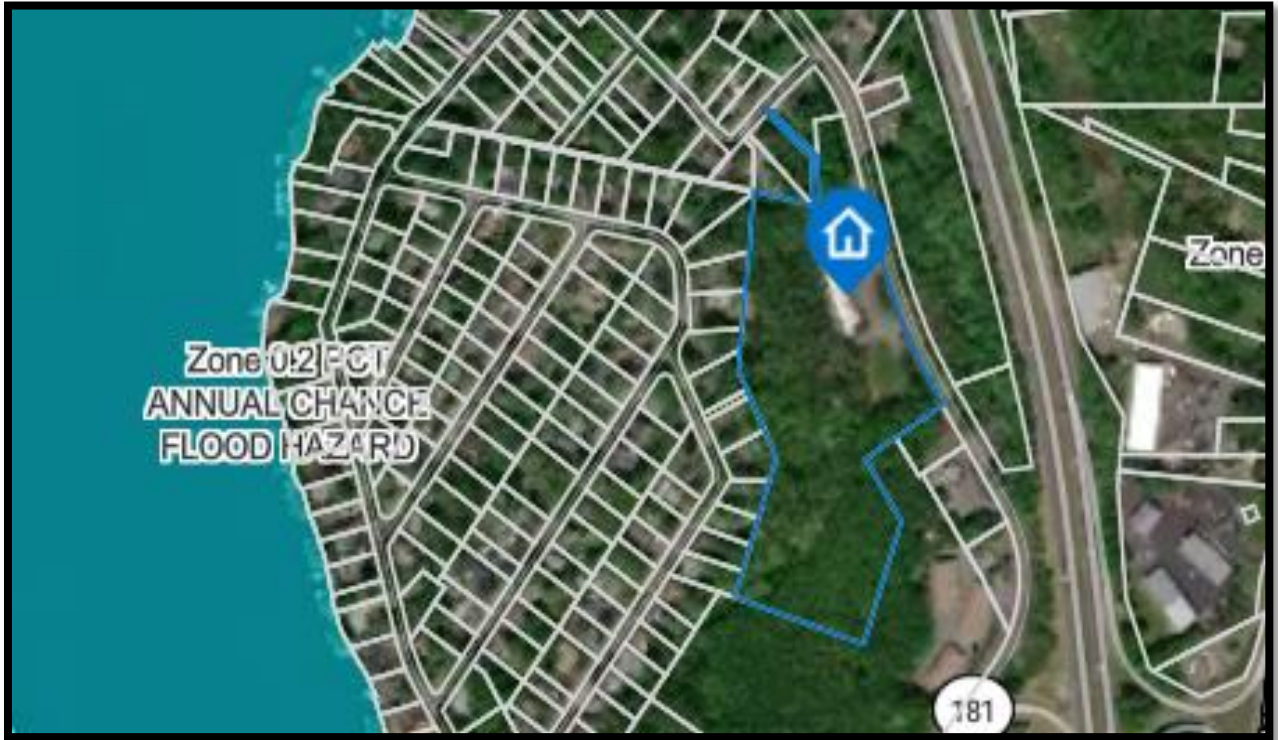
SITE DESCRIPTION

<u>Location:</u>	31 State Route 81 Jefferson, New Jersey
<u>Tax ID:</u>	Block 120 Lot 21
<u>Shape:</u>	Generally Rectangular
<u>Lot Size:</u>	11.00± Acres
<u>Frontage:</u>	628.03± feet along the west side of Route 181, 15.00± feet along the south side of Collins Ave

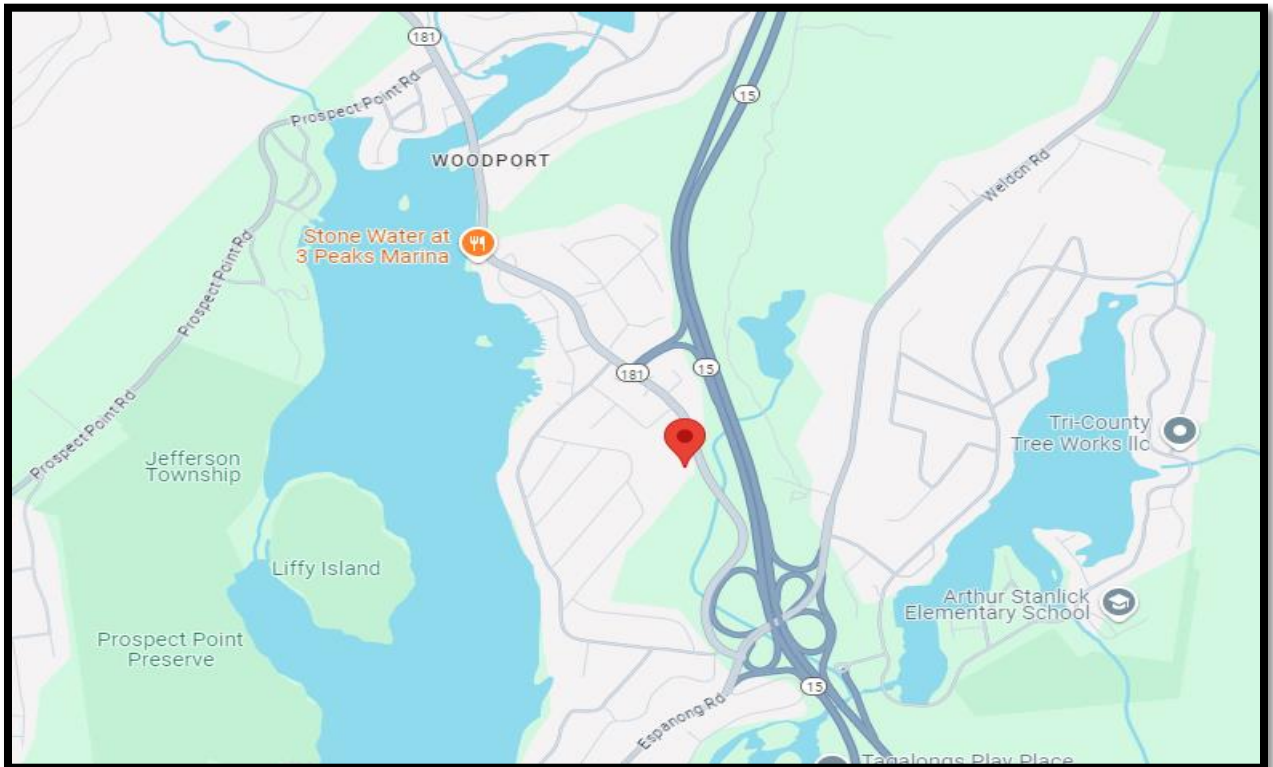
SITE DESCRIPTION (CONT.)

- Access:** Access to the site is provided via a double curb cut along the west side of Route 181.
- Topography:** The westerly portion of the site is at a moderate west to east grade with the easterly portion being level and at street grade.
- Soil Conditions:** No soil report has been provided or reviewed of the subject parcel. However, it is assumed the soil is of sufficient load bearing capacity to support the existing building. No evidence to the contrary was observed upon our physical inspection of the property. Drainage of the tract appears to be designated in an adequate manner.
- Utilities:** Site does not have access to gas or sewer. All other utilities are available to the site.
- Land Use Restrictions:** Although an authoritative report of title was not provided or reviewed, there do not appear to be any negative easements which would affect the future marketability of the subject property.
- Flood Hazard:** The site does not appear to be in a designated flood hazard area.
- Parking:** The site allows for adequate on-site parking for 36± vehicles.

FLOOD MAP



LOCATION MAP



DESCRIPTION OF IMPROVEMENTS

The subject property consists of an 11.00± acre site improved with a 12,410± square foot, one story elementary school. The building was originally constructed in 1940± and is considered to be in average condition for its age. The building was utilized as an elementary school until a few years ago when it was converted to office space for the Board of Education. The layout is still conducive to that of a school with multiple classrooms, bathrooms, nurse's office, and event spaces. There is a partial, unfinished basement and the site allows for adequate on-site parking for 36± vehicles. The subject property is better known as Robert F. Drummond Elementary School.

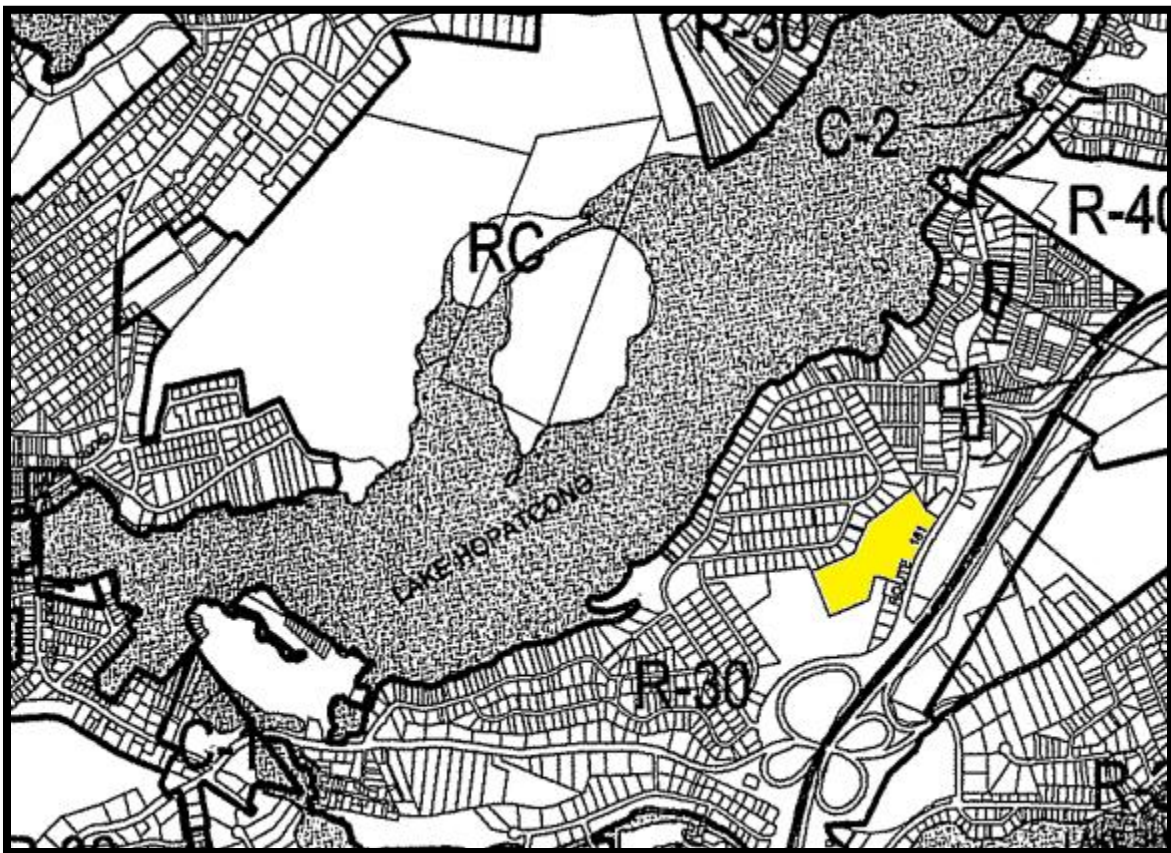
The improvements are further described as follows:

