

---

IN THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON  
PLEAS  
OF CENTRE COUNTY, PENNSYLVANIA

IN RE: THE SECOND MILE

ORPHANS' COURT NO. 14-12-0255

---

---

APPENDIX IN SUPPORT OF PETITION FOR DISTRIBUTION  
OF ASSETS OF THE SECOND MILE PENDING DISSOLUTION

---

VOLUME I

KIMBERLY A. BASTON  
REGISTER OF WILL &  
CLERK OF ORPHANS COURT  
CENTRE COUNTY PA

2012 MAY 25 A 9:33

FILED FOR RECORD

**OF COUNSEL:**

Archer & Greiner, P.C.  
One Liberty Place  
Thirty-Second Floor  
1650 Market Street  
Philadelphia, PA 19103-7393  
215-963-3300 (phone)  
215-963-9999 (fax)  
[hrosenthal@archerlaw.com](mailto:hrosenthal@archerlaw.com)  
[fmcelhill@archerlaw.com](mailto:fmcelhill@archerlaw.com)  
[gfry@archerlaw.com](mailto:gfry@archerlaw.com)

HOWARD A. ROSENTHAL  
FRANCES A. McELHILL  
GARY D. FRY  
Attorneys for Petitioners

## TABLE OF CONTENTS

### EXHIBIT

#### VOLUME I

ALEXSA Results Assessing Effectiveness of Challenge Program .....	A
Friend Program Evaluation.....	B
Friend Fitness Program Assessment .....	C
Foster Family Support Program Evaluation .....	D
Evaluation of Leadership Institute.....	E
Financial Report - 2011 .....	F
Asset Transfer and Program Continuation Agreement.....	G
The Second Mile Resolution Approving Transfer Agreement.....	H
Arrow and Arrow-PA Written Consents in Lieu of Meeting Approving Transfer Agreement....	I
Arrow Proposal [SEE VOLUME II FOR FULL PROPOSAL AND EXHIBITS] .....	J
Asset and Liability List – April 30, 2012 .....	K
List of Outstanding Pledge Amounts and List of Planned Giving Amounts.....	L
The Second Mile’s Endowment Fund Policies.....	M
Arrow’s Endowment Fund Policy .....	N
Endowment Fund Donor’s List.....	O
Center For Excellence Campaign Donor’s List.....	P
CFE Donor Consents .....	Q
Investment Commitment - Form.....	R
List of Donors – Pledges and Planned Giving.....	S
Reverse Drawing Donor’s List .....	T

Atherton Property Appraisal ..... U  
Bernel Property Deed..... V  
Bernel Property Appraisal..... W  
Bernel Property Agreement of Sale ..... X  
Pennsylvania State University's Waiver of First Option..... Y  
Asset List ..... Z  
Letter to Attorney General dated May 25, 2012 ..... AA

8186204v1

# **EXHIBIT “A”**

## *Initial Results from the ALEXSA on Summer Challenge Campers' Risk and Protective Factors*

By Erin E. Reid and Melissa A. Reid, The Pennsylvania State University

Prior to the summer of 2004, The Second Mile staff formed a partnership with The Pennsylvania State University's Prevention Research Center to assess the intrapersonal and environmental factors of children served in the Summer Challenge Program. As a result, campers at the University Park site now are asked to complete a computer-based questionnaire, the Assessment of Liability and Exposure to Substance Abuse and Antisocial Behavior (ALEXSA), during their stays at camp. The information that is collected then can be used to examine the effects of camp attendance on specific areas of concern. To date, three years of data have been collected. This article describes the ALEXSA in more detail and provides information gained from analyzing the data collected from children attending the Summer Challenge Program in 2004 and 2005.

The ALEXSA is a computer-based questionnaire that asks questions about intrapersonal skills (i.e., academic, affective, behavioral, biological, cognitive, competencies, and spiritual), family and friends, environment, and exposure to illegal substances. One of the benefits of using such a questionnaire to assess risk factors is that children may be willing to answer more truthfully because they know that the answers they give are not linked back to them.

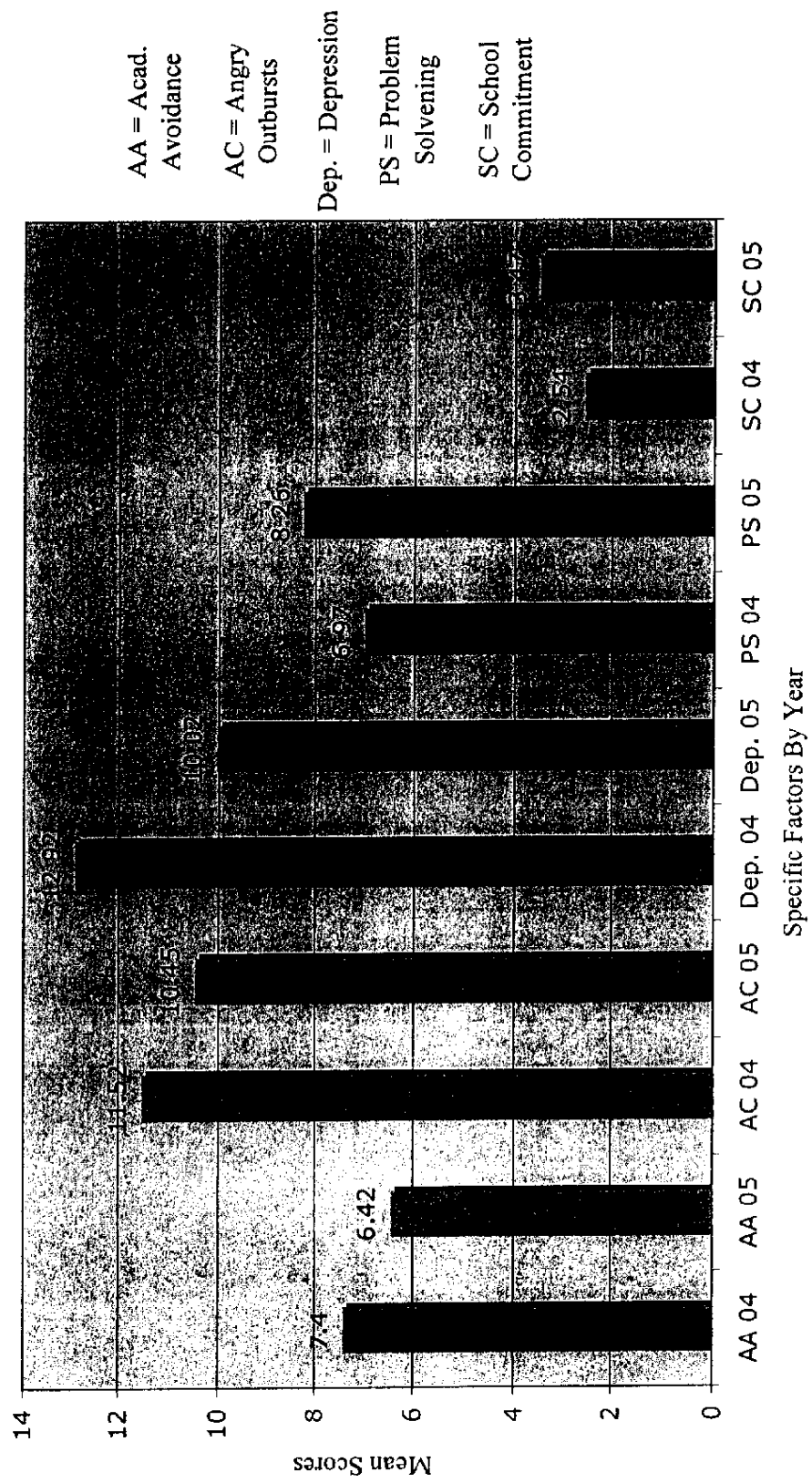
Information collected with the ALEXSA was analyzed for campers attending the Summer Challenge Program in both 2004 and 2005. Approximately 247 campers completed the survey during both years. We were particularly interested in examining whether campers' ALEXSA scores improved from 2004 to 2005, which would begin to suggest that the Summer Challenge Program is an effective intervention for children experiencing difficulties in a variety of areas. A description of the five areas of concern that were examined is outlined below:

- Academic Achievement – these questions inquire about children's grades and whether or not they were retained in any grade;
- Anger Coping – these questions ask children if they engage in specific maladaptive behaviors when they are angry, such as blaming, yelling, or breaking other's property;
- Depression – these questions probe depressive symptoms (i.e., sadness, loneliness, feelings of worthlessness and hopelessness) that the campers may be experiencing;
- Problem Solving – these questions ask children to rate how often they engage in effective problem-solving behaviors (i.e., thinking before acting, making a plan of action, considering alternatives); and
- School Commitment – these questions tap into how children handle failure in classroom settings.

Analyses of the 2004 and 2005 self-report data indicate that average scores on the ALEXSA factors identified above significantly changed over time and in the direction that was expected (see Figure 1). For instance, campers who returned to camp in 2005 reported that they were achieving better academically, were experiencing lower levels of depression, have a stronger commitment to school, were engaging in more effective problem-solving behaviors, and did not resort to maladaptive anger coping behaviors as often.

These results are very promising. They indicate that campers are reporting improvements in their own behavior in many areas, and they suggest that the Summer Challenge Program has had a positive impact on the campers' lives. Our next step is to collect more data on real-world outcomes, such as grades and discipline referrals, to continue to assess the benefits of participation in the Summer Challenge Program.

Figure 1  
 Mean Camper Self-Report Ratings on the ALEXSA Assessment by Specific Factor and Year



**Evaluation of the Challenge Program:  
Results from the Self-Perception Profile for Children and Adolescents and the Assessment of  
Liability and Exposure to Substance Use and Antisocial Behavior (ALEXSA)**

October 27, 2009

Prepared by

Erin E. Reid

The Pennsylvania State University

## Method

### *Participants*

Data was available for 1148 children and adolescents who attended either the Challenge Program or the SMILE program during the summers of 2008 and 2009. In 2008, 752 children and adolescents, split evenly in gender, completed at least 1 of the 2 measures described below while attending the summer programs. The children ranged in age from 7 to 17 ( $M = 11.72$  years;  $SD = 2.04$ ). Of particular interest to this report are the 279 children and adolescents who were first-time attendees in 2008. Of this subsample, 49.8% were male and 50.2% were female, with a mean age of 10.38 years ( $SD = 1.50$ ). During the summer of 2009, data was available for 821 children and adolescents ranging in age from 7 to 17 ( $M = 11.51$  years;  $SD = 2.00$ ). Of these participants, 50.8% were male and 49.2% were female. Three hundred and seventy-six children attended the program for the first time that summer, while a total of 161 children who were first-time attendees in 2008 returned for a second year. Of this subsample, 46% were male and 54% were females. Less than half of the respondents at any given point provided information regarding their ethnic or racial identity. Due to the amount of missing data and the inconsistencies at different time points, that information is not provided in this report.

### *Measures*

Children and adolescents who attended the Challenge and SMILE programs completed a paper-and-pencil survey designed to measure global self-esteem. The Self Perception Profile for Children (Harter, 1995) and the Self-Perception Profile for Adolescents (Harter, 1988) present respondents with two opposing statements (e.g., *Some kids are happy with the way they look*



*BUT Other kids are not happy with the way they look; Some kids wish they could be a lot better at sports BUT Other kids feel they are good enough at sports*). For each item, respondents are asked to choose which statement best describes them, and then rate the extent to which the statement applies by choosing “Really true for me” or “Sort of true for me.” The child profile was originally completed by 1399 children in grades 3 through 8. Mean composite scores ranged from 2.4 to 3.3. The adolescent profile was completed by 1292 students enrolled in grades 8 through 11. Mean composite scores ranged from 2.2 to 3.4.

The child form provides six composite scores, whereas the adolescent version produces nine composite scores. Composite score descriptions are provided below. The following six composite scores appear on both the child and adolescent forms.

- Scholastic Competence – assesses individual’s perception of their ability to perform academic related tasks.
- Social Acceptance – measures individual’s perception of how well-liked they are by their peers.
- Athletic Competence – assesses individual’s perception of their ability to perform well at sports and other physical activities.
- Behavioral Conduct – assesses how well individuals behave as well as they think they should.
- Physical Appearance – this composite describe an individual’s satisfaction with his or her appearance.
- Global Self-worth – measures how much an individual likes him- or herself.

The following composite scores appear only on the adolescent version.

- Romantic Appeal – this composite assesses how desirable individuals perceive themselves to be in regards to romantic peer relationships.
- Close Friendships – measures an individual’s ability to form meaningful relationships with peers.
- Job Competence – measures the extent to which adolescents feel that they have job skills, are ready to do well at part-time jobs, and feel that they are doing well at the jobs they have.

Children attending the Challenge and SMILE programs also completed the Assessment of Liability and Exposure to Substance Use and Antisocial Behavior (ALEXSA), a computer-based questionnaire that assesses children’s risk and protective factors. It is designed for use with children between the ages of 8 and 16. The survey is typically completed in 45 minutes and is designed in a way to keep the children interested and engaged. For this report, information from ten factors of the ALEXSA is reported. Composite score descriptions are described below.

- Academic Achievement – asks respondents to answer questions concerning their grades and whether or not they were retained in any grade in school.
- Anger Coping – asks respondents if they have engaged in specific maladaptive behaviors when they were angry, such as blaming, yelling, or breaking other’s property.
- Conduct Disorder – assesses problem behaviors that are symptomatic of a DSM-IV diagnosis of conduct disorder.
- Depression – asks questions that probe depressive symptomology (i.e., sadness, loneliness, feelings of worthlessness and hopelessness).
- Family Conflict – assesses the presence and nature of disagreements among family members.

- Impulsivity – asks the respondents to rate the frequency of engaging in behaviors that are considered to be impulsive (i.e., not thinking before acting, being accident prone, lacking self-control).
- Peer Attachment – examines the quality of the respondent’s friendships.
- Problem Solving – asks respondents to rate how often they have engaged in effective problem solving behaviors (i.e., thinking before acting, making a plan of action, considering alternatives).
- School Commitment – taps into how respondents handle failure in classroom settings.
- Susceptibility to Peer Pressure – assess how likely it is that respondent’s behaviors and beliefs are influenced by their peers.

#### *Procedures*

Children participating in the Challenge and SMILE programs in July and August of 2008 and 2009 completed the ALEXSA and Self-Perception Profile in two separate sessions within days of each other. Children completed the ALEXSA in groups of approximately 30 in a computer lab. Administration of the ALEXSA was proctored by graduate students from the College of Education of the Pennsylvania State University. Standardized instructions were presented to the respondents. Each child was given a pair of headphones to listen to the directions and test items. The typical completion time for the ALEXSA was 35 to 45 minutes. For the Self-Perception Profile, group counselors were provided with standardized instructions to read to the children, explaining the purpose of the questionnaire and providing directions on how to answer the questions. The survey was completed in small groups. Counselors read the items to the respondents who completed the child version of the survey; whereas, the adolescents read the

items themselves, unless assistance was required. The survey was completed in approximately 15 to 20 minutes.

## Results

Results from the Self-Perception Profiles and ALEXSA completed in 2009 are presented below. Information regarding the total sample is presented first followed by information on the performance of the subsample of children who were first-time attendees in 2008.

### *Self-Perception Profile*

Mean composite scores for the Self-Perception Profile for Children and Adolescents are reported in Table 1. Some children did not answer every item or they provided more than one answer for an item, accounting for the varying sample size for each score reported. Mean composite scores on the child survey completed in 2009 for the entire sample ranged from 2.77 to 3.09 on a scale of 1 to 4. These scores were somewhat higher than those of children in the norming sample of the survey. Significant gender differences were found among the individuals who completed the child version of the scale. Overall, males reported having greater school competence ( $t(1, 709) = 3.88, p < .001$ ), social acceptance ( $t(1, 711) = 2.31, p = .02$ ), athletic competence ( $t(1, 703) = 5.15, p < .001$ ), physical appearance ( $t(1, 702) = 5.12, p < .001$ ), and global self-worth ( $t(1, 706) = 2.58, p = .01$ ). Females rated themselves higher on the behavior conduct factor ( $t(1, 712) = -2.04, p = .04$ ), indicating that they engaged in more prosocial behaviors. For the adolescent sample, mean composite scores on the survey completed in 2009 ranged from 2.52 to 3.27 on a scale of 1 to 4, consistent with the norming sample. Adolescent

males rated themselves as having greater athletic competence ( $t(1, 69) = 2.68, p = .01$ ) and physical appearance ( $t(1, 69) = 3.54, p = .001$ ) than females.