<u>Foundation:</u>	Concrete Block and Slab.
<u>Framing:</u>	Masonry.
<u>Exterior Walls:</u>	Brick.
<u>Roof:</u>	Flat styled with synthetic membrane cover with the front portion having a decorative mansard roof.
<u>Floors:</u>	Mixed surfaces.
<u>Access:</u>	Adequate.
<u>HVAC:</u>	Adequate heating via a propane fired forced air system.
<u>Electric/Plumbing:</u>	Adequate
<u>Interior Layout:</u>	The property is currently being used as administrative offices, however the layout is conducive to that of a school, with multiple classrooms, nurse's office, and adequate restroom facilities.

ZONING

The subject property is located within the R-30 Medium Density Residential Zone of the Township of Jefferson. The primary permitted use in this district is single family homes, however cluster development is permitted with a density of 1 unit per 30,000 square feet.

Based upon a review of the permitted uses and lot & bulk requirements, the subject property is considered to be developed with a conforming use of the land.



HIGHEST AND BEST USE

Real estate is valued in terms of its Highest and Best Use. The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. The existing use will continue, however, until the land value in its highest and best use exceeds the total value of the property in existing use.

Highest and Best Use is defined as “The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity”

(The Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, Chicago, Illinois, c. 2022, p. 88 & 89)

A second corresponding definition is follows:

“...that the determination of highest and best use results from the appraisers' judgment and analytical skill - that is, that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be alternative use. In the context of investment value, an alternative term would be "most profitable use."

In arriving at the highest and best use of the subject property, it was necessary to carefully examine the area in which the property is located and the actions of the market, past, present and future.

In order for the subject site to fulfill its Highest and Best Use, that use must meet our criteria: it must be: (1) physically possible, (2) legally permissible, (3) financially feasible, and (4) maximally productive. For instance, it makes no difference that a use is financially feasible if it is physically impossible or not legally permitted. In the following section, the subject property will be evaluated according to the four test criteria.

HIGHEST AND BEST USE (CONT.)

As Vacant

***Physically Possible:** The size, shape, location, utility, availability, and terrain impose physical restraints upon the type of uses possible of the subject property. Any use incompatible with the utility, capacity or constraints imposed by the size, shape, or terrain would not be considered physically possible.

In this case, the subject site is made up of an irregular shaped parcel containing 11.00± acres which has no adverse physical characteristics which would place constraints on development of any kind.

***Legally Permissible:** The zoning of a property usually dictates what the legal potential of a vacant site is. The subject property is within the (R-30) Medium Density Residential Zone which permits single family homes along with residential cluster development. Therefore, the subject meets the minimum criteria outlined in the current zoning ordinance.

***Financially Feasible:** Any use of the subject site which provides a financial return to the land in excess of the cost of the land limits those uses which are financially feasible. The cost of the land limits those uses which are financially feasible for the site.

***Maximally Productive:** After analyzing the first three tests of highest and best use, we have determined that the most productive use of this site would be the development of the site with a residential cluster development consisting of 15 townhouses.

Thus, it is our opinion that the Highest and Best Use of the site as vacant is for its development of the site with a residential cluster development consisting of 15 townhouses.

HIGHEST AND BEST USE (CONT.)

As Improved

***Physically Possible:** The size, shape, location, utility, availability, and terrain impose physical restraints upon the type of uses possible of the subject property. Any use compatible with the utility, capacity or constraints imposed by the size, shape, or terrain would not be considered physically possible. In this case, the subject has been improved with the current use for some time which indicates that it is physically possible for the site to accommodate such a use.

***Legally Permissible:** As was discussed under the highest and best use analysis of this site as vacant, the current zoning calls for the development of property within this zone with primarily residential uses. As previously mentioned, the subject lot is developed with a conforming use of the land as set forth by the zoning ordinance of the Township of Jefferson.

***Financially Feasible:** Any use of the subject site which provides a financial return to the land in excess of the cost of the land limits those uses which are financially feasible. The cost of the land limits those uses which are financially feasible for the site.

The subject property is improved with a school which is in average condition for its age. Based upon the scarcity of school buildings, the most financially feasible use of this property has been concluded to be as it is currently improved.

***Maximally Productive:** After analyzing the first three tests of highest and best use, it has become apparent that the most maximally productive use of this site is for its current use.

HIGHEST AND BEST USE CONCLUSION

It has been determined that the highest and best use of this site is its continued use as a school.

APPRAISAL PROCESS

An appraisal is an estimate of value. In order to arrive at this estimate, the appraiser follows an orderly procedure by which the appraisal problem is defined; the work necessary to solve the problem is planned; and the data involved is acquired, classified, analyzed, interpreted, and translated into an estimate of value. This entire procedure is referred to as the appraisal process. In determining the value estimate of a parcel of real estate, the appraisers consider three separate but interrelated approaches to value. These are the Cost, Income, and Sales Comparison Approaches.

In the Cost Approach, the appraiser estimates either the reproduction cost-new or the replacement cost-new of the improvements and then the accrued depreciation (physical deterioration, functional, and economic obsolescence) is deducted to arrive at a depreciated cost of the improvement. This is added to the land value which is typically derived through the analysis of comparable sales data.

The Sales Comparison Approach is primarily a comparative method whereby the appraiser extracts data from the market regarding similar properties that have sold. These properties or comparables are then adjusted to the subject and a final interpretation is made in order to arrive at a value for the subject. Since the Sales Comparison Approach is based upon the reaction of informed buyers and sellers, it is this methodology that is used to ascertain some of the various components in both the Cost and Income Approaches.

In the Income Approach, the appraiser first determines the gross potential income for the property from which are deducted allowances for vacancy and credit losses as well as operating expenses in order to arrive at a net income. This net income is then converted into value through a process known as capitalization.

APPRAISAL PROCESS (CONT.)

All three approaches have been considered, however the Sales Comparison Approach has been deemed the most applicable as the subject property is not income producing and the subject's advanced age makes the Cost Approach extremely difficult.

SALES COMPARISON APPROACH

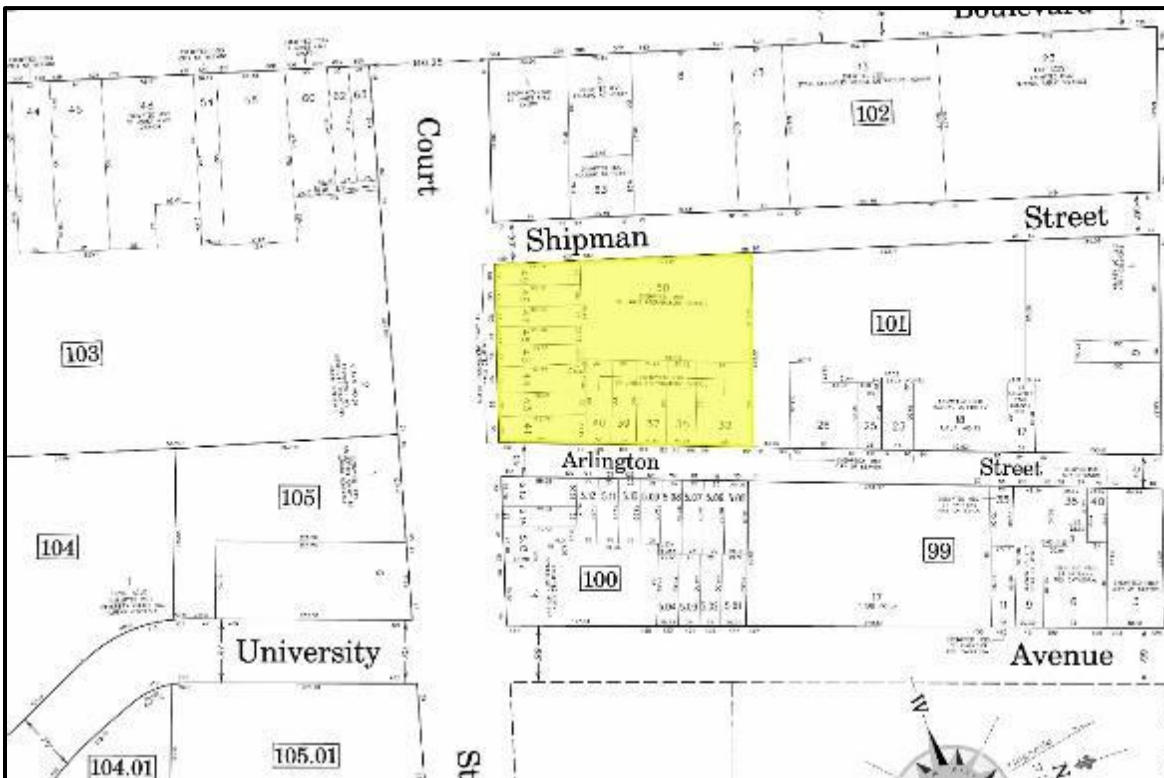
The Sales Comparison Approach is based on the premise that the informed prudent and rational purchaser (investor or user) applying the principal of substitution will pay no more for a property than the cost to him of acquiring a similar competitive property with the same utility as of the valuation date. The approach is predicated upon the assumption that there is, in fact, an active market for the type of property being appraised; and that the data on recent sales prices of similar competitive properties in the same market, representing bonafide arm's length transactions, are an appropriate guide to the market value of the subject property.