Children who were first-time attendees in 2008 obtained mean composite scores ranging from 2.72 to 3.20 on a scale from 1 to 4 on the 2009 survey. Significant gender differences were observed. Males reported more school competence ( $t(1, 152) = 2.10, p = .04$ ), more athletic competence ( $t(1, 150) = 3.12, p = .002$ ), greater satisfaction with their appearance ( $t(1, 147) = 2.47, p = .02$ ), and greater overall feelings of self-worth ( $t(1, 151) = 2.07, p = .04$ ). On the 2009 survey, the scores of 2008 first-time attendees did not differ significantly from children who attended the summer program for more than 2 years, except that they reported having greater confidence in their physical appearance than returning peers ( $t(1, 354) = -2.53, p = .01$ ), but less confidence in their athletic abilities ( $t(1, 339) = 2.09, p = .04$ ). The scores of 2008 first-time attendees were generally higher than 2009 first-time attendees, with an exception in ratings of behavioral conduct, in which case 2008 first-time attendees reported fewer instances of good behaviors; however, no significant differences were found. Of the original 2008 first-time attendees, 145 children completed the Self-Perception Profile in 2008 and 2009. When comparing their 2008 and 2009 ratings, the children reported significantly higher social acceptance ( $t(1, 145) = -2.21, p = .03$ ) and global self-worth ( $t(1, 140) = -2.01, p = .05$ ) in 2009.

#### *ALEXSA*

At the time of the last report, data from the 2008 administration of the ALEXSA was unavailable. Therefore, data from both the 2008 and 2009 administrations will be presented in this report. Descriptive statistics for the total sample and the 2008 first-time attendees are reported in Table 2. The ALEXSA is still under development. As such, national norms have not yet been established. To facilitate interpretation of ALEXSA scores, the means and standard

deviations obtained for previous Challenge and SMILE cohorts is presented in Table 3. Visual comparison of Tables 2 and 3 indicated that children who attended the Challenge in 2009 obtained commensurate or higher mean scores than previous cohorts on positive factors such as academic competence, problem solving skills, and school commitment; however, they also reported having commensurate or higher scores on measures of maladaptive functioning, such as feelings of depression and impulsivity. Previous cohorts also tended to endorse more ineffective anger coping strategies and behaviors related to conduct disorder.

Data from the 2008 and 2009 ALEXSA administrations indicated that males engaged in significantly more conduct disorder related behaviors than females (2008 -  $t(1, 292) = 3.58, p < .001$ ; 2009 -  $t(1, 705) = 2.71, p = .01$ ). Females reported experiencing significantly more depression related symptoms on the 2009 survey than males ( $t(1, 716) = -2.82, p = .005$ ). The responses of males in 2009 indicated that they were more susceptible to peer pressure than their female counterparts ( $t(1, 715) = 2.39, p = .02$ ).

Significant differences in 2009 ALEXSA responses of the 2008 first-time attendees and youth who attended for two or more years were observed. The 2008 first-time attendees tended to endorse less behaviors related to ineffective anger coping skills ( $t(1, 375) = 2.84, p = .005$ ) and conduct problems ( $t(1, 375) = 2.74, p = .007$ ), less instances of family conflict ( $t(1, 374) = 2.13, p = .03$ ), and less susceptibility to peer pressure ( $t(1, 378) = 2.14, p = .03$ ). When compared to first-time attendees in 2009, the 2008 subsample had significantly fewer depression related symptoms ( $t(1, 479) = -3.70, p < .001$ ). Data was available for 43 children from the 2008 first-time attendee subsample children who completed the ALEXSA in 2008 and 2009. Comparison of their responses over time indicated no significant differences in behavior as measured by the ALEXSA.

## Discussion

Overall, taking into account results from the Self-Perception Profile and the ALEXSA, children who first attended the Challenge and SMILE programs in 2008 were comparable to children who attended the program's residential weeks for more than two years on most measures of self-esteem administered in 2009. The children in the subsample who started in the program in 2008, however, rated themselves as having more confidence in their appearance. Further analysis of perceived attractiveness revealed that younger children tend to rate themselves more positively than older children. Approximately 67% of the returning 2008 subsample was entering grades 3 through 5, the grades at which ratings of perceived attractiveness are the highest. This may explain their higher ratings as a group. This cohort also reported fewer problem behaviors (e.g., ineffective coping skills, conduct problems, family conflict, and less susceptibility to peer pressure) than children who had attended the programs for more than two years, and they endorsed fewer symptoms of depression related symptoms than incoming children of 2009.

When examining individual changes over time, the 2008 subsample demonstrated significant gains in social acceptance and global self-worth. This is a very encouraging finding and suggests that The Second Mile's programming is succeeding in promoting the development of these protective factors. This subsample, however, did not report reduced maladaptive behaviors. This finding should be interpreted with caution due to the small sample size used to calculate these findings. Data from both the 2008 and 2009 ALEXSA administrations was available for only 43 children at this time.

Although there was evidence of gains in global self-worth for the 2008 first-time attendees as a whole, significant gender differences in self-perceptions were found. Specifically,

males rated themselves as more competent academically, socially, and athletically, they were more satisfied with their appearance, and they reported having greater feelings of self-worth. These findings suggest that The Second Mile needs to continue to examine our programming for girls and look for additional ways to foster self-confidence. As a group, males also described themselves as experiencing more behavior problems and as being more susceptible to peer pressure than females. Females reported significantly more symptoms associated with depression than males. The results discussed here are consistent with research on gender and problem behaviors. Males are more likely to exhibit externalizing problem behaviors (e.g., aggression, impulsivity) whereas females are more likely to experience internalizing problem behaviors (e.g., depression, anxiety).

While the results presented in this report are promising, some limitations need to be taken into consideration when interpreting the results. Specifically, the results of this report are correlational in nature, and an association between participation in the programs and self-report rating scores cannot be interpreted as a cause and effect relationship in the absence of strict experimental rigor. In addition, although informative, self-reports have their limitations and cannot solely be relied upon when evaluating program outcomes. Although several precautions were taken to ensure that the children could complete the measures accurately and honestly, some children may not have felt comfortable answering personal questions about themselves or their families or they may not have been motivated to answer the surveys with integrity.

The measures used to assess child and adolescent outcomes also may contribute to the limitations of the evaluation. There are few comprehensive measures of youth self-esteem and fewer psychometrically sound measures. While the Self-Perception Profile is one of the better tools, it is not without faults. The child and adolescent forms were created in 1985 and 1988



respectively, making the interpretation of mean scores more challenging. As pointed out in the results section, the range of mean scores obtained by children participating in the Challenge Program was higher than the range of mean scores for the norming sample. Interpretation of the ALEXSA scores is made difficult by the fact that it is currently under development. Although the ALEXSA can provide us with important information regarding the changes in scores across time, there is no representative norm sample to compare the performance of Challenge and SMILE program attendees against.

An important limitation to this evaluation is that data was available for little more than half of the 2008 first-time attendees. In an ideal situation, children who did not return still would complete the measures of self-esteem and problem behaviors. This would allow us to determine if they differed from children who did return in any important characteristics that might affect the interpretation of these findings. It might be that the children who did not return made gains in the areas for which they were originally referred and as a result were no longer viewed as needing to participate in the program by their school counselors or parents. Along a similar vein, the Challenge Program is geared toward youth experiencing academic, family, social, or behavioral difficulties. Therefore, it is assumed that children who are referred for another year are continuing to experience difficulty in one or more of these areas, and it would not be expected that they make significant improvements compared to the previous year. It is difficult to tease out the effects of this confound without the possibility of comparing the skills and behaviors of children who participated in the program to those who are facing the same types of difficulty but who do not participate in the program. In light of this limitation, the fact that we found meaningful change for the better in reports of global self-worth and social acceptance is very encouraging.

Table 1

*Mean Composite Scores on the Self-Perception Profiles for Children and Adolescents.*

Composite Score	2008 First-Time Attendees				2009 Total Sample			
	2008 <sup>a</sup>		2009 <sup>b</sup>		Child <sup>c</sup>		Adolescent <sup>d</sup>	
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>
Scholastic Competence	2.75	.72	2.78	.75	2.75	.73	2.82	.82
Social Acceptance	2.74	.69	2.86	.73	2.80	.74	3.08	.72
Athletic Competence	2.75	.71	2.72	.78	2.77	.74	2.74	.85
Physical Appearance	2.93	.79	3.07	.78	2.96	.79	2.52	.91
Behavioral Conduct	2.78	.70	2.78	.71	2.79	.67	2.82	.64
Job Competence	---	---	---	---	---	---	3.14	.61
Romantic Appeal	---	---	---	---	---	---	2.67	.76
Close Friendships	---	---	---	---	---	---	3.27	.68
Global Self-worth	3.06	.65	3.20	.62	3.09	.68	2.95	.68

Note. <sup>a</sup>*n* = 259 to 268. <sup>b</sup>*n* = 149 to 154. <sup>c</sup>*n* = 705 to 714. <sup>d</sup>*n* = 68 to 71. *M* = Mean. *SD* = Standard Deviation.

Table 2

*Descriptive Statistics for ALEXSA Scores obtained in 2008 and 2009.*

Factor	2008 First-Time Attendees						Total Sample					
	2008 <sup>a</sup>			2009 <sup>b</sup>			2008 <sup>c</sup>			2009 <sup>d</sup>		
	M	SD	Range	M	SD	Range	M	SD	Range	M	SD	Range
Academic Achievement	7.45	2.88	0-12	7.87	3.25	0-22	6.81	3.74	0-22	7.76	3.39	0-22
Anger Coping	9.69	4.17	0-22	9.19	4.75	0-42	10.43	4.49	0-42	9.73	4.30	0-42
Conduct Disorder	1.41	1.89	0-9	1.39	2.21	0-16	1.90	2.19	0-12	1.56	2.03	0-16
Depression	11.98	7.45	0-29	8.81	6.18	0-32	10.95	7.44	0-40	10.44	7.35	0-52
Family Conflict	1.57	1.43	0-5	1.70	1.75	0-6	2.06	1.93	0-10	1.83	1.89	0-12
Impulsivity	7.41	4.72	0-18	6.51	5.01	0-36	7.52	4.42	0-36	6.86	4.45	0-36
Peer Attachment	10.52	4.13	2-18	11.34	4.84	0-32	11.45	4.56	0-36	11.45	4.83	0-36
Problem Solving	10.10	4.08	1-18	8.94	4.22	0-30	9.30	4.29	0-30	9.05	4.35	0-32
School Commitment	3.95	1.56	0-6	3.72	1.72	0-12	3.93	1.78	0-12	3.82	1.72	0-12
Peer Pressure	1.28	2.42	0-12	1.33	2.88	0-24	1.95	2.78	0-18	1.35	2.19	0-24

Note: <sup>a</sup>n = 75 to 80. <sup>b</sup>n = 142 to 144. <sup>c</sup>n = 287 to 296. <sup>d</sup>n = 700 to 721. M = Mean. SD = Standard Deviation.

Table 3

*Descriptive Statistics for ALEXSA Scores Obtained by Previous Challenge Cohorts*

	2004		2005	
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>
Academic Achievement	7.40	2.99	6.42	3.53
Anger Coping	11.52	2.75	10.45	3.73
Conduct Disorder	2.02	2.77	1.73	1.88
Depression	12.92	6.76	10.02	6.0
Impulsivity	5.95	3.83	7.41	3.96
Problem Solving	6.97	3.98	8.26	3.47
School Commitment	2.54	1.32	3.47	1.44
Susceptibility to Peer Pressure	1.62	2.11	2.05	2.39

Note. *N* = 147. *M* = Mean. *SD* = Standard Deviation.

# **EXHIBIT “B”**

## **The Second Mile Friend Program: Centre Region 2002-2003**

Lynn F. Zinn, Ed.D.  
Research and Program Consultant, The Second Mile

A mentor may be defined as “an adult who, along with parents, provides young people with support, counsel, friendship, reinforcement and constructive examples.”<sup>1</sup> Mentoring can supplement parental support and engagement or it can, in fact, fill in where that support is missing. Since strong role models are often missing for at-risk youngsters, mentoring may be of particular importance for these children.<sup>2</sup> One study of mentor-mentee relationship development found, first, that mentors supporting younger children, rather than adolescents, had greater success and, second, that time spent in social activities was beneficial.<sup>3</sup> Youth mentoring is a critical component of The Second Mile’s mission and is central to all three early intervention programs—Friend, Friend Fitness, and the Summer Challenge Camp Program.

The Second Mile’s Friend Program is designed to provide a context for school-aged youth to consistently engage and connect with positive adult role models. Through participation in the program, we expect Young Friends to demonstrate improved functioning in social settings, improved academic effort and/or performance, and increased engagement in service to others. This early intervention program pairs College Friends, collegiate volunteers recruited by The Second Mile, with Young Friends, kindergarten through sixth grade students in need of additional support, to participate together in recreational and educational events. The Second Mile’s Friend activities are scheduled regularly throughout the course of the school year and range from swimming and bowling to picnics and holiday parties. The educational components of the Friend Program promote development of healthy self-esteem and personal responsibility, and College Friend and Young Friend pairs work together on goals targeting academic and social success.

This paper focuses on the Friend Program held in the Centre Region during the 2002-2003 school year, serving youngsters in Centre, Mifflin, and northeastern Blair counties. During this period, college students at two additional sites delivered the Friend Program to children in Huntingdon and the remainder of Blair county, as well as to those in Clinton county. At all sites, College Friends were caring student-volunteers recruited from local universities and trained and supervised by Second Mile staff members. For the most part, College Friends volunteering at the Centre Region site attend the Penn State--University Park campus.

Historically, staff members have collected data on Young Friend and College Friend attendance at events, as well as Young Friends’ personal goal attainment. School counselors’ referrals have included reports of students’ progress in terms of improved social skills, goal-directed behavior, and attention to academics. While requested of all Young Friends in the past, only some participants have documented progress toward goals by submitting report cards; other information from parents, teachers, or counselors; or certificates they might have earned. Therefore, this information has been fragmented and incomplete. The immediate need was to collect and analyze data systematically, tie data collection directly to a defined set of goals for this early intervention program, and use findings to inform and guide ongoing program decisions at all Friend sites.

### **Program Goals**

While most events are centered on recreational and social themes (e.g. skating, bowling, Halloween, etc.), staff members use events as educational opportunities by providing activities or educational mini-modules specifically targeting one or more of Friend Program’s three goals. While unable to demonstrate causation, we did hope and expect to see correlation between youths’ program participation and gains in these three areas, all of which

---

<sup>1</sup> America’s Promise (2003). *The power of mentoring: Caring by sharing experience*. Washington, DC: America’s Promise.

<sup>2</sup> Jekielek, M.A., Moore, K.A., Hair, E.C., & Scarupa, M.S. (2002). *Mentoring: A promising strategy for youth development*. Washington, DC: Childtrends. [Online] <http://www.childtrends.org/PDF/MentoringBrief2002.pdf>.

<sup>3</sup> Herrera, C., Sipe, C.L., & McClanahan, W.S. (2000). *Mentoring school-age children: Relationship Development in community-based and school-based programs*. Public/Private Ventures/Commissioned By the National Mentoring Partnership and the US Dept. of Education)[Online]. [http://www.mentoring.org/resources/pdf/relationship\\_dev.pdf](http://www.mentoring.org/resources/pdf/relationship_dev.pdf).

are central to The Second Mile's mission and which we considered to be indicators of broader positive change on the part of these children. The first goal--improved functioning in social settings--is the overarching goal of the program as a whole and is addressed continuously throughout all events. However, this goal also received direct attention as part of three activities or specific educational mini-modules. At six events, improved academic effort and/or performance was a focus, and, at five events, service to others was a focus area. Table 1 displays the three program goals and events during which each was targeted programmatically.

*Table 1.*  
Friend Program goals targeted through educational mini-modules

	Event											
	1	2	3	4	5	6	7	8	9	10	11	12
Improved functioning in social settings	X							X				X
Improved academic effort and/or performance			X	X	X	X		X		X		
Increased engagement in service to others		X	X	X			X				X	

### The Friend Program and America's Promise/Penn State's Promise

America's Promise was conceived in 1997, when President Clinton and four former presidents and/or first ladies collaborated to raise awareness and action in support of the nation's young people. As the America's Promise web site states, "It's a simple premise: The more support young people receive from their community, the more likely they are to be successful . . . . These are the Five Promises that America's Promise strives to fulfill for every child:

- Ongoing relationships with caring adults—parents, mentors, tutors, or coaches;
- Safe places with structured activities during non-school hours;
- A healthy start and future;
- Marketable skills through effective education; and
- Opportunities to give back through community service."<sup>4</sup>

The first coalitions were with communities—dubbed "Communities of Promise." During the 2002-2003 academic year, Penn State University became the nation's first "University of Promise." As such, Penn State's mandate was to take the framework provided by the America's Promise program, implement it as appropriate in a university setting, and evaluate and report their findings to the national organization for the purpose of giving guidance to other universities as they, too, became Universities of Promise.

Because of the strong similarities between goals of the Friend Program and the Five Promises, The Second Mile's Friend Program was identified as a Program of Promise and targeted for support through Penn State's Promise. As a partner program, Second Mile staff members identified those events at which each of the Five Promises was addressed (see Table 2).