Application of the Sales Comparison Approach requires the comparing and rating of other comparable properties to the property being appraised. This is, to develop indications of what they would have sold if they had possessed all of the basic and pertinent physical and economic characteristics of the subject property. Indications of such adjusted sales prices are developed for several comparable sales. These indications hopefully fall into a pattern which provides an indication of the market value of the subject property as of the date of the appraisal.

Under the Sales Comparison Approach, we have researched the market and have ascertained sales of similar improved properties which have recently sold in the subject market area relative to the effective date of this report. These sales were analyzed based upon differences between them and the subject property in order to reflect a value of the subject property.

COMPARABLE SALE #1

(88-108 Shipman Street, Newark)



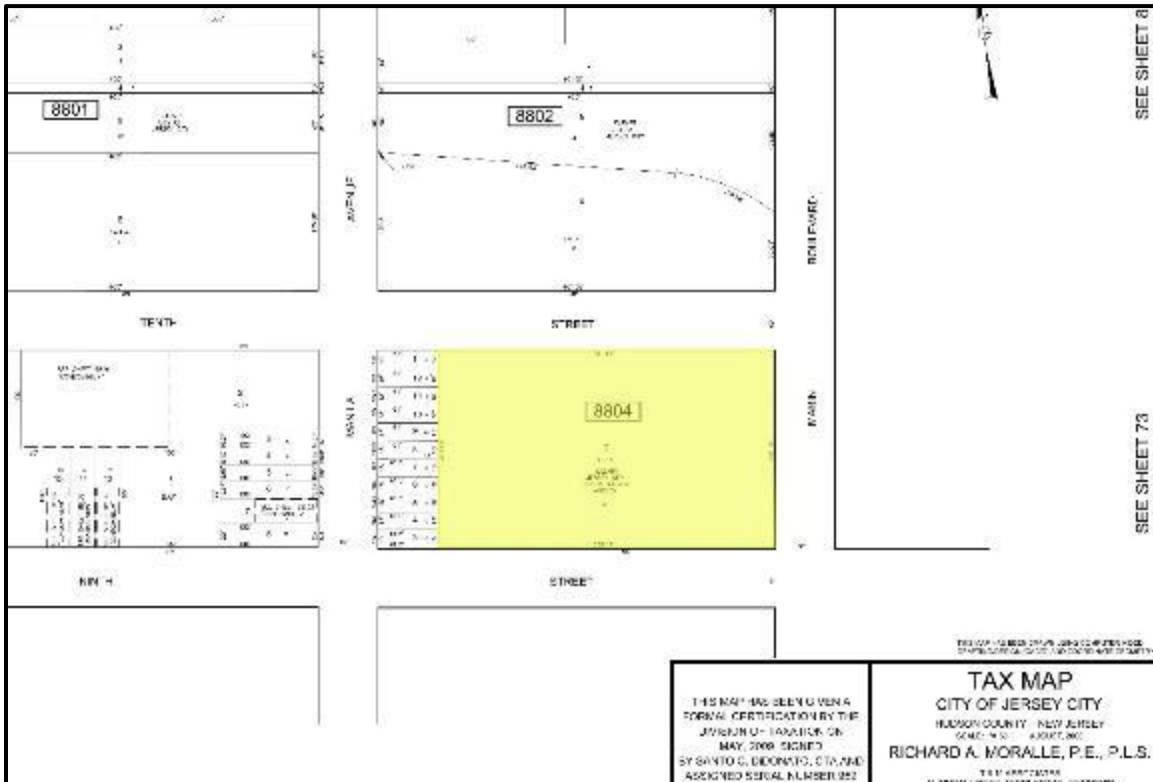
COMPARABLE SALE #2

(56 Ridgewood Road, Washington Township)



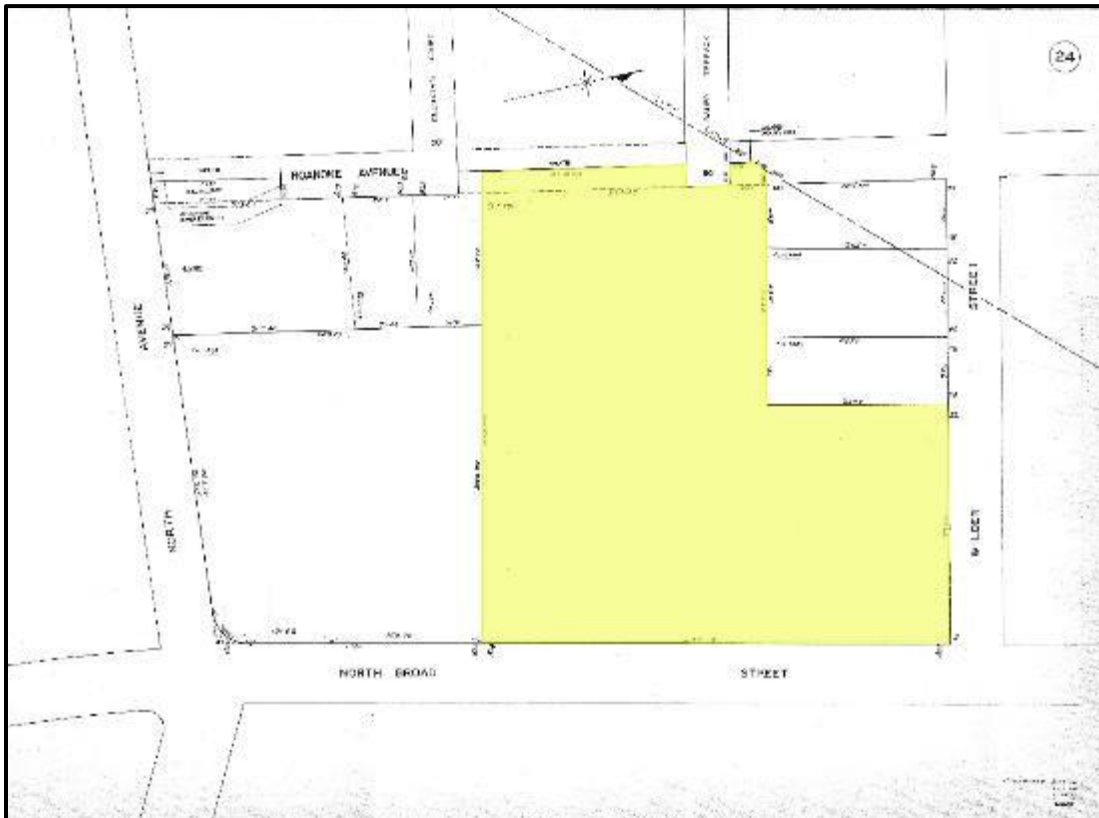
COMPARABLE SALE #3

(180 Ninth Street, Jersey City)



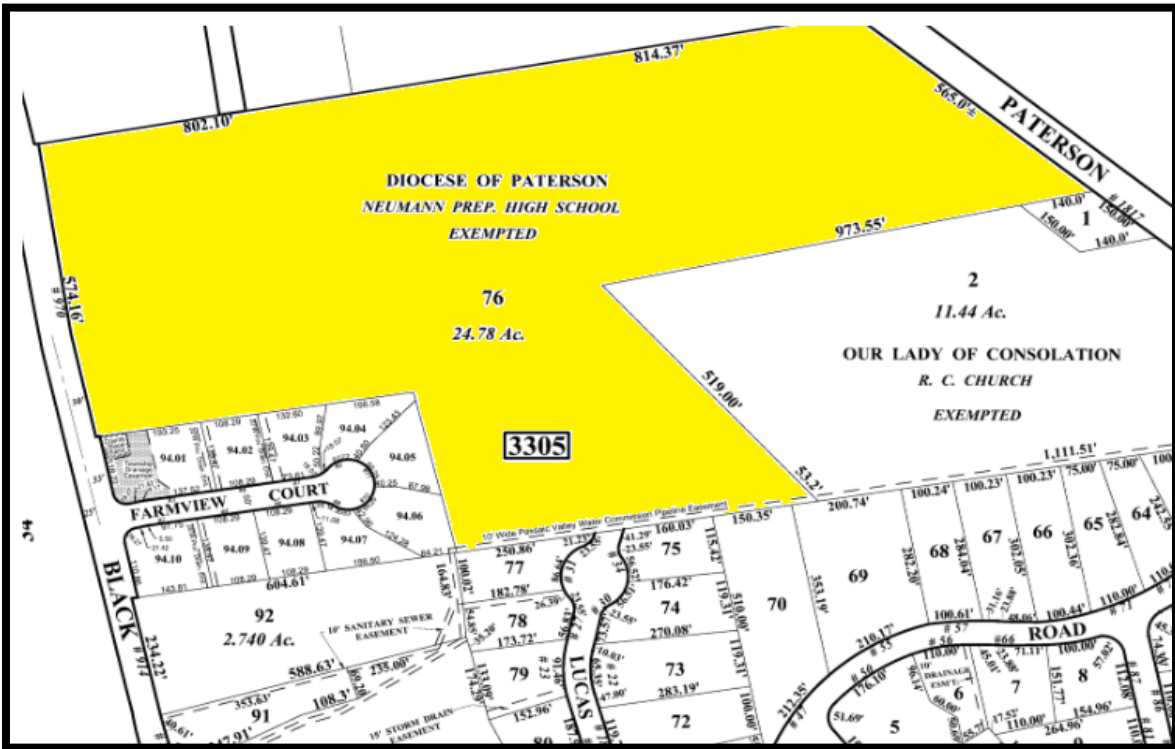
COMPARABLE SALE #4

(824-864 North Broad Street, Elizabeth)



COMPARABLE SALE #5

(970 Black Oak Ridge Rd, Wayne)



COMPARABLE SALES ANALYSIS

#	LOCATION	GRANTOR / GRANTEE	BOOK / PAGE	SALE DATE	SALE PRICE	SF (+/-)	PRICE PER FOOT	DESCRIPTION	TIME	SIZE	AGE / COND.	PARKING	LOCATION	TOTAL ADJ.	INDICATED PRICE PER FOOT
1	Block 101 Lots 32, 35, 37, 39-41 & 53-50 88-108 Shipman Street Newark, NJ Essex County	St James Educational Holding Corp / Friends of Marion P. Thomas School	20180 / 84956	9/25/2018	\$5,250,400	28,306	\$185.49	Sale of a three story school building constructed in 1990± and in similar condition to the subject. The property contains adequate on-site parking. This building was a leased by a charter school before being purchased to by the tenant. 1.52± AC lot	0%	+10%	0%	0%	0%	+10%	\$204.04
2	Block 2506 Lot 9 56 Ridgewood Road Washington Twp, NJ Bergen County	Temple Beth Or / St Peter's Mar Thoma Church NJ Inc	3616 / 468	2/20/2020	\$3,675,000	18,474	\$198.93	Sale of a part one and part two story house of worship and school building constructed in 1962± and in similar condition to the subject. The property was a synagogue with classrooms prior to the sale. The property contains adequate on-site parking. 2.23± AC lot	0%	0%	0%	0%	0%	0%	\$198.93
3	Block 8804 Lot 2 180 Ninth Street Jersey City, NJ Hudson County	Jersey City Redevelopment Agency / Hudson County Schools of Technology	9532 / 456	12/18/2020	\$7,000,000	47,510	\$147.34	Sale of a three story school building constructed in 2000± and in superior condition to the subject. This property was once a charter school and is now operated as a County School. The property contains limited on-site parking. 1.57± AC lot	0%	+15%	-10%	5%	0%	+10%	\$162.07
4	Block 11 Lot 1091 824-864 North Broad Street Elizabeth, NJ Union County	Benedictine Sisters / Elizabeth City Board of Education	6448 / 2859	12/22/2021	\$5,500,000	25,048	\$219.58	Sale of a one story school building constructed in 1950± and in similar condition to the subject. The property was a parochial school which will now be utilized as a public school. The property contains adequate on-site parking. 5.07± AC lot	0%	+10%	0%	0%	0%	+10%	\$241.54
5	Block 3305 Lot 6 970 Black Oak Ridge Rd. Wayne, NJ Passaic County	Roman Catholic Diocese of Paterson/ Academy of Greatness & Excellence	4367 / 254	07/22/2022	\$13,500,000	57,269	\$235.73	Sale of a one story school building constructed in 1965± and in similar condition to the subject. The property was a parochial school which will now be utilized as a private school. The property contains adequate on-site parking. 24.78± AC lot	0%	+15%	0%	0%	0%	+15%	\$271.09

SALES COMPARISON APPROACH (CONT.)

In searching for comparables, the sales listed were deemed to be most similar to the subject as of the date of valuation. The adjusted price per square foot range is between \$162.07 and \$271.09 with the average of the sales falling at \$215.53 per square foot.

Explanation of Adjustments:**Size**

The comparable sales range in size from 18,474 \pm square feet to 57,269 \pm square feet with the comparables being larger and smaller than the subject. Adjustments have been applied when necessary to account for the difference between the comparables and subject.

Age / Condition

The comparables and the subject property were all constructed around the same time and/or were in similar conditions at the time of sale, therefore no adjustments were necessary.

Parking

The subject property has adequate parking for 37 \pm vehicles. Most of the comparables have adequate parking, with one having limited parking. Adjustments have been applied when necessary to account for the difference between the comparables and subject.

SALES COMPARISON APPROACH (CONT.)

The subject property consists of an 11.00± acre site improved with a one story school. The building was originally constructed in 1940± and is considered to be in average condition for its age. The building contains a total of 12,410± square feet as well as a partial unfinished basement. Therefore, all of these characteristics were emphasized during our research and analysis of the comparable improved sales.

Adjustments have been considered for time, location, size, age/condition, appeal, etc. These adjustments are considered to be consistent with that which is demonstrated in the market.

Based upon the foregoing analysis, we have concluded the following value indication of the subject property via the Sales Comparison Approach:

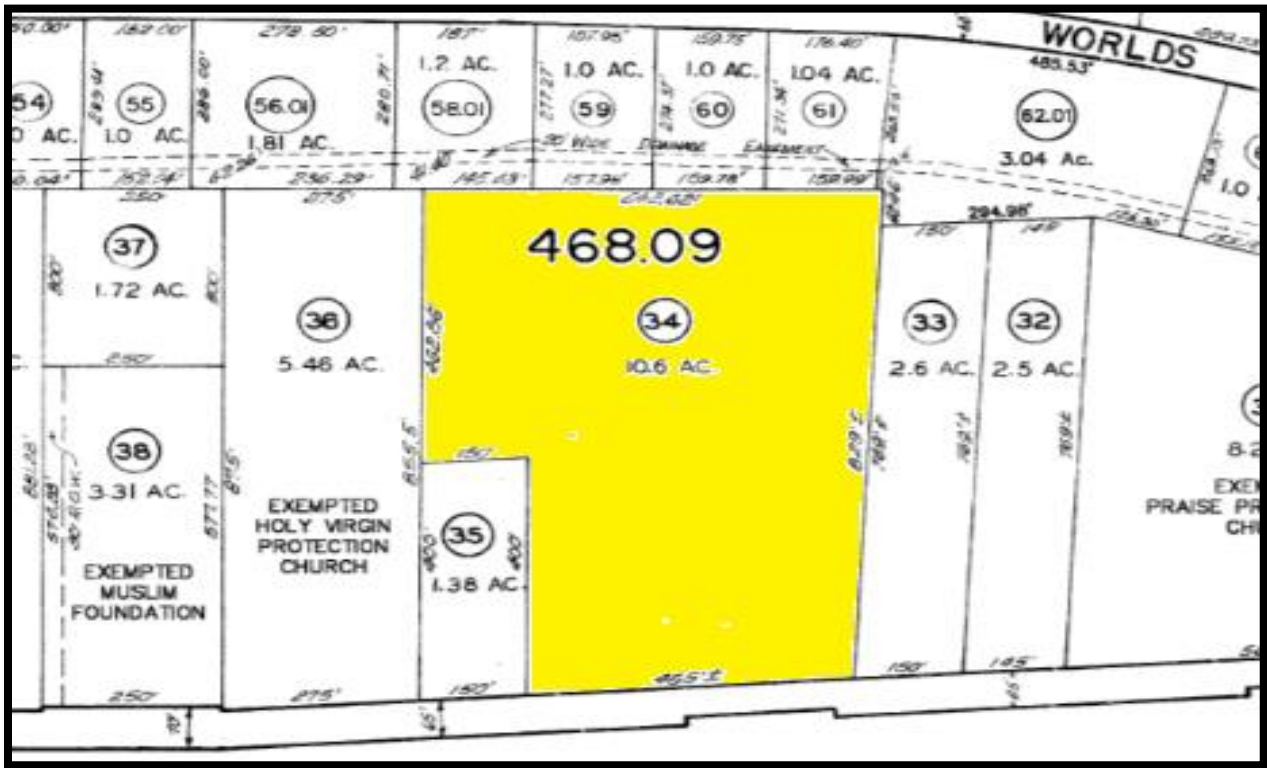
INDICATED VALUE VIA SALES COMPARISON APPROACH		
As of November 5, 2024	<u>12,410+</u> SF @ \$175.00 Per Square Foot = \$2,171,750	Rounded \$2,170,000

As was previously mentioned, this assignment calls for the valuation of the property in its current state as a school (see above) as well as valuation of the site as a residential development site according to the current zoning. As was discussed in the zoning section of this report, the site can accommodate a 15 unit townhouse development, therefore several land sales have been reviewed and the conclusions and summary of these comparables can be found on the following pages.

COMPARABLE LAND SALES ADJUSTMENT GRID														
#	Location	Grantor/ Grantee	Sale Date; Book/ Page	Sale Price	# of Market Rate Unit	Price/ Unit	Description	Time	Location	Size	Townhouse vs. Condo	Approvals	Total	Adj. Price/ Market Rate Unit
1	Block 468.09 Lot 34 31 Cedar Grove Lane Somerset, NJ Somerset County	Levin Properties, LLC/ Cedar Grove Lane Townhomes at Franklin, LLC	02/01/22 (7439/1230)	\$2,600,000	40	\$65,000	Sale of a generally rectangular shaped site which was approved for development with 50 residential townhouse style units of which 10 are affordable units. The lot is level, at street grade, and serviced by all utilities. Zoned R-40. 10.32± Acres.	0	0	+10%	0	-10%	0	\$65,000
2	Block 34 Lot 31.01 520-532 North Avenue Dunellen, NJ Middlesex County	528 North Ave Urban Renewal, LLC/ Vision Dunellen Urban Renewal	07/01/22 (18958/1959)	\$2,400,000	34	\$70,588	Sale of a generally rectangular shaped site which was approved for development with 40 residential units with 6 affordable units. The lot is level, at street grade, and serviced by all utilities. Zoned Redevelopment Area. 0.63± Acres.	0	0	+5%	+15%	-10%	+10%	\$77,647
3	Block 4108 Lot 6 199-201 Lexington Avenue Passaic, NJ Passaic County	201 Lexington Ave 123, LLC/ Twins Investment & Developers, LLC	08/28/23 (4574/135)	\$825,000	10	\$82,500	Sale of a generally rectangular shaped site which was approved for development with 12 residential units of which 2 are affordable units. The lot is level, at street grade, and serviced by all utilities. Zoned Office/Residential. 0.22± Acres.	0	0	0	+15%	-10%	+5%	\$86,625
4	Block Lot 51 Union Avenue Rutherford, NJ Bergen County	18 Rutherford, LLC/ 51 Union Ave, LLC	11/15/23 (5152/170)	\$1,750,000	17	\$102,941	Sale of a generally rectangular shaped site which was approved for development with 21 residential units with 4 affordable units. The lot is level, at street grade, and serviced by all utilities. Zoned Redevelopment Area. 0.19± Acres.	0	-15%	0	+15%	-10%	-10%	\$92,647
5	Block 705 Lot 10 110-120 West 6 th St Plainfield, NJ Union County	Villani Realty Group/ 110-120 W 6 th Street Urban Renewal, LLC	01/23/24 N/A	\$2,630,000	71	\$37,042	Sale of a flag shaped site which was approved for development with 71 residential units. The lot is level, at street grade, and serviced by all utilities. Zoned Transition District. 0.69± Acres.	0	0	+10%	+15%	-10%	+15%	\$42,598