*Table 2.*  
Promises addressed at the twelve Friend events

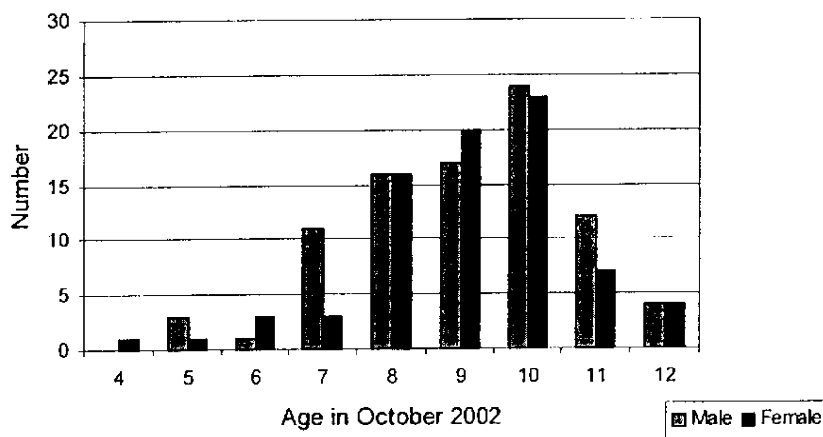
	Event											
	1	2	3	4	5	6	7	8	9	10	11	12
Promise 1: Ongoing relationships with caring adults	X	X	X	X	X	X	X	X	X	X	X	X
Promise 2: Safe places with structured activities during non-school hours	X	X	X	X	X	X	X	X	X	X	X	X
Promise 3: A healthy start and future	X	X		X			X	X	X	X		X
Promise 4: Marketable skills through effective education	X	X	X	X	X	X	X	X	X	X	X	X
Promise 5: Opportunities to give back through community service		X									X	

<sup>4</sup> America's Promise [online] <http://www.americaspromise.org>

## Participants

### Young Friends

School counselors, parents, teachers, or other youth service professionals refer youngsters in kindergarten through sixth grades, specifically targeting children who would benefit from social interaction with positive role models, as a result of changing family circumstances, difficulties with academic or social issues, geographic isolation, impoverishment, and/or lack of adult support and guidance. The number of Young Friends varies from year to year, but during this particular program year, 171 students registered for the Centre Region program (91 male, 80 female). While youngsters ranged in age from 4 to 12, just over 50 percent were 9 or 10 years old at the beginning of the program year, and over 80 percent of Young Friends were between the ages of 8 and 11. Only one child began the program at age 4, but 8 youngsters began the program year at age 12. In Figure 1, we show the number of boys and girls in the program, by age as of October 2002.



*Figure 1.*  
Participant breakdown by gender and age

From this display, we see that genders are fairly well balanced across the age range served. The figure also makes clear the most prevalent ages of youngsters in the program. It should be noted that the young 4-year old female most likely turned 5 soon after these data were collected. Further, it should be noted that our youngest Young Friends are likely to become the core of that cohort of children who participate in the program for several years or more. This is to say that the kids who have been with us the longest (as shown in Figure 2) are also, by definition, those who started with the program at a young age.

Figure 2 shows a breakdown of participants by number of years in the Friend Program, where 1 year indicates this is the youngster's first year in the program. For just over 52 percent of participants, this was their first year in the program. Another 25 percent of our Young Friends were in the program for the second year. Ninety (90) percent of all participants had been in the program for 3 or fewer years. On the other end of the spectrum, one student was in the program for the eighth year, two in the program for the sixth year, and one in the program for the fifth year.



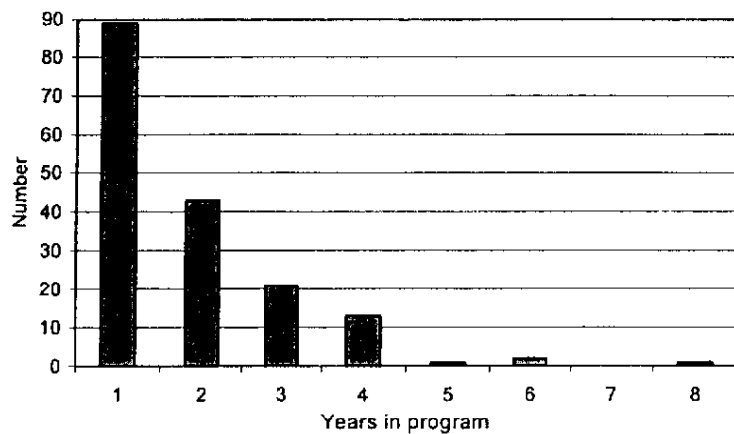


Figure 2.  
Years in Friend Program (including current year)

### College Friends

College students interested in volunteering to serve as mentors for elementary age students in the Friend Program apply for the program, typically in the fall of each program year. The majority are majoring in education, psychology, health and human development, social work, and recreation. Many are associated with The Second Mile in other roles, such as camp counselors or members of Penn State's Second Mile Club. The expectation is that these volunteers model appropriate behaviors, encourage and support social skills development and positive attitudes and behavior towards school, and, in general, develop healthy relationships with their Young Friend or Friends. College students are asked to commit to attending all or nearly all events through the course of the academic year. During the 2002-2003 program year, the Centre Friend Program had 132 registered collegian volunteers. Nearly all were students at Penn State's University Park campus.

### Methodology

The purpose of this project was to systematize and make more comprehensive the data collection and analysis process across all Friend Program sites, beginning with the Centre Region Friend site. The Second Mile's affiliation with the America's Promise program through Penn State's Promise at the University Park campus demanded attention to, not only our own program goals, but also the Five Promises promoted by America's Promise. Consequently, the Centre Friend site became a pilot site for programmatic, curricular modifications in the form of "mini-modules" specifically targeting delivery of both the Friend Program goals and the Five Promises.

In order to collect data methodically, The Second Mile program staff identified mechanisms by which information could be gathered about each Young Friend's progress toward meeting the program's goals. For each program goal, staff members identified several existing or potential sources of data, as shown in Table 3. Some additional data are collected as a matter of course, including Young Friend attendance at Friend events; informal anecdotal reports from Young Friends, parents, or school personnel; and Young Friend goals and goal attainment. For the 2002-2003 program year, staff agreed that piloting use of Young Friend self-evaluations and College Friends' evaluations of their Young Friends was both reasonable and manageable. Systematic collection of report cards and evaluative data from school counselors were not added to the data collection process for this program year.

*Table 3.*  
**Friend Program goals and data sources**

Program goals	Data sources
Improved functioning in social settings	<ul style="list-style-type: none"> <li>• Young Friend self-evaluations</li> <li>• College Friend evaluations of their Young Friends</li> <li>• Completion of certain program elements (e.g. phone call, thank you letter)</li> <li>• Counselor or teacher evaluations<sup>a</sup></li> </ul>
Improved academic effort and/or performance	<ul style="list-style-type: none"> <li>• Young Friend self-evaluation</li> <li>• Report cards (1<sup>st</sup> and 3<sup>rd</sup> quarter)<sup>a</sup></li> <li>• Anecdotal comments from teachers or counselors</li> <li>• College Friend evaluations of their Young Friends</li> <li>• Counselor or teacher evaluations<sup>a</sup></li> </ul>
Increased engagement in service to others	<ul style="list-style-type: none"> <li>• Attendance at Friend events with community service components</li> <li>• Young Friend self-evaluation</li> <li>• Completion of community service goal</li> <li>• College Friend evaluations of their Young Friends</li> </ul>

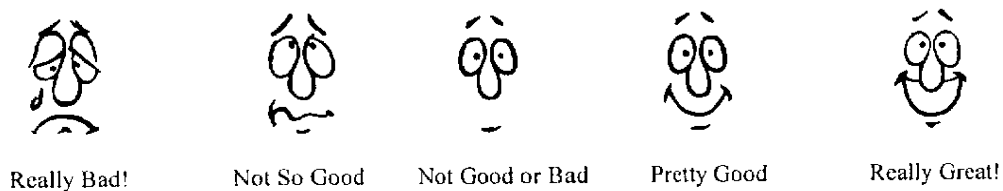
Note. Data sources are not intended to be all inclusive.

<sup>a</sup> Not systematically collected during the current program year.

Research supports the importance of mentors' building consistent relationships with mentees over time. Tracking College Friend participation through attendance records offers a picture of consistency of those relationships, and program staff has collected these data each year. Similarly, we have collected Young Friend attendance data and information on goal completion annually. New during this program year were collection of data on implementation of educational mini-modules and event activities linked to one or more of the program goals or the Five Promises and piloting of evaluations by Young Friends and their College Friends. In addition, staff piloted use of self-evaluations by Young Friends and evaluations of the Young Friends by their College Friends as a way of promoting children's and collegians' reflection on and attention to the goals of the program. During this pilot year, College Friends completed evaluations of their Young Friends twice—once after the third event and again at the end of the school year—and Young Friends completed self-evaluations once.

College Friend evaluations of Young Friends consisted of a set of 10 variables--indicators of the three program goals. Using a 5-point Likert scale (1 = low, 5 = high), College Friends were to complete evaluations on Young Friends with whom they were grouped most regularly. If a rater did not know or had not observed an indicator, he/she marked "Not Observed." Evaluation forms included space for additional comments. Most evaluations were completed after the third event and, again, at the last. Although absent collegians were encouraged to complete and return the forms, not all College Friends did so. Consequently, inconsistencies occurred in the length of time between evaluations, the pre- and post-intervention pairings, and even pre- or post-intervention evaluation completion.

At the first event in January, all Young Friends in attendance completed self-evaluations consisting of 12 statements—indicators of the three program goals. College Friends read items to non-readers or struggling readers and encouraged children to be thoughtful and candid with their self-ratings. For each, the Young Friends were asked to circle one of five "faces" representing their responses on a 5-point Likert scale (see Figure 3).



*Figure 3.*  
 Young Friend Self-Evaluation Rating Scale

Using a statistical package (SPSS), we analyzed all evaluation data, evaluated change over time as perceived by the College Friends, and gained valuable lessons as to use of self-ratings by both groups—College Friends and Young Friends.

## Findings

### Attendance by Young Friends

Program staff tracked Young Friend attendance at each event. Over 171 students were registered for the program, but, typically, a number of our Young Friends attend none of the events. During the 2002-2003 program year, 128 youngsters attended at least one event. The following figure displays Young Friend attendance at each of the twelve events.

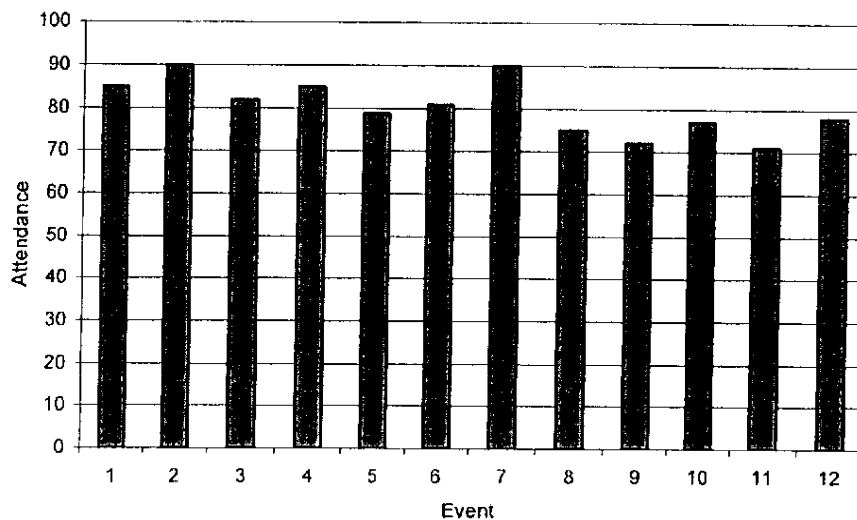


Figure 4.  
Young Friend attendance by event

Our Young Friends tend to move more frequently than the population as a whole and their attendance often fluctuates based on family circumstances at any given time. Event attendance ranged from a high of 90 at two events to a low of 71 Young Friends at one event. The mean number of youngsters in attendance at any given event was just over 80. As Figure 4 shows, events during the fall had slightly more youngsters in attendance than those held in the winter and spring. However, the first event of the second semester (January 19, 2003) was one of the two events with the highest attendance. At least three explanations for the slight drop in attendance during the winter and spring come to mind. First, initial enthusiasm of Young Friends and their parents may drop slightly after the holiday season. Second, parents may be reluctant to send their children on buses and vans due to the hazardous driving conditions of the winter months. Third, some of our youngsters may have moved out of the area—not uncommon in our more transient than normal target population.

Young Friends received community service, attendance, and participation awards at the final event—an Awards Picnic. During the 2002-2003 program year, 80 Young Friends earned Community Service Awards by participating in the service activity held at Shaver's Creek during the fall semester. Young Friends earned Excellent Attendance Awards by attending at least 10 of the 12 events held during the program year, and 60 of our Young Friends earned these awards. The remaining 68 youngsters, who had attended between 1 and 9 events, received Participation Awards.

### Attendance by College Friends

Of the 132 college students expressing interest in becoming College Friends, 117 collegians attended at least one event. College Friend attendance ranged from a high of 105 collegians at the first event to a low of 62 attending the eighth event. The following graph shows College Friend attendance at each of the 12 events (see Figure 5).

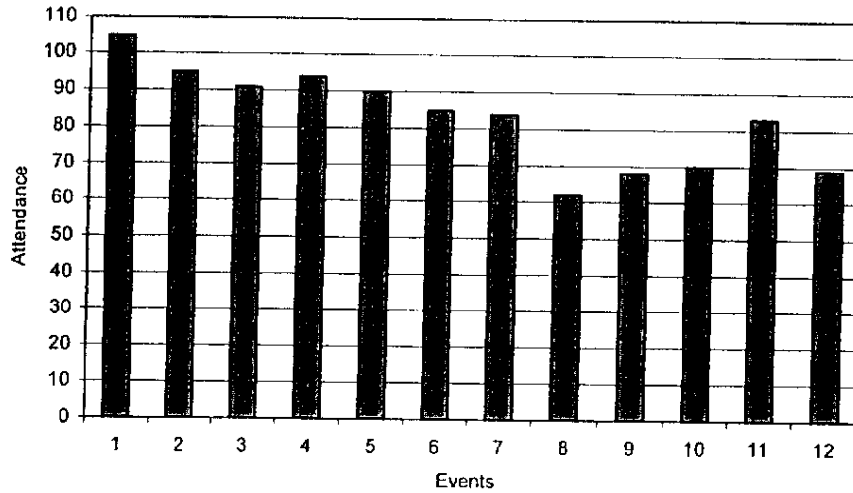


Figure 5.  
College Friend attendance by event

Historically, we have seen a drop off in attendance from first semester to the second, and we saw a similar trend in this program year. To some degree, this has been a result of December graduations, second semesters spent abroad, or other reasons beyond our control. On the other hand, we also have a core of dedicated collegian volunteers who maintain consistent, long-term relationships with our Young Friends. During the 2002-2003 program year, 31 College Friends had perfect attendance. This number represents nearly 30 percent of those College Friends who attended at least one event.

### Young Friend self-evaluations

The following table summarizes student responses to the Young Friend self-evaluation piloted at mid-year. Students tended to rate themselves high on all indicators. As the median ratings show, at least half of all respondents rated themselves a "5" on 7 of the 12 items, and at least half of all respondents rated themselves a "4" on the remainder of the items (see Table 4). Furthermore, although responses for more than half the items ranged from 1 to 5, one should note that the 25<sup>th</sup> percentile was at 4 for all variables.

Table 4.  
Young Friend self-ratings

	Mean	Median	Range	
			Low	High
1. I like to help other people.	4.18	4	1	5
2. I participate actively at all Friend events.	4.57	5	2	5
3. I am polite to other kids and to grownups.	4.32	5	1	5
4. Trying my hardest in school is important.	4.54	5	2	5
5. I get along well with grownups.	4.17	4	1	5
6. I am doing well in school.	4.47	5	2	5

(Table continues.)

Table 4, continued.  
Young Friend self-ratings

	Mean	Median	Range	
			Low	Low
7. I like to try new things and meet new people.	4.39	5	2	5
8. I make sure I am ready for school every day.	4.30	5	1	5
9. I get along well with other kids.	4.08	4	1	5
10. I am a good listener at Friend events.	4.43	5	1	5
11. People who know me think of me as a helpful person.	4.26	4	2	5
12. I am able to calmly and clearly express my feelings.	4.03	4	1	5

Note. Ratings could range from a low of "Really bad!" (1) to a high of "Really great!" (5) (see Figure 3).

From the preceding table, one may also note the following:

- Mean ratings varied little, ranging from 4.03 to 4.57.
- The highest mean ratings were on two superficially unrelated items: "Participate actively at Friend events" and "Trying one's hardest in school is important."
- The lowest mean ratings were on the following two items: "Can calmly and clearly express feelings" and "Get along well with other kids."
- Responses on four items—"Participate actively at Friend events," "Trying hard in school is important," "Do well in school," and "Like to try new things and meet new people"—varied less than others, in that they had median responses of 5, as well as a range of 2 to 5.