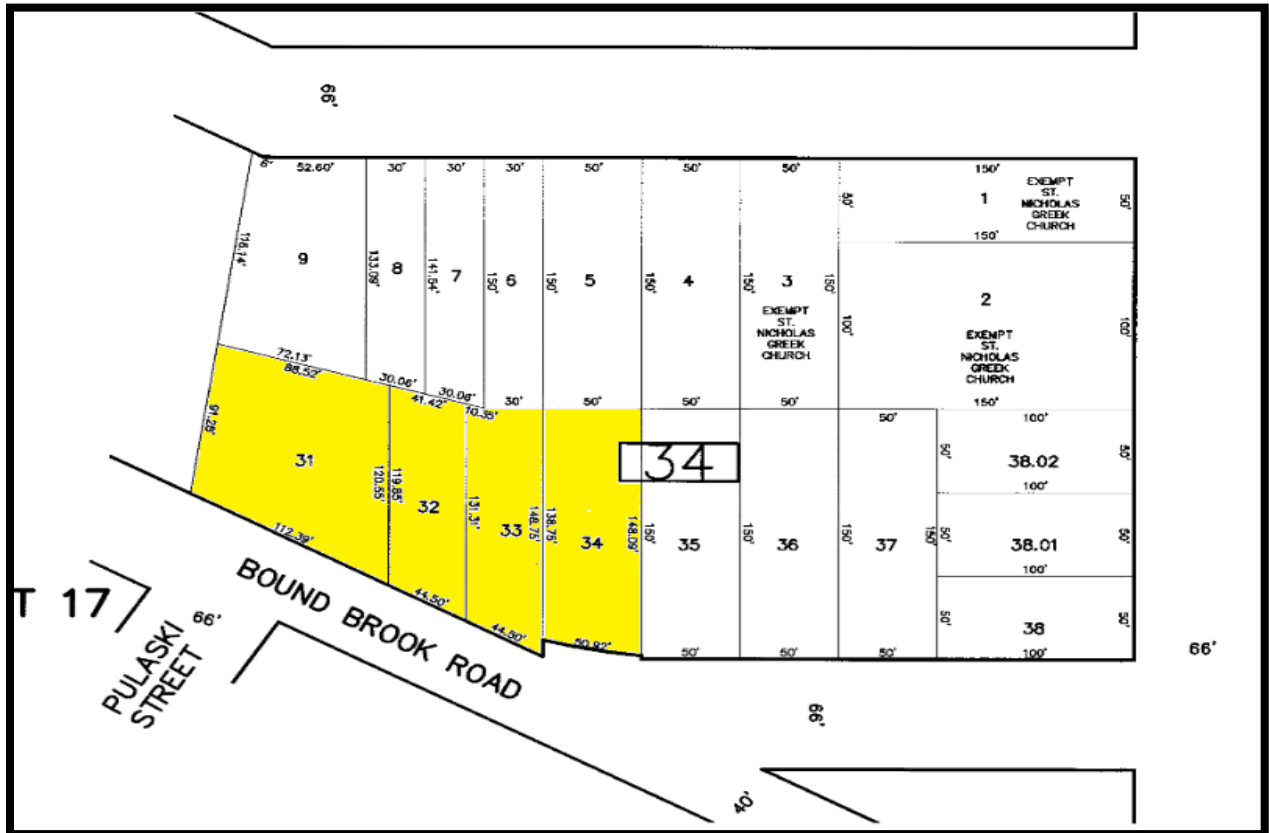
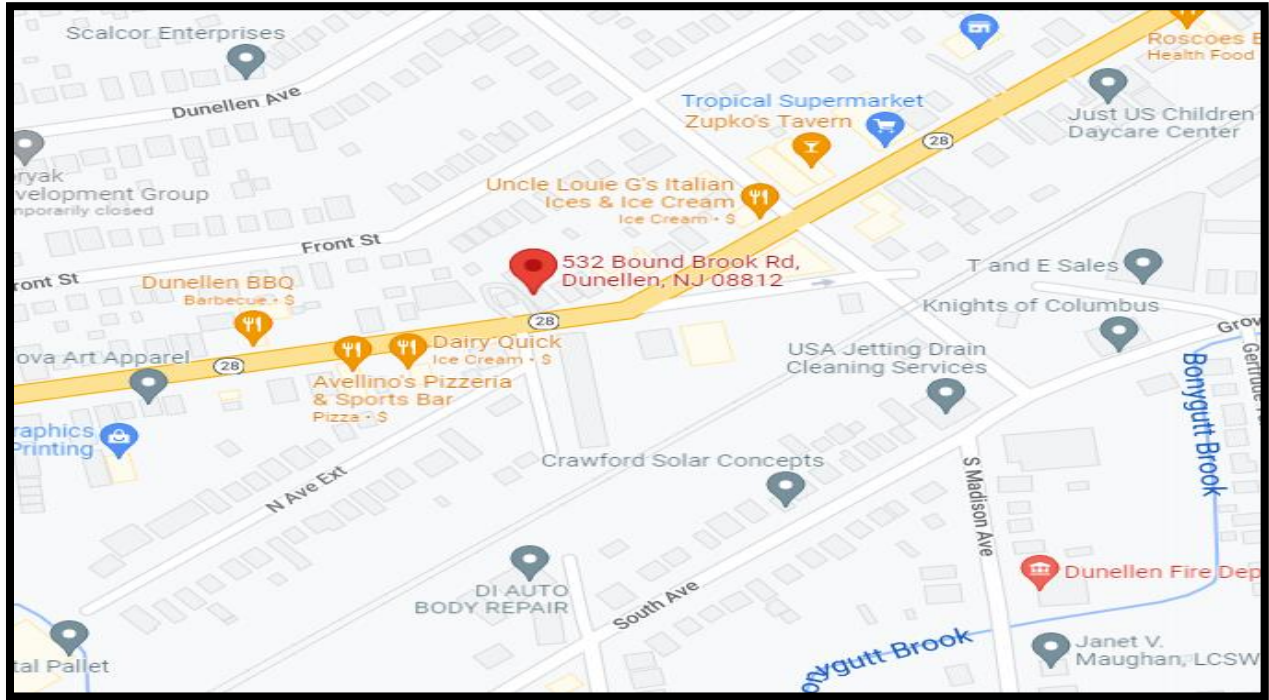
COMPARABLE LAND SALE #1

(31 Cedar Grove Lane, Somerset)



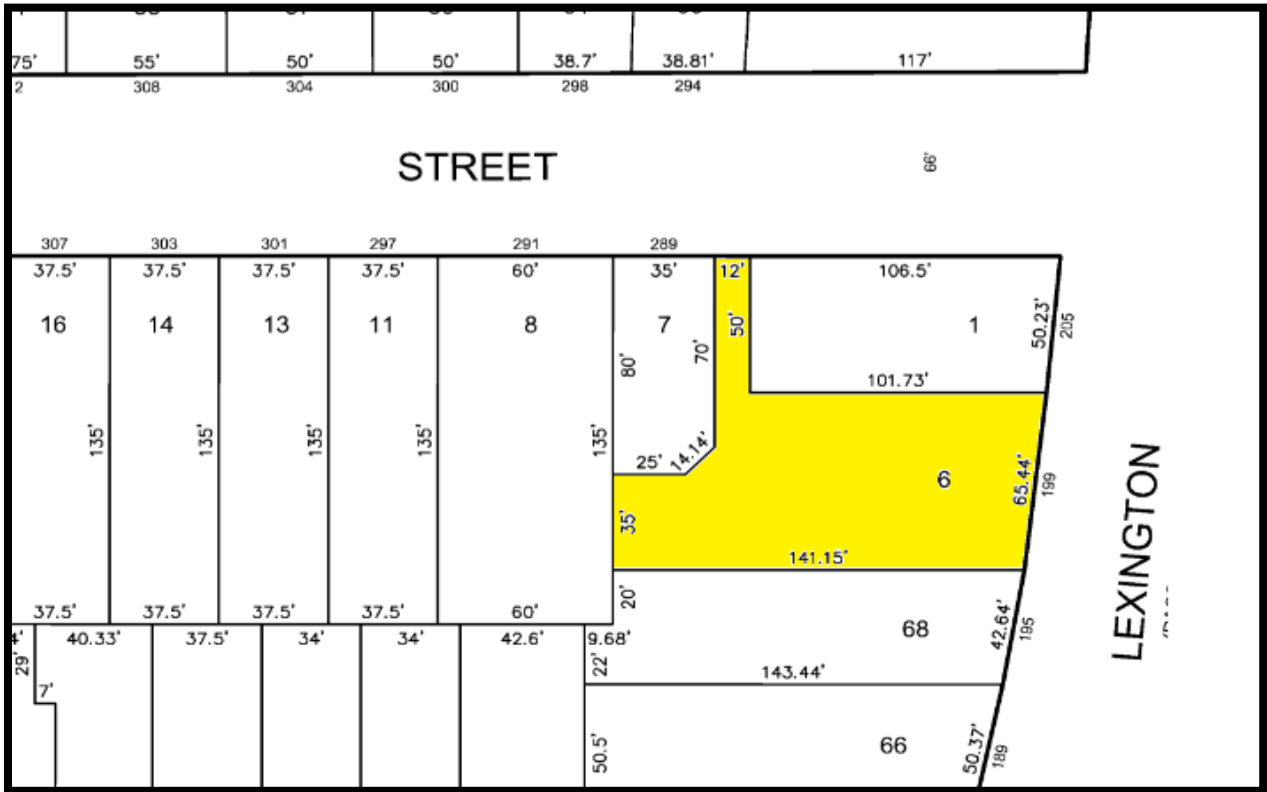
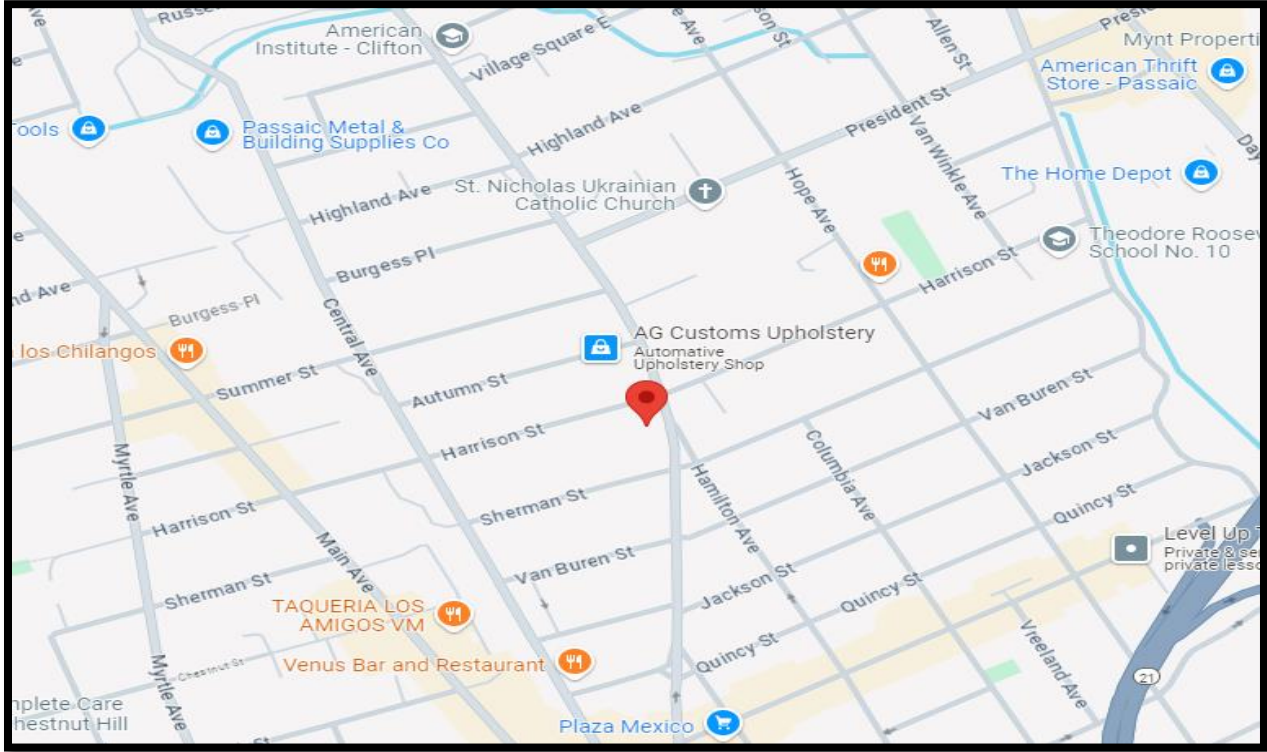
COMPARABLE SALE #2

(520-532 North Avenue, Dunellen)



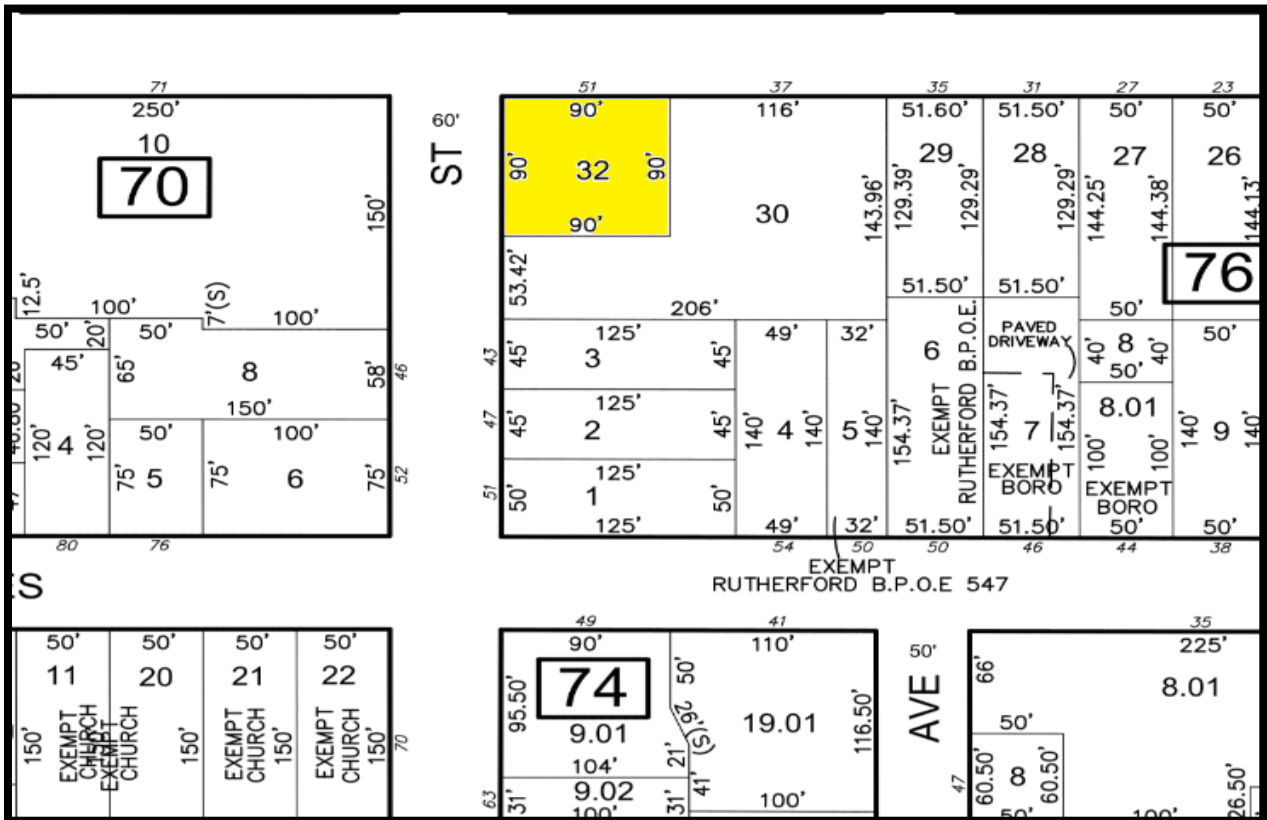
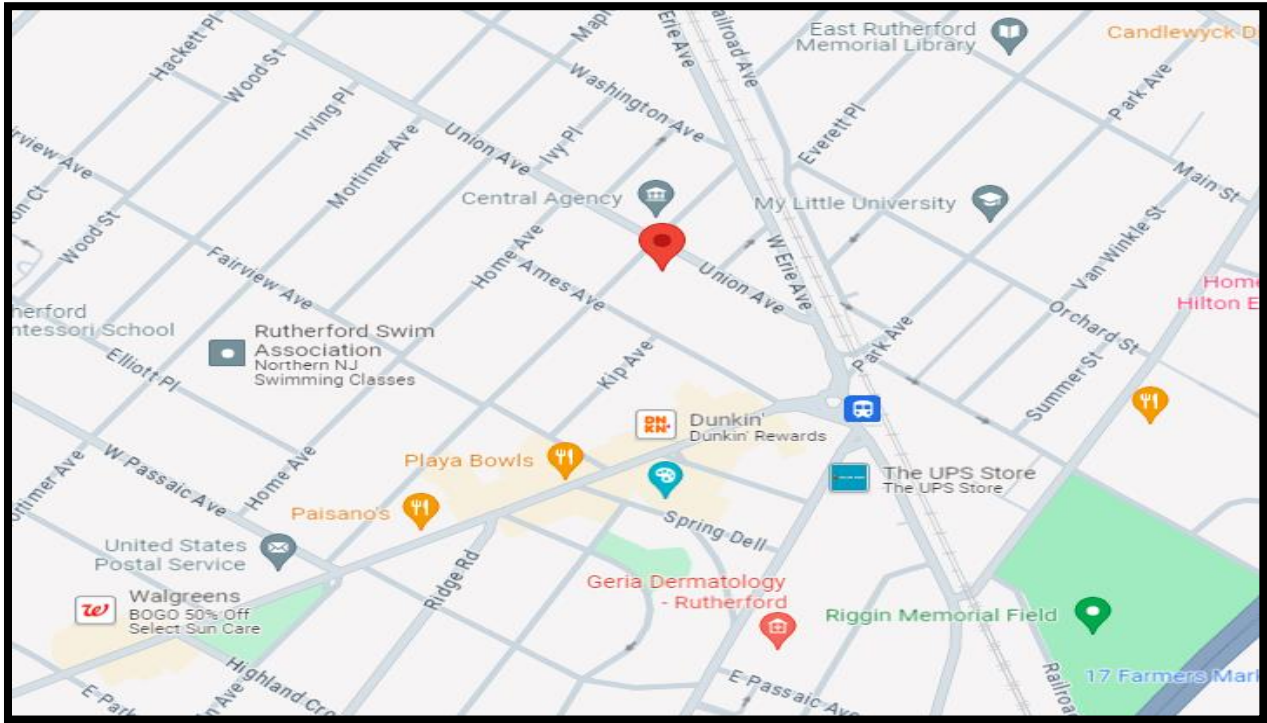
COMPARABLE SALE #3