Table 6 displays correlations among the 12 variables on the Young Friend self-evaluation (bivariate correlations = Spearman's *rho*). The matrix shows the majority of correlation coefficients to be statistically significant at the .050 level (i.e. there is less than 1 chance in 20 of there being no relationship).

Three variables appeared to be particularly strong indicators of students' self-ratings on other variables ( $r > .400$ ). They were as follows: "Likes to help others," "Good listener at events," and "Others think of me as helpful." In each case, these variables correlated highly with five other variables. For example, "Likes to help others" correlated highly with "Polite to other kids," "Likes to try new things and meet new people," "Good listener at Friend events," "Others think of me as helpful," and "Can calmly and clearly express needs and feelings." Three additional variables ("Polite to other kids," "Likes to try new things and meet new people," and "Ready for school every day") appear predictive of four variables each. The six predictive variables and their respective dependent variables are displayed with correlation coefficients in Table 7.



Table 7.

Dependent and predictor variables with correlations > .400

Dependent variable	Predictor variable					
	Likes to help others	Good listener at Friend events	Others think of me as helpful	Polite to other kids	Likes to try new things and meet new people	Ready for school every day
Likes to help others	n.a.	.408	.524	.471	.464	
Polite to other kids	.471	.438	.538	n.a.		
Gets along well with other kids				.424		.505
Like to try new things and meet new people	.464	.446	.503		n.a.	
Good listener at events	.408	n.a.	.450	.438	.446	
Others think of me as helpful	.524	.450	n.a.	.538	.503	.414
Can calmly and clearly express needs and feelings	.455		.414		.427	.495
Trying hard in school is important		.439				
Doing well in school						.488
Ready for school every day			.414			n.a.

#### College Friend evaluations of Young Friends

College Friend evaluations of Young Friends provided feedback at two points during the program year. Figure 6 displays mean ratings by College Friends for both the fall and spring evaluations. Ratings ranged from 1 (low) to 5 (high), and if collegians had not observed a behavior or did not know, they marked "Not Observed." Overall mean ratings were greater in the spring (at the end of the program year) than they had been in the fall (most were completed at the conclusion of the third event). College Friends perceived students as demonstrating slightly greater gains on two items in particular--item 6 ("Interacts well with age peers") and item 10 ("Identifies ways to help others outside of Friend events"). It should be noted that Figure 6 displays means of all evaluations collected at those two points in time and does not reflect change of individual youngsters' over time. In addition, the following may be noted:

- In the fall, mean ratings ranged from a low of 2.68 ("Identifies ways to help others") to a high of 3.71 ("Treats others respectfully").
- In the spring, mean ratings ranged from a low of 3.45 ("Shows enthusiasm about helping others") to a high of 4.20 ("Interacts well with adults").
- Mean change from fall to spring on the 7 social behavior items averaged .49, on the 1 academic item was .76, and on the 2 service items averaged .70.

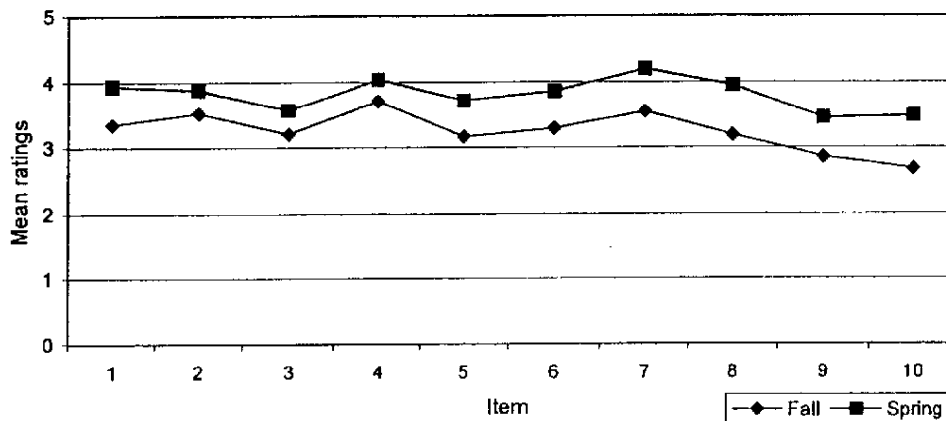


Figure 6.  
Comparison of fall and spring mean ratings of Young Friends by College Friends

In those instances where both fall and spring evaluations were available for a given Young Friend, we were able to compare change over time through paired samples statistical analyses (paired t-test). With 37 sets of pre- and post-intervention data, we are able to be reasonably confident that any measurable differences were not due to chance. Table 8 displays mean pre- and post-intervention ratings only where we had both. Also displayed are standard deviations, corresponding t-statistics, and P values (significance, a measure of the statistical probability that there was no difference).

Bearing in mind that this was a pilot study that faced some challenges in terms of data collection, we must consider all findings preliminary in nature. However, from the table, one may note the following:

- Mean change in paired samples ranged from .14 to 1.12.
- In the case of six variables, odds are real change from early to late in the program year occurred (there is less than 1 chance in 20 of being wrong). The paired t-test shows significant change in the following: "Fulfills basic social conventions;" "Displays comfort and confidence in new situations;" "Expresses needs, wants, and feelings clearly and appropriately;" "Interacts well with age peers;" "Interacts well with adults;" and "Makes positive statements about his/her school experience."
- The variables about which we can be most sure of the existence of change were "Makes positive statements about his/her school experience" and "Interacts well with adults."
- For the variable with  $p = .05$ , we can be reasonably confident that change occurred (odds are only 1 in 20 of there being no real difference from before to after intervention).
- For three variables, there is no reason to suspect a before- and after-intervention difference.



*Table 8.*  
Paired samples tests of College Friends evaluations of Young Friends

	Fall 2002 (Pre)		Spring 2003 (Post)		t- statistic	P
	Mean	Std. Dev.	Mean	Std. Dev.		
1. Fulfills basic social conventions (e.g. appropriate introductions, greetings, eye contact).	3.35	1.136	3.97	.897	3.745	.001
2. Participates constructively in activities (e.g. participates, behaves appropriately, remains "on task").	3.65	1.030	3.89	1.075	1.463	.152
3. Displays comfort and confidence in new situations.	3.08	1.131	3.56	1.157	2.834	.008
4. Treats others respectfully.	3.95	1.026	4.08	1.140	.896	.376
5. Expresses needs, wants, and feelings clearly and appropriately	3.39	1.050	3.72	.914	2.415	.021
6. Interacts well with age peers.	3.41	1.013	3.89	.843	3.176	.003
7. Interacts well with adults.	3.53	1.055	4.22	.832	4.868	.000
8. Makes positive statements about his/her school experience.	3.00	1.118	4.12	.928	6.615	.000
9. Shows enthusiasm about helping others and/or engaging in community service projects during Friend events.	3.00	1.390	3.47	1.279	2.041	.050
10. Identifies ways to help others outside of Friend events (either alone or through other organizations).	3.31	1.377	3.62	1.387	.938	.367

Note. Ratings ranged from 1 (low) to 5 (high).

#### Discussion and Conclusions

As we continue to expand the Friend Program (now in four and soon to be in five counties/regions across the Commonwealth), it is important to standardize data collection for program evaluation purposes. During the 2002-2003 program year, program staff refined program goals and implemented a plan for systematic data collection, beginning with the Centre Region site. This plan included piloting of two new evaluation instruments, both designed to promote reflective thinking about selected behaviors and attitudes considered closely tied to the overall program goals. In addition, the plan included collection of data demonstrating links between Friend Program goals, the Five Promises of America's Promise, and the curriculum presented as part of each event. Unfortunately, we experienced problems with our data collection and entry process and were not able to carry out this last piece.

The fact that a great majority of our Young Friends participate in the program for only one or two years may be an area that should be studied. Certainly, a significant number of our Young Friends move out of the Centre Region Friend Program catchment area, and some parents may assume that one or two years with the program is "long enough." We recognize that many maintain their links with The Second Mile by attending foster family events or by becoming Summer Challenge Campers. Nonetheless, it would be interesting to learn more from those students who choose to participate in the Friend Program for a short period.

Consistency of attendance on the part of both Young Friends and College Friends is always a concern, because research into mentoring shows the importance of relationship-building over time. Historically, the reasons for Young Friends' and College Friends' inconsistent attendance have differed. On the part of Young Friends, we have anecdotal evidence that family disorganization, disruption, and apathy result in non-attendance by our youngsters. We must continue to find ways to make participation easy and attractive for children's parents or guardians. In addition, we must strengthen the connections between our College Friends and their Young Friend partners and families, thus increasing the sense of commitment and obligation on the part of our Young Friends and, especially their parents/guardians, to participate in events.

We must address inconsistent College Friend attendance, as well. Apparently, some College Friends feel that their attendance is not essential and optional, since others will be available to take their places if they do not attend. In the past, we have had difficulty conveying to College Friends the importance of consistency when they take on their roles as mentors for these youngsters. We believe strengthening bonds between the College Friends and their Young Friends and families will have positive effects on both Young and College Friend attendance. This might take place in at least two ways. First, rather than allowing natural and fluid pairings to develop, explicit and long-term pairings of College and Young Friends might heighten both collegians' and youngsters' sense of commitment to each other. Second, when collegians have roles in Young Friend evaluation, we anticipate they will become more cognizant of the goals of the program and appreciative of the link between strong, consistent, and long-term relationships and their Young Friends' growth over the course of the program year.

Piloting a new Young Friend self-evaluation at mid-year provided us initial information about the youngsters' perceptions of themselves and their strengths and weaknesses. We know this population of youngsters has a tendency toward impulsivity and lack of reflective skills. Observation of our Young Friends as they completed their self-evaluations, as well as the results of those evaluations, confirms our prediction that youngsters would tend to rush through completion of this "worksheet." This pilot study provided us with information about how to better lead our young population through the process of self-evaluation in future program years.

Despite problems with administration of the Young Friend self-evaluation, we learned that our Young Friends saw themselves as active participants at Friend events and as students who believe trying hard in school is important. The first is an indication of their enjoyment of the Friend Program. The second reflects their understanding of the importance of school, despite difficulties they may have in that arena. If they saw areas of weakness, it was in being able to express their feelings and needs calmly and clearly and getting along well with other children. Both are indications of some of the most common reasons for their referral to the program.

Through research into the Centre Region Friend Program, we have learned lessons that are being implemented across all Friend sites during the 2003-2004 program year. Plans for the current program year have incorporated the following program modifications as a result of our findings:

- College Friend and Young Friend evaluations twice yearly at all four sites, with collection done at consistent points during the program year;
- Emphasis on the importance of consistent attendance to College Friends; and
- More explicit College and Young Friend pairings, to increase the bonds between the groups at the individual level and to increase sense of commitment of each College Friend and Young Friend.

Through the process of organizing existing data and piloting collection of two new forms of data, College and Young Friend evaluations, we have learned lessons that will help the data collection and program planning process in the future. Plans for the 2003-2004 program year include the following modifications to data collection:

- Systematic completion of self-evaluation questionnaires by Young Friends (leading them through the items more slowly, having College Friend read items);
- Collection of Young Friend report cards; and
- Accurate attendance data entry, ensured by cross checking attendance figures after each event.

Understanding those aspects of the program that are most effective and replication of those components at multiple sites becomes increasingly complex as new, geographically dispersed Friend sites are added. Training of program staff charged with implementation at each new site requires clear understanding of those components that are essential to maintaining program fidelity and those which may be modified based on the unique characteristics of a given site. Additionally, as we at The Second Mile endeavor to continually improve the quality of each of our prevention, early intervention and community-based programs, we must rely on data to assess program strengths and needs. This paper reported on initial efforts to systematize data collection for the Friend Program, and, from this initial study, we have identified steps that are being implemented both in the Centre Region and at other sites during the 2003-2004 program year.

Table 6.  
Correlations among variables on Young Friend self-evaluation<sup>a</sup>

	Likes to help others	Participates actively in events	Polite to other kids	Trying hard in school is important	Get along well with adults	Doing well in school	Likes to try new things and meet people	Ready for school every day	Gets along well with kids	Good listener at events	Others think of me as helpful	Can calmly and clearly express feelings
Likes to help others	n.a.	.133	<b>.471</b>	<b>.374</b>	.135	<b>.384</b>	<b>.464</b>	<b>.331</b>	<b>.360</b>	<b>.408</b>	<b>.524</b>	<b>.455</b>
Participates actively in events		n.a.	.067	.189	.103	.146	.277	.225	.032	.245	<b>.298</b>	<b>.265</b>
Polite to other kids			n.a.	<b>.340</b>	<b>.383</b>	.184	<b>.373</b>	.165	<b>.424</b>	<b>.438</b>	<b>.538</b>	<b>.381</b>
Trying hard in school is important				n.a.	<b>.257</b>	<b>.432</b>	<b>.277</b>	<b>.269</b>	<b>.395</b>	<b>.439</b>	.193	<b>.263</b>
Get along well with adults					n.a.	.108	<b>.319</b>	<b>.228</b>	<b>.366</b>	.176	.222	<b>.222</b>
Doing well in school						n.a.	.181	<b>.488</b>	<b>.238</b>	<b>.387</b>	<b>.272</b>	<b>.247</b>
Likes to try new things and meet people							n.a.	<b>.364</b>	<b>.301</b>	<b>.446</b>	<b>.503</b>	<b>.427</b>
Ready for school every day								n.a.	<b>.505</b>	<b>.387</b>	<b>.414</b>	<b>.495</b>
Gets along well with kids									n.a.	<b>.286</b>	<b>.384</b>	<b>.346</b>
Good listener at events										n.a.	<b>.450</b>	<b>.326</b>
Others think of me as helpful											n.a.	<b>.379</b>
Can calmly and clearly express feelings												n.a.

<sup>a</sup> Correlations = Spearman's rho, for use with ordinal variables. Statistics significant at the .05 level or higher are shown in **boldface**.

# **EXHIBIT “C”**

## **The Second Mile Friend Fitness Program: Participant School Attendance and Performance**

Prepared by:  
Lynn F. Zinn, Ed.D.  
Research and Program Consultant, The Second Mile

The Friend Fitness Program is an intensive, year-round mentoring program for adolescents, structured around twice weekly strength training sessions. At present, program sites are located in State College and Chester County. A new site is scheduled to open in Clinton County in early 2005. The program provides adolescents between the ages of 12 and 17 with positive adult role models as they work to reach personal, academic, and fitness goals. Trained mentors offer undivided attention during workouts; monitor and promote attendance; and support, recognize, and celebrate the accomplishments of their mentees and other participants.

Engagement in long-term mentoring programs has been shown to have positive effects on youth. A National Mentoring Partnership report cites other research findings showing improved school attendance and performance, as well as improved family relationships and reduction of initiation into substance use.<sup>1</sup> Not all mentoring programs are created equal, however. Those with the greatest links to positive outcomes incorporated long-term mentoring relationships, frequent mentor-mentee contact, and high quality relationships with mentors<sup>2</sup>—all characteristics of the mentor-mentee relationships in the Friend Fitness Program.

The long-term goal of the program is for Friend Fitness participants to become productive adults who contribute to their communities in positive ways. Some of these students face immense life challenges—family disruption, substance abuse issues, mental health problems, high dropout risk, and poor social skills. For these students, the Friend Fitness program and their mentors may be the only stable and encouraging forces in their lives. Other participants deal with normal pressures faced by all adolescents in today's society. For many of our participants, just attending the program on a regular basis, continuing with the program over time, staying in school, and remaining out of trouble testifies to these teens' perseverance in the face of adversity. Our mentors work tirelessly to keep their mentees "on the right path."

The Second Mile staff members regularly measure program outcomes in order to determine programs' effectiveness, to improve services to the youth we serve, to remain accountable to our board of directors, and to inform current and potential donors. The purpose of this study was to evaluate changes in participants' school attendance and performance over the past year.

### Methodology

In order to evaluate attendance, we compared school attendance and unexcused absences for the first marking period of the school year 2003-2004 to those of the first quarter of the current school year. For those students who had not been part of the program for one full year, we used the report card data provided for the marking period just prior to their program entrance. For each student, we classified attendance and unexcused absences as worse, the same, or better than the comparison period. In order to avoid penalizing students who were able to maintain already perfect attendance, we added a fourth category, distinguishing those cases from others who had the "same" attendance rates.

In order to evaluate academic performance, we compared grades for the first marking period of the 2003-2004 school year to those of the first quarter of the current year. For those students who had not been in the program a full year, we used report card data provided for the marking period just prior to program entrance. We converted grades to a predetermined numeric code and, after conversion, calculated two separate sets of mean grades for both the comparison quarter and the first quarter 2004-2005 school year. The first was an average of grades on all courses. When calculating average grades for all courses, we excluded Physical Education courses and Pass-Fail or

<sup>1</sup> Herrera, C., Sipe, C.L., and W.S. McClanahan (2000). *Mentoring school-age children: Relationship development in community-based and school-based programs*. Alexandria, VA: The National Mentoring Partnership.