(199 Lexington Avenue, Passaic)



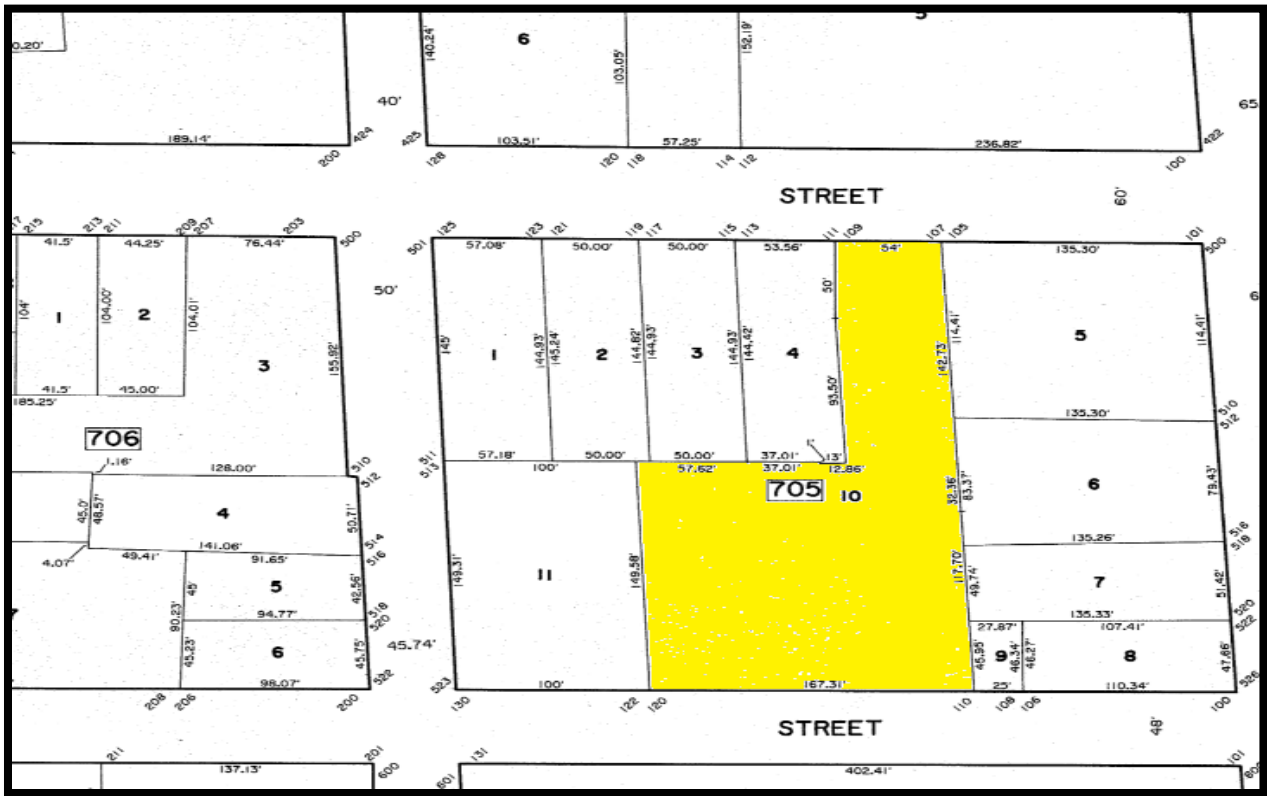
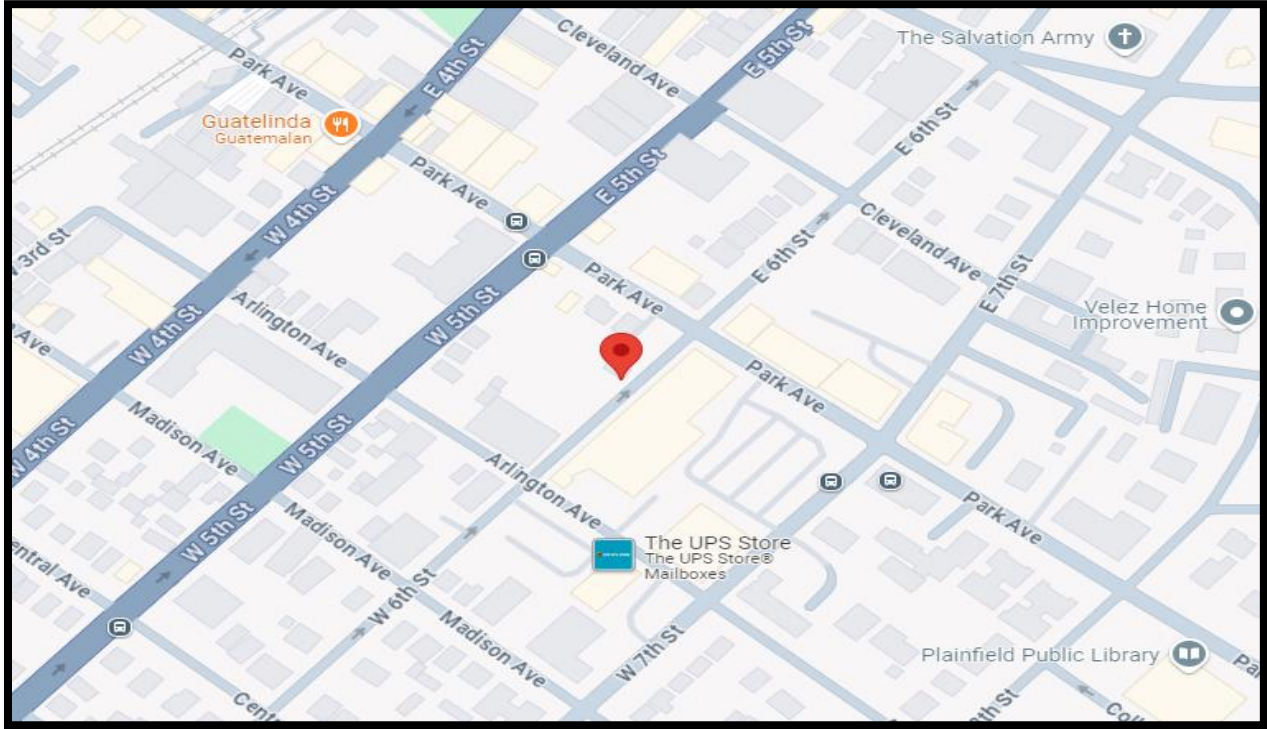
COMPARABLE SALE #4

(51 Union Avenue, Rutherford)



COMPARABLE SALE #5

(110-120 West 6th Street, Plainfield)



SALES COMPARISON APPROACH (CONT.)

In searching for comparables, the sales listed were deemed to be most similar to the subject as of the date of valuation. The adjusted price per approved multi-family market rate unit range is between \$42,598 and \$92,647 per multi-family unit.

The subject property consists of a generally rectangular site containing a total of 11.00± acres. As of the date of value. The assignment calls for valuation based upon the assumption that the subject property can accommodate a 15 unit townhouse development. Therefore, all of these characteristics were emphasized during our research and analysis of the comparable improved sales.

Overall, in the correlation process, additional emphasis was accorded to those comparable sales which provided the highest degree of similarity with the characteristics of the subject and which also required the least amount of adjustment.

Therefore, based upon our analysis of the differing characteristics of the comparable sales and with regard to size, location, functional appeal, etc., it appears reasonable that the value estimate for the subject property is deemed to be equitably represented as follows:

INDICATED VALUE VIA SALES COMPARISON APPROACH	
<u>15±</u> Market Rate Residential Units @ \$75,000 per Unit:	\$1,125,000
Cost to Demolish Existing Building 12,410± Square Feet @ \$10/Sq. Ft.	\$124,100
Valuation of the Site for Residential Development	\$1,000,900
Rounded	\$1,000,000

CORRELATION AND CONCLUSION

In reviewing the Sales Comparison Approach in the valuation as a school (current use) and the valuation for residential redevelopment according to the current zoning, the following valuation conclusions were determined:

SUMMARY OF CONCLUSIONS AS OF November 5, 2024	
Value as a School (Current Use)	\$2,170,000
Value for Residential Redevelopment	\$1,000,000

ADDENDA

**PROFESSIONAL QUALIFICATIONS
ROBERT MCNERNEY
MAI, SRA, CRE**

BUSINESS ADDRESS:

MCNERNEY & ASSOCIATES, INC.
175 Rock Road
P.O. Box 67
Glen Rock, New Jersey 07452-0067
Phone: (201) 670-8558

EXPERIENCE:

Active in the appraisal of real property and related real estate activities since 1977. Appraisal experience covers commercial, industrial, residential and special purpose properties. Emphasis has been on ad valorem appraisals as well as fair market valuations.

Have been qualified as an expert in the field of real estate in both State and Federal Courts and have appeared as an Expert Witness in Bankruptcy and Condemnation Proceedings, Tax Appeals, Zoning Cases, etc.

Licensed Real Estate Broker - States of New Jersey and New York

Licensed Appraiser - States of New Jersey and New York

APPRAISAL RELATED EDUCATION:

A.A.S. Degree, Real Estate, Bergen Community College, Paramus, New Jersey.
Graduate - New York University, Real Estate Institute, New York, New York.

AFFILIATIONS:

Member - The Appraisal Institute
Senior Residential Member - The Appraisal Institute
Past President of the Northeast New Jersey Chapter of the Appraisal Institute

**PROFESSIONAL QUALIFICATIONS
WILLIAM A. YIRCE JR., CTA, SCGREA**

BUSINESS ADDRESS:

MCNERNEY & ASSOCIATES, INC.
P.O. Box 67
Glen Rock, New Jersey 07452-0067
Phone: (201) 670-8558

EXPERIENCE:

Active in the appraisal of real property and related real estate activities since 2005. Appraisal experience covers commercial, industrial, residential and special purpose properties. Emphasis has been on ad valorem appraisals as well as fair market valuations.