<sup>2</sup> Jekielik, S.M., Moore, K.A., Hair, E.D., and H.J. Scarupa (2002). *Mentoring: A promising strategy for youth development* (Research Brief). Washington, DC: Child Trends.

Satisfactory-Unsatisfactory courses. The second was the average of just those grades for core academic courses (e.g. English, Mathematics, Social Studies, and Science). In all cases, grades were rounded down to the nearest whole number (i.e. an average grade of 6.6 was recorded as a 6). For each student, we compared means for the current marking period to those of the comparison quarter and determined whether the comparison represented worse, the same, or better academic performance relative to earlier marking period.

### Participants

As of the end of the first quarter of the 2003-2004 academic year, 42 students participated in the Friend Fitness Program at the State College site. At the end of the first quarter of the 2004-2005 academic year, that number had risen to 53 participants. Only those Friend Fitness participants at the State College site who had entered the program after June 1, 2003 and remained active as of November 1, 2004 were considered for participation in this study. Of the 23 students who met these criteria, we were able to gather sufficient report card data to make comparisons for 21 students.

### Findings

In all, 65 percent of State College Friend Fitness participants either improved their school attendance records or maintained already perfect attendance records (see Figure 1). Specifically, 40 percent of participants improved their school attendance records relative to the comparison period one year ago—or, in the case of those in the program less than a full year, prior to program entrance. An additional 25 percent maintained already perfect attendance levels. Often, for students facing personal challenges, simply maintaining the *status quo* is a positive result. Fifteen (15) percent of participants maintained the same attendance record relative to the comparison period. One-fifth of participants had attendance records that were worse than those during the comparison period.

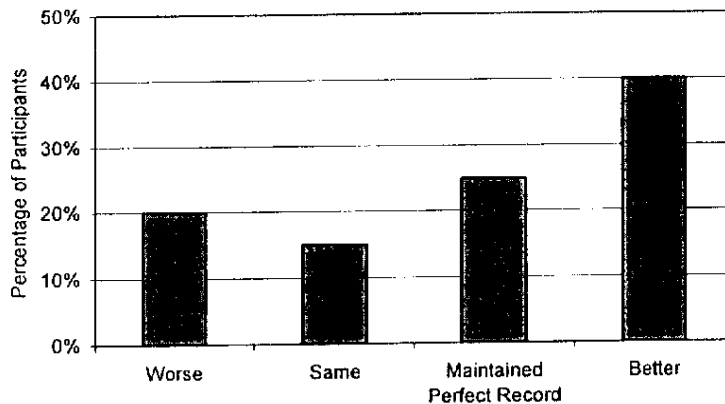


Figure 1.  
Change in school attendance relative to comparison marking period (Nov. 2003 to Nov. 2004)

Many of our students have problems with school attendance in the sense that they have high numbers of unexcused absences. As shown in Figure 2, 75 percent of Friend Fitness participants reduced their number of unexcused absences or maintained already perfect records, relative to the comparison quarter. Fully 35 percent of participants reduced the number of unexcused absences, while an additional 40 percent maintained already-perfect records of no unexcused absences for the quarter.

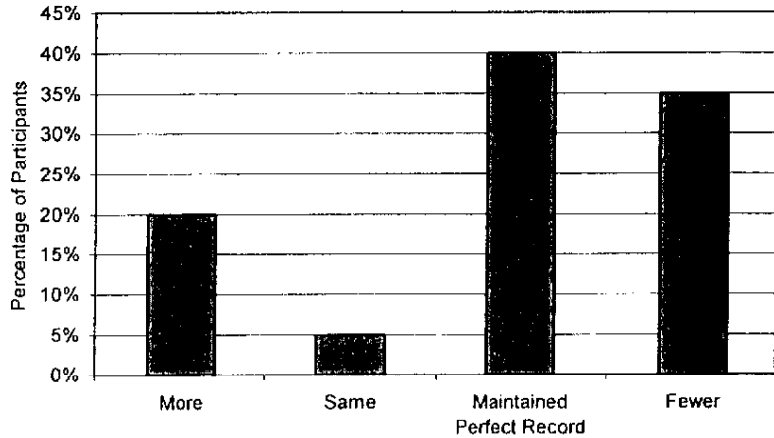


Figure 2.  
Change in unexcused absences relative to comparison marking period (Nov. 2003 to Nov. 2004)

While attending school consistently is an important factor, academic performance is equally important. Changes in academic performance relative to the comparison quarter are presented in Figure 3. This figure shows that, for nearly 70 percent of participants, overall grade average increased, and average grades remained the same in nearly 20 percent of the cases. In less than 15 percent of cases, average grades for the first quarter of the current school year were lower than they had been during the comparison quarter.

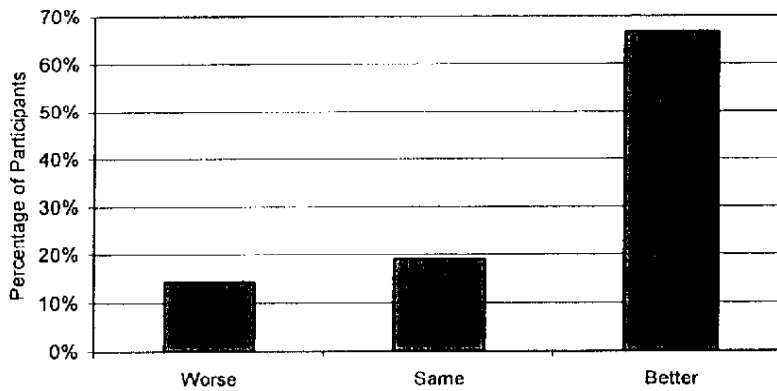


Figure 3.  
Percentage of participants whose average grades were worse, the same, or better relative to the comparison period (November 2003 to November 2004)

We did the same type of assessment of students' performance in core academic courses (courses in English, Mathematics, Science, and Social Studies). The following figure displays the percentage of participants whose mean grades on core courses deteriorated, remained the same, or improved over the last year (or length of time in the program, for those students in the program less than one full year). From this figure, one may see that 71 percent of students improved their grade averages in their core academic courses during the fall quarter, as compared to the fall 2003 quarter (or, for those students in the program less than a full year, as compared to the quarter prior to program

entrance), and another 5 percent maintained the same grade average. Less than one-quarter of participants had grade averages that were lower than those during the comparison quarter.

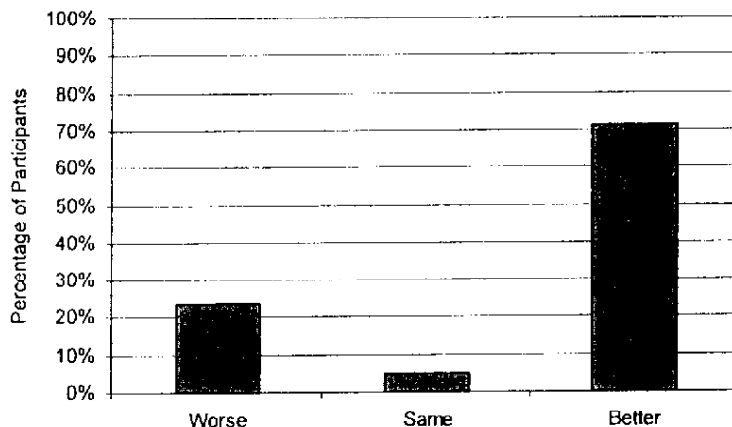


Figure 4.  
Percentage of participants whose grades on core academic courses were worse, the same, or better relative to the comparison period (November 2003 to November 2004)

#### Discussion and Conclusions

Overall, participants in this study exhibited increased school attendance and concomitant reduction in number of school absences, as well as improved academic performance, relative to the comparison marking periods. While we cannot state causal relationships between participation in the Friend Fitness Program and school attendance and performance, correlations are strongly evident and are in line with other research into successful mentoring programs.

In another recent study, the Friend Fitness program demonstrated positive effects on participants' pro-social behavior, self-image, and sense of competence. In this University of Hawaii dissertation research on effects of the Friend Program on participants (both State College and Chester County sites), the researcher found common themes across both sites.<sup>3</sup>

Substantial evidence was obtained which demonstrated the positive effects of this mentoring program. Indications of perceived positive change was a prominent theme in the interviews, and the mentees' perceptions about changes in themselves provided strong evidence for positive program effects. The contention that involvement in this mentoring program was responsible for producing some level of change for the mentees was a universal theme (100%). Increased confidence/self-esteem (93%), positive physical changes (83%), improved ability to interact with others (people, peers, and family) (73%), and academic improvements (60%) were the four most frequently cited changes. These positive changes have important implications for supporting and enhancing skills and abilities of youth. One of the most interesting affirmations of this program's value expressed by the mentees was that it was a life-changing experience (23%), changing their lives for the better in some profound way.<sup>4</sup>

A key finding of that research was that physical changes in participants, while evident and valued, were far from the most significant effect of the program. Instead, both mentors and their mentees reported that participation in Friend

<sup>3</sup> Galbavy, R. (2004). *Influences on the effectiveness of mentoring at-risk youth*. Unpublished doctoral dissertation (executive summary). University of Hawaii.

<sup>4</sup> Ibid.



Fitness was in some way “life-changing.” For these students, the importance of the structured process of setting goals and being held accountable for making every effort to achieve them cannot be overstated. The study found both themes to be equally true of male and female adolescents.

Many of those students who participate in the Friend Fitness Program face challenging life circumstances. For these students, just staying in school is positive. This study shows us that, in general, participation in the Friend Fitness Program correlates positively with school attendance and performance. The effort put forth by volunteer mentors to guide these adolescents in positive directions appears to be benefiting program participants. Although our study of State College participants’ school attendance and performance was limited in scope, it has heartening implications for program participants. At this point, we need to broaden the scope of the study to participants at the Chester County site and collect similar data on participants at the Clinton County site, once that program begins, in order to determine if we are seeing similar results across program sites.

# **EXHIBIT “D”**

## Evaluation of the 2010 Foster Family Support Program Recreational Events

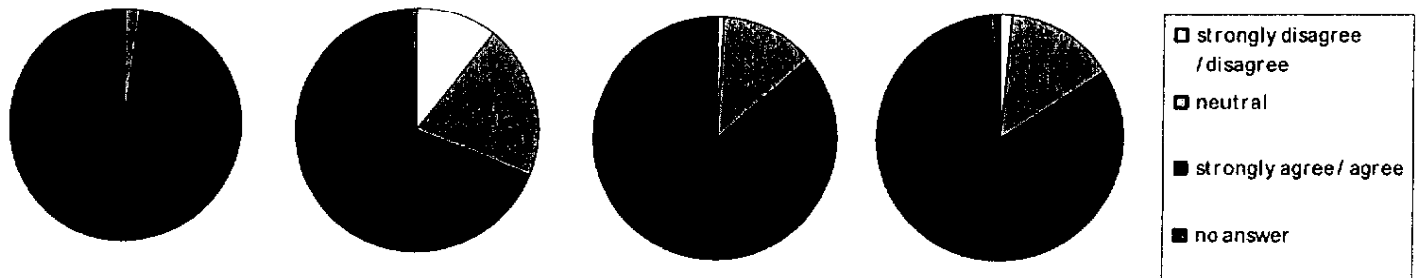
By Emily H. Perlman, M. Ed., The Pennsylvania State University

Awarded the Pennsylvania Foster Parent Association’s Community Partner Award in 2005, the Foster Family Support Program is just one of the community-based programs offered by The Second Mile. The Second Mile developed the Foster Family Support Program to assist Pennsylvania’s Children and Youth Agencies in recruiting and retaining foster parents. This program provides recreational activities for foster families, recognizes the contributions of foster parents, and develops tools for recruitment of new foster parents. In 2010, 4,154 program attendees hailed from 33 of Pennsylvania’s 67 counties and included foster parents and their foster, natural, and adoptive children; birth parents needing supervised settings for visitations; and representatives of Children and Youth Agencies across Pennsylvania.

In 2010, the recreational aspect of the program included opportunities such as amusement park outings, theater activities, sports events, rodeos, and holiday parties. The recreational events are designed to provide foster children and parents with recreational activities that are enjoyable and might be otherwise unaffordable and to promote networking and support among individuals in similar situations in the foster family community. In order to evaluate how participants in The Foster Family Support Program perceive the benefits of the recreational events arranged by The Second Mile, The Second Mile sampled individuals representing 227 different foster families at seven of the recreational events in 2010, asking them to complete short questionnaires. These individuals represented about 25% of the total number of families that attended Foster Family Support events. The respondents reported that they had fostering experience that averaged 6+ years, had 1 to 2 current foster children, and had 10-11 previous foster children.

A large majority of respondents reported that they enjoyed the activities sponsored by The Foster Family Support Program. Of the respondents, 96.5% rated that they either “agree” or “strongly agree” with the fact that they enjoyed the activities in which they participated. Further, 40.1% of the respondents indicated that they strongly agreed and another 27.1% of respondents agreed that attending these events would be difficult without the support of The Second Mile. The overwhelming majority also indicated these events had been beneficial in introducing their children to new experiences (55.1% indicated “strongly agree” and 30.0% indicated “agree”). Finally, with regard to the program goal of providing foster families with the opportunity to network with each other, the majority (82.8%) either “agreed” or “strongly agreed” that these activities are more enjoyable when done with other foster families.

Respondents were also asked to comment on their feelings about the recreational events they attended as part of the Foster Family Support Program. Many noted that these events were a chance for their children to experience new things: “We try to offer our kids as many opportunities as we can. This helps to allow more opportunities for [our foster children],” noted one respondent. Many participants liked meeting others in similar situations. One participant noted that there were opportunities for “support and encouragement,” as well as for “understanding and appreciation.” In addition to support for adults, some respondents remarked that the events were beneficial in allowing their children to meet others in similar situations. Overwhelmingly, feedback for the events provided by participating individuals was positive and, as one respondent noted, the events “provide joy for the entire family in wonderful settings.”



Families Enjoyed Events

Families Needed  
Second Mile for Event  
Access

Children Provided New  
Experiences

Families Benefited from  
Networking

# **EXHIBIT “E”**

**A Two-Year Follow-up Evaluation of  
*The Second Mile Leadership Institute 2000***

Prepared by:  
Lynn F. Zinn, Ed.D.  
Research and Program Consultant, The Second Mile

*The Second Mile Leadership Institute* is now in its third year of implementation. This program provides leadership development to high school students from across the Commonwealth of Pennsylvania. The overarching goal of the Institute is to provide teams from participating high schools with skills and necessary support to develop and implement service projects benefiting their schools and/or communities. Specifically, planners at *The Second Mile* aimed to achieve the following:

- Encourage youth involvement in community service by providing them requisite leadership knowledge and skills;
- To emphasize work of and by teams rather than individuals;
- Focus on practical application of new skills through development and implementation of a plan supported at local sites by faculty mentors and, from off-site, by *The Second Mile* staff members;
- Combat student feelings of disenfranchisement and alienation by offering this opportunity to students whom their faculty saw as having untapped potential; and
- Connect students within individual high schools by teaming students representative of the diversity of their student bodies.

While teams' projects were intended for the school year immediately following participation in the Institute, *The Second Mile* hoped to see expansion of original team sizes, projects with impact on or involvement of the broader school community, improved school climate, and ongoing involvement of student participants in leadership for community service.

Each year, we have collected data about student and faculty perceptions at the conclusion of the Institute and at the end of the project "year." In spring 2002, a majority of our original 81 students were graduating seniors, although a few of them attending as juniors would have graduated the previous year. Although *The Second Mile* staffers have been in contact with these students and mentors on a regular basis, these data were primarily anecdotal. It was important for us to learn more about any long-term differences the Institute had made in students' lives and in the lives of their faculty mentors. The questions guiding our research were as follows:

- What difference has participation made in terms of students' knowledge and use of leadership skills, involvement in school activities, attitude toward school, academic work, and future plans?
- To what degree did the original team size expand to engage other students?
- To what degree did the project increase harmony among diverse groups within the school and improve the public's perception of students and the school?
- What impact did the project have on school climate during the first year of their project and in the two years since then; additionally, what impact did it have on their community?
- What effects did participation in *The Leadership Institute* have on faculty mentors?
- Was the team still in place, and did the original participants continue active membership?
- If the team was still in place, was the original project continuing or was the team working on a new project?

We used a mailed survey for data collection. In order to gather faculty mentors' perceptions about their student teams in addition to hearing from students themselves, we developed two parallel survey forms. In the student survey, we asked questions about the students, their teams, and their projects (see Appendix A). In a parallel survey, we asked faculty mentors of this original cohort about growth in leadership skills and involvement by their student participants and how, if at all, the Leadership Institute had affected the mentors personally and professionally (see Appendix B). The remainder of the survey was identical to that sent to students.

Each of the 81 student participants and 16 faculty mentors was mailed the survey with a stamped return envelope. A week after sending the student survey, follow-up phone calls were made to all students from whom we

had not received responses, and a week after that, non-respondent students were sent another copy of the survey with a note reminding them to return their completed protocols as quickly as possible. Non-respondent faculty mentors were sent an additional copy of the survey two weeks after the original. They, too, were sent a note reminding them of the value of their feedback. Table 1 displays response rates of the two groups. We were pleased to have received responses from at least one student or faculty member from each of the 16 teams in our original cohort group.

Table 1.  
*Survey response rates*

	<u>Students</u>	<u>Faculty Mentors</u>
Total number of participants	81	16
Total number of responses	26	11*
Percentage responding	32.1%	68.8%

\* One mentor sent an e-mail response with comments but no numerical data.

From the above table, one may note:

- More than two-thirds of faculty mentors responded, but fewer than one-third of students did so.
- The actual numbers of responses from students and faculty are insufficient to make statistically sound generalizations but provide useful data for generating tentative conclusions while piloting the research methodology.

## Findings

### Effects of *The Leadership Institute* on Students

Students were asked to report the degree to which their participation in *The Second Mile Leadership Institute* has made a difference in each of several aspects of their lives. For each of the items displayed in Table 2, students responded to the prompt, "What difference has your participation in The Leadership Institute made in terms of. . . ." Faculty mentors were asked to consider the students in their teams when responding to the same questions. Table 2 displays findings by item.

Table 2.  
*Student change resulting from participation in The Leadership Institute as perceived by students and faculty mentors*

	<u>Student Ratings</u>		<u>Faculty Mentor Ratings</u>	
	Mean	Median	Mean	Median
Knowledge/use of leadership skills	2.50	3	2.60	2.5
Involvement in school activities	2.15	2	2.40	3
Attitude toward your school	2.19	2	2.70	3
Academic work (grades, kinds of courses you took, etc.)	2.27	2	2.10	2
Future plans	2.65	3	2.67	3

Note: Rating scale was as follows: 0 (None), 1 (Small amount), 2 (Moderate amount), 3 (Quite a lot), and 4 (A huge amount!).

From data displayed in Table 2, it can be noted:

- Mean ratings indicate agreement by students and faculty mentors that *The Leadership Institute* has made at least a moderate difference in students' lives.
- Median ratings show at least half of student respondents believe *The Leadership Institute* has made either "quite a lot" or "a huge amount" of difference in terms of both their knowledge and use of leadership skills and in their future plans.
- Median ratings by faculty mentors indicate they see even greater positive effects on students than do students themselves. At least one-half of faculty mentors believe *The Leadership Institute* has made either "quite a lot" or "a huge amount" of difference in students' lives in three areas: involvement in school activities, attitude toward school, and future plans.

- Mean ratings indicate faculty mentors have seen greater positive differences than have students in the following areas: knowledge and use of leadership skills, involvement in school activities, and attitudes toward their schools.
- Based on mean ratings, students have seen greater positive effects than have faculty mentors in the area of academic work.
- At least half of both students and faculty mentors perceive “quite a lot” of effect on students’ future plans as a result of students’ participation in *The Leadership Institute*.

Participation in *The Leadership Institute* has made differences in some students’ lives, as the following selected comments indicate:

- “The leadership program as a whole has helped my future plans become clearer.” (student)
- “Now I’m practically in charge of every activity in the school.” (student)
- “There is no doubt in my mind that the skills and methods of leadership I learned at the Institute affected my outlook on my role as a leader in the community.” (student)
- “Some (students) want to continue or begin a group like this at the college they are going to.” (faculty mentor)

On the other hand, some participant comments reflected barriers encountered by teams and team members. Some participants felt they could not access sufficient support from school administration. Others believed their teammates did not share their commitment to their team and project, rendering their team incapable of persevering when encountering obstacles. Comments reflecting these problems follow:

- “With respect to my attitude towards my school, The Second Mile project made me find out that my school administration is nothing more than a pile of . . . bureaucrats.” (student)
- “My group has been disappointing. (They) did not follow through on (their) project. They are . . . active in school activities but did not continue the mission.” (faculty mentor)

A second group of questions related to *The Leadership Institute*’s goal of building capacity within the participating high schools and of building community from within the school. We asked both students and faculty mentors to rate on a scale of 0 (no effect) to 4 (a “huge” effect) the degree to which each of several aspects of community-building occurred. These findings are displayed in Table 3, as follows:

Table 3.  
*Effects on community as perceived by students and faculty mentors*

	Student Ratings		Faculty Mentor Ratings	
	Mean	Median	Mean	Median
Expansion of original team size	1.76	2	2.00	2.5
Increase in harmony among diverse groups within the school	1.76	2	3.25	2
Improvement in public perception of the school	1.84	2	2.38	2.5

Note: Rating scale was as follows: 0 (None), 1 (Small amount), 2 (Moderate amount), 3 (Quite a lot), and 4 (A huge amount!).

The following observations may be made:

- Students did not rate changes in these attributes of community-building as highly as did their faculty mentors.
- Student ratings were consistently bi-modal. Students indicated either the project had been hugely or not at all successful in terms of these attributes.
- At least half the students indicated they had been either moderately, quite, or hugely effective in expanding their original team sizes, increasing harmony among diverse groups within their schools, and improving public perception of their schools.
- Half the faculty mentors rated their teams as having been quite or hugely successful in expanding the size of the original team and in improving the public’s perception of their schools.
- At least half of the faculty mentors indicated their teams had been moderately, quite, or hugely successful in increasing harmony among diverse groups of students.

Student and faculty comments reported success in building school community through the project. Some of the more pertinent comments are as follows:

- “There have been (a great) many new people who joined our group.” (student)
- “We created a program with the special education students at (our high school). We began with a group of four and now have about 50 members. . . . The things (we) learned at The Second Mile helped out a lot!”(student)
- “We changed our project, but it’s still going!” (student)
- “It has been an excellent program, and we are continuing it after we graduate. Other students will take over our jobs of helping new students get acquainted with (our) school. It’s been a great success!” (student)
- “Although other students became involved, none had time to lead a separate group. The project will continue through the Student Council.” (faculty mentor)

Some teams were able to get additional participation, embed the project into the fabric of their schools, or provide benefits that reached beyond the walls of their schools. Several of their comments follow:

- “Our original group worked with other students in a group called PSU (Pride, Sprit, and Unity). For new students, PSU has now been (made) part of (the work of) the Student Council.” (faculty mentor)
- “We now post morning announcements and read announcements during lunch. Students now see the cafeteria as a more pleasant area. It also has become a great place to improve in-school communication—an area where we were in need of improvement.” (faculty mentor)
- “Our project generated over \$300 for Easter Seals. . . .” (student)
- “Our bridge is used by countless (school and community) residents.” (student)

On the other hand, other teams were unsuccessful in getting their projects off the ground, reinforcing their rationale for low ratings. The following selected comments by faculty mentors reflect their conviction that the Institute has benefits they as a group simply were not able to put into practice:

- “(Because of renovations to school), I’m sorry that we didn’t get to realize our goal of a “Moving on Up” type of experience for 8<sup>th</sup> graders. . . . I still hope to be able to do this before I retire.” (faculty mentor)
- “(I am) working on resuming active status for next year. I think this is a fantastic program!” (faculty mentor)
- “We were under unusual circumstances in that our school began three years of renovations and things have been a mess. We would like to participate again, perhaps next year or the year after.” (faculty mentor)
- “The project was great and had support from administration, but the kids were distracted and did not finish.” (faculty mentor)
- “The students chosen to attend were unable to complete their project as proposed due to their involvement in other activities. In that, the participants from our school lost out on the benefits of the program.” (faculty mentor)

Some members of unsuccessful teams reported difficulty engaging others in their projects. They believed their projects did little to increase harmony among diverse groups or improve the public’s perception of their schools. Some of the less favorable comments reflect frustration with the respondents’ schools or personnel, rather than with *The Second Mile Leadership Institute*. These comments may signal needs *Second Mile* staff members might have better addressed during the project year and give us insights for future Institutes and the follow-up years. Several of these comments follow:

- “After the first three months, most of the members on our team became discouraged and did not show up for meetings, so our project fell apart.” (student)
- “I think it would have worked out a lot better if the members of our group weren’t as involved in other school activities. It was hard to get everyone together at one time. The program helped us a lot though. . . . we just couldn’t make it work.” (student)
- “I believe that because of a lack of effort from (one) member, the team. . . fell apart. He acted like the team served no purpose. We have tried to regroup with more kids but it seems there is. . . a lack of interest.” (student)
- “When the students returned from the leadership training, they were inspired. However, that enthusiasm soon turned into a lot of problems. One of the major problems was the students could not get others to help.” (faculty mentor)



- “We. . . had the negativism of other faculty members. Since paper is usually scarce, the faculty did not like the use of paper by the students. This influenced some of the (team) members.” (faculty mentor)

An additional goal of the Institute is to have positive effects on both school and community climates. Table 4 displays means and modes based on student and mentor responses to several improvement indicators in this arena.

Table 4.  
*Effects on school and community climate as perceived by students and faculty mentors*

	Student Ratings		Faculty Mentor Ratings	
	Mean	Median	Mean	Median
Have an impact on school climate during the 2000-2001 school year	1.67	2	2.00	2
Have an impact on your school's climate since then	1.44	0	2.00	2
Have an impact on your community	1.33	1	1.78	2

Note: Rating scale was as follows: 0 (None), 1 (Small amount), 2 (Moderate amount), 3 (Quite a lot), and 4 (A huge amount!).

Data displayed in the preceding table indicate the following:

- Overall, students and faculty mentors saw less impact on school climate or on the community than any of the other indicators of project success.
- Consistently, faculty mentors perceived a greater impact than did students on school climate during the project year, since the project year, and on the community at large.
- At least half of students and faculty mentors viewed their projects as having had at least “moderate” impact on their school climates during the year of their projects.
- At least half of faculty mentors perceived either “moderate,” “quite a lot,” or “a huge amount” of impact on all three areas—school climate during the project year, school climate since the project year, and on the community.
- At least half of student respondents perceived no impact on school climate since their project year.

The following comments are among statements made by students and faculty mentors about positive effects of the Institute on the climates of their schools and communities:

- “Our project had a great impact on our own group skills and also on our community. Overall, a very positive experience.” (student)
- “This workshop did so much for me and my school. It brought people together through our project and definitely made for a warmer climate. I’m so glad I was able to be a part of this!!” (student)

We were interested in learning if participation in *The Leadership Institute* has made a difference for more than just the students. We wanted to know if the Institute had any effects on teachers who agreed to serve as faculty mentors. Research evidence is clear that teachers feel overburdened by the myriads of obligations placed upon them as educators<sup>1</sup>. We know that time is one of the scarcest commodities in schools. Since faculty mentors committed to *The Leadership Institute* on top of their other duties, we were concerned that the Institute should benefit them in ways extending beyond those accruing to their students. We also know that teacher burnout is real. It was, therefore, important to us to know if this extra obligation was an effective use of faculty mentors’ limited time. Table 5 displays faculty mentor responses to a set of questions about the value of participation to the mentors personally and professionally.

<sup>1</sup> Zinn, L. F. (March 1997). *Supports and barriers to teacher leadership: Reports of teacher leaders*. Paper presented at the annual meeting of the American Educational Research Association, Chicago.

Table 5.  
*Value of The Leadership Institute to faculty mentors*

	Mean	Median
Knowledge and use of leadership skills	3	3
Knowledge and use of team building and teamwork	3.11	3
Involvement in other school climate improvement efforts	3.11	3

From the preceding table, one may observe the following:

- In general, faculty mentors found the Institute to be of value to them personally and professionally.
- On average, faculty mentors developed at least “quite a lot” in terms of all three personal and professional indicators—knowledge and use of new leadership skills, knowledge and use of teams and team building, and involvement in other school climate improvement efforts.
- At least half of respondents indicated “quite a lot” or “a huge amount” of effect on knowledge and use of leadership skills, knowledge and use of team building and teamwork, and involvement in other school climate improvement efforts, as a result of their participation in the Institute and their mentoring role during their project years.

As noted, this study lacks robustness due to the low number of attendees and resultant small response size. With only 16 schools in our original group, we recognize our findings can only offer hints as to the long-term effects of *The Second Mile Leadership Institute* on students, faculty mentors, and their high schools and communities. We intend to continue yearly two-year follow-up research with our participants, modifying the methodology slightly based on what was learned through this pilot study. First, we will alter the instrument to clarify several questions that may have caused some confusion. Second, in order to increase the response rate, we intend to mail the survey a month earlier to avoid conflicts with the end-of-school events. Third, we will consider conducting phone interviews with some respondents to garner additional qualitative data.

While recognizing our inability to generalize based on the small number of responses, we can draw some tentative conclusions, as follow:

- Students gain long-term benefits from participation in *The Leadership Institute* in terms of their knowledge and use of leadership skills, involvement in school activities, attitude toward their schools, academic work and future plans. Benefits most often accrue when students’ teams successfully complete projects.
- Completion of a project, while highly valuable, does not seem to be the sole determinant of whether or not students or their faculty mentors perceive the Institute as beneficial.
- *The Second Mile Leadership Institute* benefits students in ways that extend beyond the immediate bounds of their projects.
- Participation in *The Leadership Institute* has positive effects on participating high schools by involving the broader school community in a project beneficial to the school or community and by increasing harmony among various groups within the school.
- The Institute may positively affect the community’s perception of the high school, depending on the nature of the team’s project.
- The Institute benefits faculty mentors personally and professionally in arenas beyond simply their work with a Leadership team.

We anticipate our increased understanding of the Institute’s long-term effects to help as we market future Institutes. We know from other research that, of these 16 original schools, nine teams were successful in completing a project (a completion rate of 56.3%). We also know that, of the seven teams unsuccessful in completing their projects, six teams had faculty advisors who were unable to follow through with their year-long mentoring commitments. The following considerations may offer guidance to planners:

- In marketing to potential mentors, remind them of the importance of follow-through for the full project year and inform them of benefits to them both personally and professionally;
- Consider offering additional sessions during the Institute targeted to faculty mentors and their needs;
- Provide additional support from *The Second Mile* to teams that seem to be floundering; and
- Maintain contact with team members beyond their project year, encouraging them to continue using new knowledge, skills, and attitudes.

Nine of the 16 original schools chose to send new teams of sophomores to *The Leadership Institute* held in May 2002. Of these schools, two with previously unsuccessful teams returned with new groups of sophomore recruits “to try again.” The remaining seven returning schools had had teams that either completed projects or whose projects are ongoing. This return rate meant that over half (56.3%) the original cadre of schools—the teams, their administration, and faculty—felt *The Leadership Institute 2000* was sufficiently beneficial to their students and schools to repeat the experience with new students and, sometimes, new faculty mentors.

This small study represents only a piece of a broader assessment of the effects of *The Second Mile Leadership Institute* on Pennsylvania high school students, their faculty mentors, their schools, and their communities. We have data on student and mentor evaluations for all three years of Institutes, and we recently completed a study of near-term impacts of *The Second Mile Leadership Institute* on students’ perceptions of their knowledge, skills, and beliefs that their projects will succeed<sup>2</sup>. In the short term, we plan to replicate this study with our next group of graduating seniors. Other avenues for research consideration could seek answers to the following questions:

- What are the benefits of participation in *The Second Mile Leadership Institute* for local high schools and communities?
- What effects do teams have on other students’ involvement and engagement in their high schools?
- What effect does *The Second Mile Leadership Institute* have on bringing together diverse groups in participating high schools?

Our study of students and faculty mentors two years after their involvement in *The Second Mile Leadership Institute* offers interesting clues to the long-term effects of the Institute. First, it appears the Institute may well serve as a catalyst for change in attitudes and behaviors of youth. A major goal of *The Second Mile* is to “harness the energy, enthusiasm, and raw talents of our Commonwealth’s youth so that adolescents feel empowered to act for that ‘common good.’”<sup>3</sup> At least one of our *Leadership Institute 2000* students has earned college scholarship monies as a direct result of involvement with the Institute. We have watched as members of some teams “passed the torch” on to younger students. Participation in the Institute seems to have positive effects on faculty mentors, as well. If faculty members feel rejuvenated by a project they view as beneficial, it stands to reason their senses of engagement as educators will increase. Our hope is that faculty mentors will bring future teams back and start “traditions” of involvement in *The Second Mile Leadership Institute*. In this manner, *The Second Mile*’s newest program offering will have long-lasting effects on high schools and communities around the Commonwealth.

---

<sup>2</sup> Zinn, L.F. (August 2002). *Student perceptions of the near-term effect of The Second Mile Leadership Institute on their knowledge, skills, and chances of project success*. Unpublished paper.