Has been qualified as an expert in the field of real estate in New Jersey State Tax Court and has appeared as an expert witness in condemnation proceedings and county tax board proceedings.

Certified Tax Assessor - State of New Jersey

Licensed Real Estate Salesperson - State of New Jersey

State Certified General Real Estate Appraiser - State of New Jersey

EDUCATION:

B.S. Degree, History and Political Science, Monmouth University, W. Long Branch, NJ

APPRAISAL RELATED EDUCATION: (Total 300+ Classroom Hours and over 6,000 Hours of Experience Education)

Basic Appraisal Principles and Procedures

Apartment Appraisal Concepts & Applications

Real Estate Finance & Valuation Modeling

General Appraiser Income Approach 1 & 2

General Appraiser Market Analysis & Highest and Best Use

Appraisal of Nursing Facilities

The Appraiser as an Expert Witness : Preparation & Testimony

General Appraiser Sales Comparison Approach

Appraisal of Small Income Producing Properties

AFFILIATIONS:

President - Hudson County Tax Assessor's Association

Associate Member - The Appraisal Institute

Member - Real Source Board of Realtors

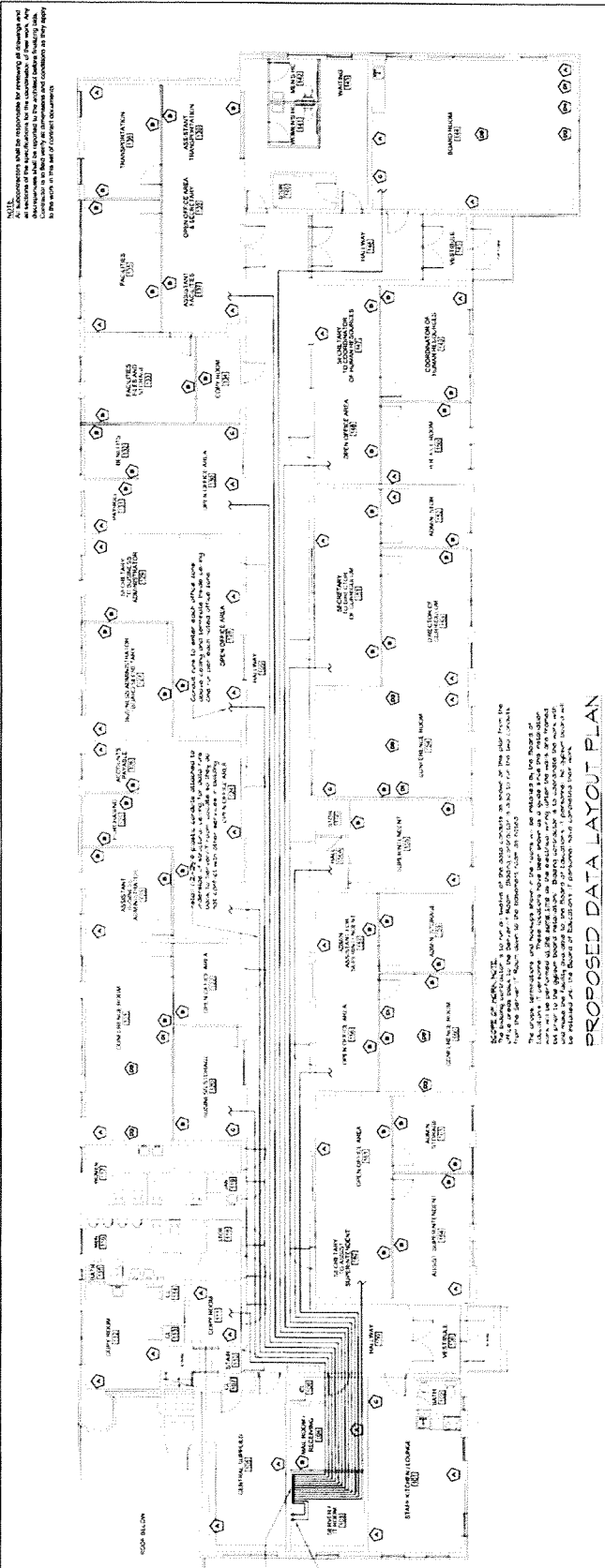
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REFLECTED CEILING AND DATA PLAN
CONCRETE AND ALUMINUM TO OFFICES FOR
THE DRUMMOND SCHOOL BUILDING
TOWNSHIP OF JEFFERSON, NEW JERSEY
546 STATE ROUTE 10 WEST, FREDWOOD, NEW JERSEY 07855

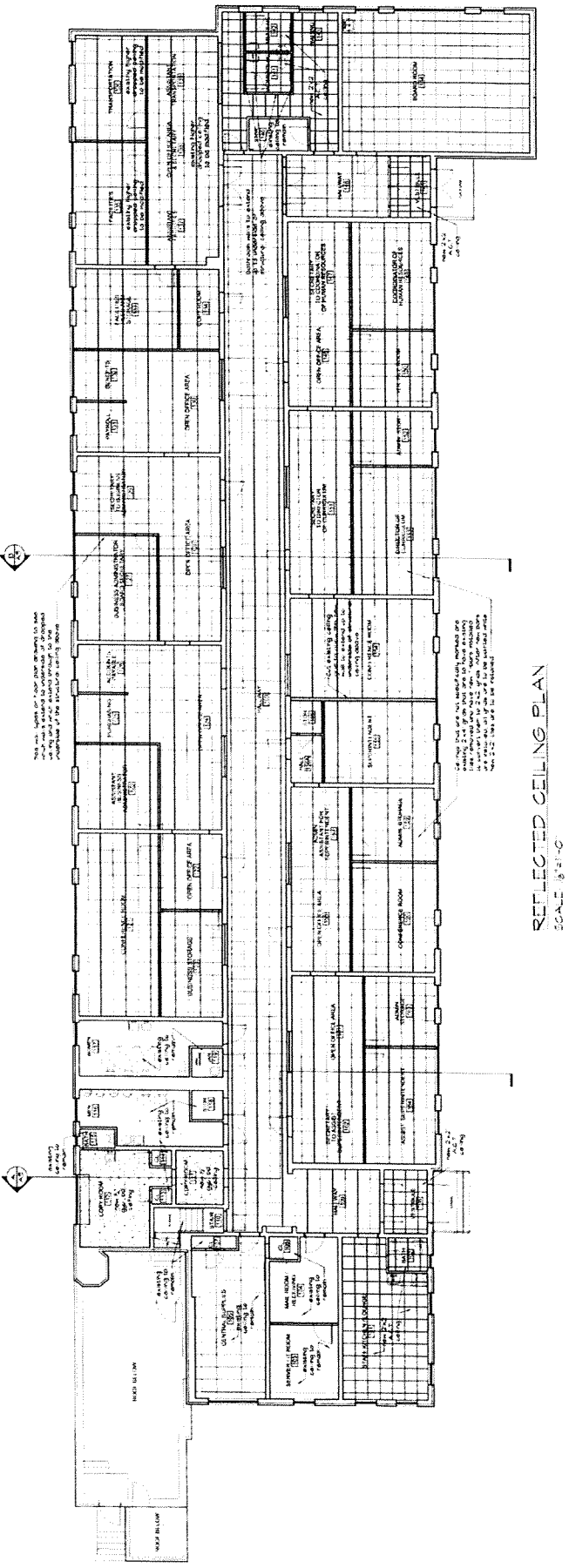
FTY Architectural
873 976 3155
www.fty.com

NO.	DATE	DESCRIPTION



PROPOSED DATA LAYOUT PLAN
SCALE: 1/8" = 1'-0"

NOTE: THIS PLAN IS BASED ON THE ASSUMPTIONS MADE IN THE PROPOSAL. THE CLIENT IS RESPONSIBLE FOR VERIFYING THE ACCURACY OF THE INFORMATION PROVIDED. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING THE ACCURACY OF THE INFORMATION PROVIDED ON THE DATE OF INSTALLATION.



REFLECTED CEILING PLAN
SCALE: 1/8" = 1'-0"

DATA WIRING PLAN

- WIRING POINTS TO BE INSTALLED AT THE FOLLOWING LOCATIONS:
 - CLASSROOMS
 - OFFICES
 - CONFERENCE ROOMS
 - STORAGE ROOMS
 - RESTROOMS
 - JANUARY
 - HALLWAYS
 - STAIRWELLS
 - ELEVATOR SHAFTS
 - MECHANICAL ROOMS
 - ELECTRICAL ROOMS
 - TELEPHONE ROOMS
 - SECURITY OFFICES
 - ADMINISTRATIVE OFFICES
 - COMPUTER LABS
 - LIBRARY
 - GYMNASIUM
 - CAFETERIA
 - PLAYGROUND
 - BUS STOP
 - DRIVEWAY
 - PARKING LOT
- WIRING POINTS TO BE INSTALLED AT THE FOLLOWING LOCATIONS:
 - CLASSROOMS
 - OFFICES
 - CONFERENCE ROOMS
 - STORAGE ROOMS
 - RESTROOMS
 - JANUARY
 - HALLWAYS
 - STAIRWELLS
 - ELEVATOR SHAFTS
 - MECHANICAL ROOMS
 - ELECTRICAL ROOMS
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 - SECURITY OFFICES
 - ADMINISTRATIVE OFFICES
 - COMPUTER LABS
 - LIBRARY
 - GYMNASIUM
 - CAFETERIA
 - PLAYGROUND
 - BUS STOP
 - DRIVEWAY
 - PARKING LOT

FOR ALL DATA AND WIRING POINTS, SEE THE "DATA WIRING PLAN" AND "REFLECTED CEILING PLAN".

NOTE: ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED. ALL DIMENSIONS SHALL BE TO FACE UNLESS OTHERWISE NOTED. ALL DIMENSIONS SHALL BE TO FACE UNLESS OTHERWISE NOTED. ALL DIMENSIONS SHALL BE TO FACE UNLESS OTHERWISE NOTED.