<sup>3</sup> Genovese, K. (October 2000). *The Second Mile Leadership Institute and the Pennsylvania State University Department of Speech Communications: Collaborative opportunities for Institute research, evaluation, and enhancement*. Unpublished paper.

# **EXHIBIT “F”**

# **The Second Mile**

Financial Statements

August 31, 2011 and 2010

## **The Second Mile**

---

Table of Contents

August 31, 2011 and 2010

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	5
Statement of Cash Flows	7
Notes to Financial Statements	8



## Independent Auditors' Report

Board of Directors  
The Second Mile

We have audited the accompanying statement of financial position of The Second Mile (the "Organization") as of August 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as described in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As describe in Note 12, the Organization experienced a significant subsequent event that led to the resignation of its Chief Executive Officer and threatens the existence of the Organization. As a result of this uncertainty and our inability to rely on the representations of the former Chief Executive Officer, we were unable to complete audit procedures that would be adequate for us to express an opinion on the accompanying 2011 financial statements.

In our opinion, the 2010 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of August 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Because of the significance of the matters described in the third paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the 2011 financial statements.

*ParenteBeard LLC*

State College, Pennsylvania  
January 6, 2012

## The Second Mile

### Statement of Financial Position

August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 379,026	\$ 632,801
Other receivables	7,355	21,863
Prepaid expenses	25,295	27,767
Pledges and contributions receivable, net	870,438	1,711,353
Assets whose use is limited:		
Board-designated	1,065,371	1,140,083
Donor-restricted	5,236,394	4,647,432
Property and equipment, net	<u>1,518,002</u>	<u>1,273,211</u>
Total assets	<u>\$ 9,101,881</u>	<u>\$ 9,454,510</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 93,710	\$ 131,577
Accounts payable - construction	206,845	-
Accrued expenses	33,812	88,501
Deferred revenue	119,575	159,175
Long-term debt	<u>83,721</u>	<u>100,568</u>
Total liabilities	<u>537,663</u>	<u>479,821</u>
<b>Net Assets</b>		
Unrestricted	3,259,434	3,498,627
Temporarily restricted	<u>5,304,784</u>	<u>5,476,062</u>
Total net assets	<u>8,564,218</u>	<u>8,974,689</u>
Total liabilities and net assets	<u>\$ 9,101,881</u>	<u>\$ 9,454,510</u>

See notes to financial statements



## The Second Mile

### Statement of Activities

Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Changes in Unrestricted Net Assets</b>		
<b>Public Support and Revenues</b>		
Contributions:		
Corporations	\$ 651,396	\$ 633,880
Individuals	444,063	438,308
Foundations	264,767	361,783
Organizations	50,314	57,833
Special events, net of expenses of \$ 308,667 in 2011 and \$304,861 in 2010	639,106	725,525
Special projects	105,066	147,944
Net assets released from restrictions for operations	<u>106,466</u>	<u>217,746</u>
 Total public support and revenues	 <u>2,261,178</u>	 <u>2,583,019</u>
<b>Other Revenues</b>		
Interest, dividends, and capital gains income	1,453	23,426
Rental income	32,051	22,006
Realized and unrealized gain on investments, net	<u>33,542</u>	<u>30,945</u>
 Total other revenues, net	 <u>67,046</u>	 <u>76,377</u>
 Total public support and other revenues	 <u>2,328,224</u>	 <u>2,659,396</u>
<b>Expenses</b>		
<b>Program Services</b>		
Foster Care	256,315	241,295
Summer Challenge	405,941	571,318
Friend/Friend-Fitness	414,299	398,362
Prevention: Education Awareness for Kids (PEAK)	29,397	31,988
General Programs	220,251	239,640
Nittany Lion Tips	129,518	131,090
Community Education	271,196	290,080
Leadership Institute	<u>208,436</u>	<u>247,567</u>
 Total program services	 <u>1,935,353</u>	 <u>2,151,340</u>
<b>Supporting Services</b>		
Management and general	247,285	269,099
Fundraising	<u>384,779</u>	<u>423,586</u>
 Total supporting services	 <u>632,064</u>	 <u>692,685</u>
 Total expenses	 <u>2,567,417</u>	 <u>2,844,025</u>

See notes to financial statements

## The Second Mile

### Statement of Activities

Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Loss from Operations</b>	\$ (239,193)	\$ (184,629)
<b>Nonoperating Revenues</b>		
Contributions for construction in progress	-	2,300
<b>Decrease in Unrestricted Net Assets</b>	<u>(239,193)</u>	<u>(182,329)</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	47,525	142,202
Loss on collectability of pledge receivable	(200,000)	-
Interest income	38,172	62,069
Realized and unrealized gain on investments, net	49,491	28,008
Net assets released from restrictions for operations	<u>(106,466)</u>	<u>(217,746)</u>
(Decrease) increase in temporarily restricted net assets	<u>(171,278)</u>	<u>14,533</u>
<b>Decrease in Net Assets</b>	(410,471)	(167,796)
<b>Net Assets, Beginning</b>	<u>8,974,689</u>	<u>9,142,485</u>
<b>Net Assets, Ending</b>	<u>\$ 8,564,218</u>	<u>\$ 8,974,689</u>

See notes to financial statements

**The Second Mile**

Statement of Functional Expenses  
Year Ended August 31, 2011

	Foster Care	Summer Challenge	Friend/Friend-Fitness	Prevention Education Awareness for Kids (PEAK)	General Programs	Nittany Lion Tips	Community Education	Leadership Institute	Management and General	Fundraising	Total
Payroll	\$ 52,442	\$ 152,767	\$ 137,946	\$ 19,381	\$ 82,084	\$ 26,221	\$ 167,588	\$ 106,025	\$ 163,028	\$ 232,571	\$ 1,140,053
Payroll taxes	4,773	13,904	12,555	1,764	7,471	2,387	15,253	9,650	14,838	21,168	103,763
Employee benefits	7,528	21,923	19,786	2,781	11,780	3,763	24,050	15,215	23,398	33,376	163,606
<b>Total payroll and benefits</b>	<b>64,741</b>	<b>188,594</b>	<b>170,287</b>	<b>23,926</b>	<b>101,335</b>	<b>32,371</b>	<b>206,891</b>	<b>130,890</b>	<b>201,262</b>	<b>287,115</b>	<b>1,407,422</b>
Activities and recreation	176,077	20,200	147,059	-	14,594	-	-	204	-	-	358,174
Audio visual	-	34	-	-	-	-	-	-	-	-	34
Awards and scholarships	-	580	-	-	28,692	-	-	-	-	-	30,272
Program - counselors	-	37,250	990	-	-	-	-	1,500	-	-	39,840
Program - food and lodging	-	70,258	-	-	47,593	-	-	43,078	-	-	160,927
Clothing	-	4,730	3,050	-	640	-	-	1,706	-	-	10,126
Dues and subscriptions	32	93	84	12	50	16	102	63	99	141	592
Electricity/Heat	59	172	155	22	92	30	189	119	184	262	1,284
Equipment - purchases	105	324	275	38	164	52	334	211	325	464	2,293
Fees and permits	403	1,174	1,080	149	651	202	5,361	815	1,253	7,701	18,789
Food/Household supplies	695	451	6,578	-	1	3	3	259	3	4	7,994
Furniture and fixtures	12	35	32	4	19	6	38	24	37	53	260
Insurance	1,106	3,222	2,909	409	1,731	563	3,534	2,236	3,438	4,905	24,043
Maintenance/repair	223	649	588	82	348	111	711	450	692	967	4,839
Medical costs	-	1,068	-	-	-	-	-	-	-	-	1,068
Office reproduction	189	3,647	498	70	479	95	781	1,036	588	840	8,224
Office supplies	565	1,661	1,501	209	585	283	1,806	1,143	1,757	2,507	12,317
Postage	568	3,489	1,494	210	1,114	22,243	5,839	1,194	1,768	10,136	48,063
Printing	25	73	86	9	39	67,796	8,002	50	78	16,502	92,640
Professional services	2,512	7,317	6,607	928	3,931	1,256	8,827	5,078	7,809	12,043	56,307
Program services	-	24,068	20,000	-	2,663	-	-	-	-	-	46,731
Rent	4,418	12,871	11,622	1,633	6,916	2,209	14,119	8,933	13,735	19,594	96,050
Seminars and meetings	271	1,560	713	100	559	136	866	548	843	1,511	7,107
Stewardship	268	782	706	99	420	134	858	543	834	2,064	6,708
Telephone	504	1,957	1,325	186	788	252	1,610	1,018	1,568	2,234	11,440
Transportation of children	-	9,349	27,310	-	-	-	-	75	-	-	36,734
Travel	1,979	5,766	5,207	732	3,958	990	6,326	4,002	6,153	8,776	43,031
<b>Total expenses before depreciation and interest</b>	<b>254,752</b>	<b>401,384</b>	<b>410,184</b>	<b>28,819</b>	<b>217,802</b>	<b>128,735</b>	<b>266,197</b>	<b>205,273</b>	<b>242,422</b>	<b>377,841</b>	<b>2,533,409</b>
Depreciation	1,363	3,971	3,586	504	2,134	682	4,356	2,756	4,238	6,046	29,636
Interest	200	586	529	74	315	101	643	407	625	892	4,372
<b>Total expenses</b>	<b>\$ 256,315</b>	<b>\$ 405,941</b>	<b>\$ 414,299</b>	<b>\$ 29,397</b>	<b>\$ 220,251</b>	<b>\$ 129,518</b>	<b>\$ 271,186</b>	<b>\$ 208,436</b>	<b>\$ 247,285</b>	<b>\$ 384,779</b>	<b>\$ 2,567,417</b>

See notes to financial statements

**The Second Mile**  
Statement of Functional Expenses  
Year Ended August 31, 2010

	Foster Care	Summer Challenge	Friend/Friend-Fitness	Prevention Education Awareness for Kids (PEAK)	General Programs	Mittany Lion Tips	Community Education	Leadership Institute	Management and General	Fundraising	Total
Payroll	\$ 58,569	\$ 170,614	\$ 154,082	\$ 21,645	\$ 91,873	\$ 29,284	\$ 187,166	\$ 118,411	\$ 182,073	\$ 259,739	\$ 1,273,236
Payroll taxes	5,031	14,654	13,232	1,859	7,875	2,515	16,076	10,170	15,638	22,309	109,569
Employee benefits	8,246	24,022	21,681	3,047	12,907	4,123	26,352	19,671	25,634	36,569	179,262
<b>Total payroll and benefits</b>	<b>71,846</b>	<b>209,290</b>	<b>188,985</b>	<b>28,551</b>	<b>112,455</b>	<b>35,922</b>	<b>229,594</b>	<b>145,252</b>	<b>223,345</b>	<b>318,617</b>	<b>1,561,857</b>
Activities and recreation	149,908	31,268	112,547	-	23,332	-	-	1,681	-	-	318,736
Audio visual	-	328	-	-	-	-	-	-	-	-	329
Awards and scholarships	-	-	-	-	56,443	-	-	700	-	-	57,143
Program - counselors	-	58,975	1,010	-	-	-	-	1,625	-	-	61,610
Program - food and lodging	-	163,281	-	-	-	-	-	63,440	-	-	226,721
Clothing	-	5,547	303	-	2,549	-	-	2,624	-	-	11,023
Dues and subscriptions	48	261	128	18	75	24	153	96	149	213	1,163
Electricity/Heat	81	264	239	34	142	45	290	183	282	402	1,972
Equipment - purchases	363	1,057	955	134	568	182	1,160	734	1,128	1,610	7,891
Fees and permits	185	539	776	68	289	92	4,956	374	575	6,268	14,122
Food/Household supplies	4,812	8,385	6,175	-	-	-	-	86	-	-	19,458
Furniture and fixtures	18	53	48	7	29	9	58	37	57	80	396
Insurance	1,077	3,136	2,832	399	1,685	538	3,440	2,177	3,347	4,774	23,404
Maintenance/repair	1,560	4,543	4,103	578	2,441	780	4,984	3,153	4,848	6,917	33,905
Medical costs	-	2,032	-	-	-	-	-	-	-	-	2,032
Office reproduction	64	3,815	169	23	259	168	622	1,354	199	426	7,097
Office supplies	799	2,338	2,103	295	1,255	400	2,554	2,331	2,485	3,925	18,483
Postage	684	3,637	1,799	253	1,092	19,895	4,686	1,393	2,126	14,163	49,718
Printing	12	34	30	4	18	88,091	6,175	85	38	18,542	93,027
Professional services	2,698	7,861	7,098	997	4,224	1,349	8,623	5,456	8,389	12,167	58,862
Program services	-	25,117	20,000	-	20,540	-	-	-	-	-	65,657
Rent	2,157	6,285	5,675	797	3,377	1,079	6,894	4,362	6,707	9,568	46,901
Seminars and meetings	363	1,957	954	134	658	180	1,159	733	1,128	2,019	9,285
Stewardship	126	363	328	48	218	62	398	252	388	3,914	6,097
Telephone	485	1,554	1,275	179	759	244	1,550	980	1,507	2,150	10,863
Transportation of children	-	14,084	25,878	-	-	-	-	210	-	-	40,172
Travel	1,910	9,228	9,458	702	3,981	987	6,106	4,035	5,907	8,565	50,859
<b>Total expenses before depreciation and interest</b>	<b>239,206</b>	<b>565,231</b>	<b>392,866</b>	<b>31,216</b>	<b>236,370</b>	<b>130,045</b>	<b>283,403</b>	<b>243,343</b>	<b>262,603</b>	<b>414,320</b>	<b>2,798,603</b>
Depreciation	1,787	5,206	4,701	660	2,787	894	5,711	3,613	5,556	7,925	36,850
Interest	302	881	795	112	473	151	968	611	940	1,341	6,572
<b>Total expenses</b>	<b>\$ 241,295</b>	<b>\$ 571,318</b>	<b>\$ 398,362</b>	<b>\$ 31,988</b>	<b>\$ 239,640</b>	<b>\$ 131,090</b>	<b>\$ 290,080</b>	<b>\$ 247,567</b>	<b>\$ 269,099</b>	<b>\$ 423,586</b>	<b>\$ 2,844,025</b>

See notes to financial statements  
6

## The Second Mile

### Statement of Cash Flows Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Collections from special events and contributions	\$ 1,711,621	\$ 2,085,044
Investment and interest income received	90,169	110,717
Payments to employees and vendors	(2,175,443)	(2,420,583)
Interest paid	(4,372)	(6,572)
Net cash used in operating activities	<u>(378,025)</u>	<u>(231,394)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	81,194	1,445,316
Purchases of property and equipment	(67,582)	(102,044)
Purchases of investments	(562,955)	(2,176,332)
Net cash used in investing activities	<u>(549,343)</u>	<u>(833,060)</u>
<b>Cash Flows from Financing Activities</b>		
Collection of restricted pledges	690,440	1,003,145
Repayment of long-term debt	(16,847)	(20,487)
Net cash provided by financing activities	<u>673,593</u>	<u>982,658</u>
Decrease in Cash and Cash Equivalents	(253,775)	(81,796)
Cash and Cash Equivalents, Beginning	<u>632,801</u>	<u>714,597</u>
Cash and Cash Equivalents, Ending	<u>\$ 379,026</u>	<u>\$ 632,801</u>
<b>Reconciliation of Decrease in Net Assets to Net Cash Used in Operating Activities</b>		
Decrease in net assets	\$ (410,471)	\$ (167,796)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	29,636	38,850
Contributions restricted for capital campaign	(49,525)	(142,202)
Realized and unrealized loss (gain) on investments, net	(32,489)	(58,953)
Loss on collectability of pledge receivable	200,000	-
Changes in assets and liabilities:		
Other receivables	14,508	15,683
Prepaid expenses	2,472	(10,900)
Accounts payable	(37,867)	(28,791)
Accrued expenses	(54,689)	16,598
Deferred revenue	(39,600)	106,117
Net Cash Used in Operating Activities	<u>\$ (378,025)</u>	<u>\$ (231,394)</u>
<b>Noncash Investing Activities</b>		
Donated investments	<u>\$ 28,508</u>	<u>\$ 24,660</u>
Property and equipment in accounts payable	<u>\$ 206,845</u>	<u>\$ -</u>

See notes to financial statements

## **The Second Mile**

---

Notes to Financial Statements  
August 31, 2011 and 2010

### **1. Nature of Operations and Summary of Significant Accounting Policies**

#### **Nature of Operations**

The Second Mile (the "Organization"), located in State College, Pennsylvania, is a not-for-profit corporation that challenges young people to achieve their potential as individuals and community members by providing opportunities for them to develop positive life skills and self-esteem, as well as by providing education and support for parents and professionals addressing the needs of youth.

The Organization evaluated subsequent events for recognition or disclosure through January 6, 2012, the date the financial statements were available to be issued.

#### **Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

#### **Pledges and Contributions Receivable, Net**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The promises are discounted at a rate of 2.4% to 5.8%. Conditional promises to give are not included as support until the conditions are substantially met.

Accounts are written off when they are deemed to be uncollectible based upon management's assessments of individual accounts. The allowance for doubtful accounts is estimated based on historical losses and periodic review of individual pledges.

#### **Property and Equipment and Depreciation**

Expenditures for purchases of property and equipment in excess of \$2,000 are capitalized at cost. The fair value of donated fixed assets is similarly capitalized. Significant donated assets are recorded at estimated fair market value at date of receipt. Depreciation is recorded on a straight-line basis over the estimated useful lives of the depreciable assets.

#### **Assets Whose Use Is Limited**

Assets whose use is limited includes assets designated by the Board of Directors to be used to establish a permanent source of operating funds for the Organization; assets that have been restricted by donors are to be used for future operations or capital expenditures. Investments are carried at fair value and certificates of deposit are carried at cost.

#### **Deferred Revenue**

Deferred revenue includes gifts for scholarships and participant payments received for special events that occur in a future fiscal year. These gifts and payments are reported as revenues in the statement of activities and changes in net assets in the year in which the event occurs.

## **The Second Mile**

---

Notes to Financial Statements  
August 31, 2011 and 2010

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Donated Materials and Services**

The Organization receives donated services from volunteers in support of its programs, supporting services, and fundraising campaigns. Volunteers provide essential services that the Organization would otherwise be unable to afford. The Organization recognizes contribution revenue and professional service expense at the fair value of those services. Donated materials are recorded as contributions and corresponding expense at their estimated value at the date of receipt. During 2011 a total of \$448,050 was donated, which included \$42,400 for services and \$405,650 for materials. During 2010, a total of \$409,128 was donated which included \$39,560 for services and \$369,568 for materials.

### **Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Certain costs, such as employee salaries and benefits that have a direct effect on each program, have been allocated among the programs and supporting services benefited.

### **Donor-Restricted Contributions**

Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized (that is, when a stipulated time restriction ends or purpose restriction is accomplished). All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

### **Legacies and Bequests**

The Organization is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable.

### **Income Taxes**

The Second Mile is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service code. The Second Mile is not a private foundation within the meaning of Section 509(a) of the Internal Revenue code.

## The Second Mile

Notes to Financial Statements  
August 31, 2011 and 2010

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Management of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2011 and 2010.

The Organization's federal Exempt Organization Business Income Tax Returns for the year ended August 31, 2010, 2009, and 2008 remain subject to examination by the Internal Revenue Service.

### 2. Pledges and Contributions Receivable, Net

Pledges and contributions receivable, net consist of the following at August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Pledges receivable:		
Receivable in less than one year	\$ 946,687	\$ 1,006,263
Receivable in one to five years	<u>111,500</u>	<u>704,775</u>
Total	1,058,187	1,711,038
Allowance for doubtful accounts	(200,000)	-
Total discounts, unamortized	<u>(8,394)</u>	<u>(55,892)</u>
Pledges receivable, net	849,793	1,655,146
Golf, special events, and other contributions	<u>20,645</u>	<u>56,207</u>
Total	<u>\$ 870,438</u>	<u>\$ 1,711,353</u>

Approximately 42% in 2011 and 34% in 2010 of the Organization's gross pledges receivable were provided by 4 and 3 donors, respectively.

### 3. Assets Whose Use is Limited

The composition of the Organization's assets whose use is limited as of August 31, 2011 and 2010 is set forth in the following table:



## The Second Mile

Notes to Financial Statements  
August 31, 2011 and 2010

	2011	2010
Board-designated:		
Cash and cash equivalents	\$ 119,344	\$ 227,914
Bond index funds	926,268	892,420
Money market fund	19,759	19,749
Total board-designated	<u>1,065,371</u>	<u>1,140,083</u>
Donor-restricted:		
Cash and cash equivalents	4,373,093	3,940,976
Equity mutual funds	272,366	268,908
Fixed income mutual funds	194,683	175,137
Certificate of deposit	396,252	262,411
Total donor-restricted	<u>5,236,394</u>	<u>4,647,432</u>
Total	<u>\$ 6,301,765</u>	<u>\$ 5,787,515</u>

The following is a summary of the investment return:

	2011		
	Unrestricted	Temporarily Restricted	Total
Interest, dividends and capital gains income	\$ 1,453	\$ 38,172	\$ 39,625
Realized gains	30,072	-	30,072
Unrealized gains	3,470	49,491	52,961
Total	<u>\$ 34,995</u>	<u>\$ 87,663</u>	<u>\$ 122,658</u>
	2010		
Interest, dividends and capital gains income	\$ 23,426	\$ 62,069	\$ 85,495
Realized gains (losses)	(18,372)	(714)	(19,086)
Unrealized gains	49,317	26,308	75,625
Total	<u>\$ 54,371</u>	<u>\$ 87,663</u>	<u>\$ 142,034</u>

Expenses related to investment income for the years ended August 31, 2011 and 2010 amounted to \$4,803 and \$5,115, respectively, and have been netted against interest, dividends, and capital gains income in the statement of activities.

## The Second Mile

Notes to Financial Statements  
August 31, 2011 and 2010

### 4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework established for measuring fair value includes a hierarchy that prioritizes the inputs used in determining valuation into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Organization for identical assets. These generally provided the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The fair value of the Organization's investments were measured using the following inputs at August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Cash and cash equivalents	\$ 4,512,196	\$ 4,168,890
Mutual funds:		
Term bond funds	926,268	912,169
Domestic equities	208,648	204,103
Domestic fixed income	159,032	138,022
International equities	63,718	64,805
International fixed income	35,651	37,115
<b>Total</b>	<u>\$ 5,905,513</u>	<u>\$ 5,525,104</u>

At August 31, 2011 and 2010, the Organization did not have any assets or liabilities whose fair value were measured using level 2 or 3 inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds are valued at the net asset value of shares held by the Organization at year-end.

## The Second Mile

Notes to Financial Statements  
August 31, 2011 and 2010

Cash and cash equivalents are valued at cost, which approximates fair value because of the short maturity of these instruments.

### 5. Property and Equipment, Net

Property and equipment is comprised of the following at August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 336,580	\$ 336,580
Building	526,468	526,468
Building improvements	180,962	159,315
Furnishings	36,368	36,368
Equipment	58,134	58,134
Vehicle	45,119	45,119
Construction in progress	<u>934,189</u>	<u>681,408</u>
Total	2,117,820	1,843,392
Accumulated depreciation	<u>(599,818)</u>	<u>(570,181)</u>
Property and equipment, net	<u>\$ 1,518,002</u>	<u>\$ 1,273,211</u>

### 6. Line of Credit

In June 2011, the Organization entered into an agreement for a \$250,000 line of credit available from a bank that is due upon demand. The line of credit is collateralized by monies held in the Organization's name in a money market account. The interest rate is the rate of interest earned on the money market account plus 2.00 percentage points. No amounts were drawn under the line of credit during the year ended August 31, 2011.

### 7. Long-Term Debt

In December 1999, the Organization obtained a \$200,000 mortgage loan from a bank for land and an office building donated by a related party. Principal and interest payments of \$1,671 are due monthly at an interest rate of 5.75%. The loan is due May 2016 and is secured by real estate. Scheduled principal payments at August 31, 2011 are as follows:

Years ending June 30:	
2012	\$ 15,661
2013	16,585
2014	17,565
2015	18,601
2016	<u>15,309</u>
Total	<u>\$ 83,721</u>

In December 2005, the Organization obtained a \$29,500 note. Principal and interest payments of \$584 are due monthly at an interest rate of 7%. This note was satisfied during fiscal year 2011.

## The Second Mile

Notes to Financial Statements  
August 31, 2011 and 2010

### 8. Leases

The Organization leases its Harrisburg office under a noncancelable operating lease, which contains a renewal provision. Rent expense was \$14,856 in 2011 and \$14,784 in 2010. The lease expires in fiscal year 2013. Minimum future rentals on the noncancelable lease as of August 31, 2011 are as follows:

2012	\$ 15,156
2013	<u>15,456</u>
Total	<u>\$ 30,612</u>

The Organization leases its Southeast office under a noncancelable operating lease, which contains a renewal provision. Rent expense was \$19,335 in 2011 and \$18,927 in 2010. The lease expires in fiscal year 2012. Minimum future rentals on the noncancelable lease as of August 31, 2011 are as follows:

2012	<u>\$ 19,825</u>
Total	<u>\$ 19,825</u>

The Organization leases space to one tenant in the State College office building on an annual basis. Rental income, net includes \$32,051 in 2011 and \$20,011 in 2010 is comprised of \$84,455 and \$78,426 of rental income less \$52,404 and \$58,415 of expenses related to the rental of the property during 2011 and 2010 respectively.

### 9. Special Events

Special events revenues and expenses are related to certain fundraising activities held by the Organization. A summary of special events for the year ended August 31, 2011 is as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
TSM Gold Classic (State College Golf)	\$ 245,993	\$ 100,355	\$ 145,638
SE Celebration of Excellence	38,864	6,793	32,071
Anniversary Drawing (Reverse Drawing)	106,895	47,339	59,556
Southwest Golf	56,160	12,902	43,258
Celebration of Excellence	82,478	17,322	65,156
Blair County Drawing	68,515	29,673	38,842
Southcentral Golf (Harrisburg Golf)	78,110	30,320	47,790
Art Auction	51,876	8,541	43,335
Lehigh Valley Banquet	53,420	15,135	38,285
Clinton County Sports Night	45,710	4,108	41,602
Chester Golf	36,591	11,775	24,816
York Golf	19,776	4,875	14,901
York Clays for Kids	17,995	8,921	9,074
Kick off for Kids (Berks County)	4,390	848	3,542
SE Bowling Tournament	17,879	1,122	16,757
Lancaster Banquet	10,711	3,795	6,916
Northeast Celebration of Excellence	12,410	4,843	7,567
Total	<u>\$ 947,773</u>	<u>\$ 308,667</u>	<u>\$ 639,106</u>

## The Second Mile

Notes to Financial Statements  
August 31, 2011 and 2010

A summary of special events for the year ended August 31, 2010 is as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
TSM Gold Classic (State College Golf)	\$ 240,668	\$ 100,757	\$ 139,911
Celebration of Leadership	126,430	29,499	96,931
Anniversary Drawing (Reverse Drawing)	110,815	27,395	83,420
Southwest Golf	96,110	20,756	75,354
Celebration of Excellence	75,661	22,988	52,673
Blair County Drawing	75,655	24,746	50,909
Southcentral Golf (Harrisburg Golf)	73,615	26,034	47,581
Art Auction	52,801	8,236	44,565
Lehigh Valley Banquet	59,609	15,318	44,291
Clinton County Sports Night	39,651	3,865	35,786
Chester Golf	31,682	7,204	24,478
York Golf	17,878	5,887	11,991
York Clays for Kids	12,905	5,797	7,108
Lancaster Banquet	8,886	2,373	6,513
Northeast Celebration of Excellence	8,020	4,006	4,014
Total	<u>\$ 1,030,386</u>	<u>\$ 304,861</u>	<u>\$ 725,525</u>

### 10. Net Assets

Temporarily restricted net assets of \$5,304,784 at August 31, 2011 and \$5,476,062 at August 31, 2010 represent donor-restricted contributions to be utilized for construction.

In addition to the donor-restricted net assets described above, the Board of Directors designated \$1,065,371 in 2011 and \$1,140,083 in 2010 of unrestricted net assets maintained in various investment and cash accounts to be used to establish a permanent source of operating funds for the Organization.

### 11. Concentration of Credit Risk

The Second Mile maintains its cash and cash equivalents accounts at several local financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation to \$250,000 per institution.

## **The Second Mile**

---

Notes to Financial Statements  
August 31, 2011 and 2010

### **12. Subsequent Event**

On November 5, 2011, the Second Mile's founder ("the founder") was indicted on sex abuse charges involving minors, although none of the alleged incidents occurred at an event or program sponsored by The Second Mile. On November 13, 2011, The Second Mile's Chief Executive Officer resigned and the Vice Chairman of the Board of Directors was installed as the CEO and President. In addition, a complaint was filed against the Second Mile by "John Doe A" in the Court of Common Pleas of Philadelphia County seeking unspecified damages for various forms of negligence and intentional acts, arising out of claims against the founder from 1992 through 1996. On December 22, 2011, a Summons was filed by "C. Miller" against the Pennsylvania State University ("Penn State"), the founder and the Second Mile. The Summons does not contain any factual allegations but it has been reported that the suite arises out of a single allegation of abuse by the founder at Penn State. The claims against The Second Mile are not enumerated in the Summons. In addition, on December 23, 2011, the insurance carrier providing directors and officers liability insurance for The Second Mile filed a declaratory judgment action against the founder only, in Federal Court, seeking to disclaim any requirement that it provide a defense or insurance for the founder. The Second Mile intends to defend the claims and is reviewing the best path forward for the programs sponsored by the Second Mile. These events lead to the uncertainty about the continuation of operations and classifications and collectability of assets.

# **EXHIBIT “G”**

## ASSET TRANSFER AND PROGRAM CONTINUATION AGREEMENT

**THIS ASSET TRANSFER AND PROGRAM CONTINUATION AGREEMENT** (“**Agreement**”), dated as of \_\_\_\_\_, 2012, is entered into between **THE SECOND MILE**, a Pennsylvania nonprofit corporation (“**TSM**”), **ARROW CHILD & FAMILY MINISTRIES, INC.**, a Texas nonprofit corporation (“**Arrow**”), and **ARROW CHILD & FAMILY MINISTRIES OF PENNSYLVANIA, INC.** (“**Arrow-PA**”), a Pennsylvania nonprofit corporation.

### RECITALS

A. The Board of Directors of TSM has decided that continuation of TSM’s charitable programs is impracticable given the reduction in donor support and volunteers since November of 2011;

B. The Board of Directors of TSM has resolved to transfer five key charitable programs – the Leadership Institute, Challenge Program, Friends Program, Friends Fitness Program and Foster Family Support Program (“**Programs**”) – to Arrow-PA because of Arrow’s experience in operating its own similar charitable programs serving foster families and at risk youth;

C. Arrow has provided TSM with a written proposal dated March \_\_, 2012 (“**Arrow Proposal**”) in which Arrow proposes to have Arrow-PA, its Affiliate (as defined below), acquire and operate TSM’s Programs and has requested TSM to transfer certain cash and non-cash assets of TSM as described therein to Arrow-PA to assist it in paying for the costs of operating the Programs for a transition period;

D. The Board of Directors of TSM has approved the terms of this Agreement at a special meeting on May \_\_, 2012;

E. TSM, Arrow and Arrow-PA all acknowledge that no Programs or assets of TSM can be transferred to Arrow-PA without a final and non-appealable order of the Orphans’ Court of the Court of Common Pleas of Centre County, Pennsylvania (“**Orphans’ Court**”), pursuant to Section 5547(b) of the Pennsylvania Nonprofit Corporation Law of 1988, 15 Pa.C.S. §§ 5101, et seq. (“**Act**”); and

F. The parties to this Agreement set forth the negotiated terms of this Agreement with respect to the transfer of the Programs and certain assets, and agree to cooperate with each other in seeking Orphans’ Court approval of this Agreement, including the providing of evidence to and testimony before that Court as may be required.

**NOW, THEREFORE**, for good and valuable consideration, and intending to be legally bound, the parties agree as follows:

### ARTICLE I - DEFINITIONS

**1.1 Definitions.** The terms defined in this Section shall have the respective meanings indicated below for all purposes of this Agreement (including in the attached Schedules), with the definitions being equally applicable to both the singular and plural forms of the terms



defined.

**Affiliate**: means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or is under common control with, such Person.

**Arrow Affiliates**: means, in addition to Arrow-PA, Arrow Child & Family Ministries of Maryland, Inc., Arrow Child & Family Ministries of Texas, Inc., and Arrow Child & Family Ministries of California, Inc.

**Business**: the charitable programs and activities of any party.

**Business Day**: a day other than a Saturday, Sunday or other day on which commercial banks in State College, Pennsylvania are authorized or required to close.

**Ancillary Agreements**: all agreements, certificates, instruments and documents being or to be executed and delivered by Arrow-PA, Arrow or TSM under this Agreement.

**Closing Date**: the date on which the Closing actually occurs in accordance with Section 3.1.

**Code**: Internal Revenue Code of 1986, as amended.

**\$ or Dollars**: lawful money of the United States.

**GAAP**: United States generally accepted accounting principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors in effect from time to time.

**Governmental Authority**: any nation, government or state, and any political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

**Intellectual Property**: means (a) works of authorship in which copyright protection subsists, whether registered or unregistered, and pending applications to register the same; (b) United States and foreign patents, patent applications, continuations, continuations-in-part, divisions, reissues, patent disclosures, inventions (whether or not patentable) or improvements thereto; (c) United States, state or foreign trademarks, service marks, logos, trade dress and trade names, whether registered or unregistered, and pending applications to register the foregoing; and (d) confidential and proprietary ideas, trade secrets, know-how, concepts, methods, processes, formulae, reports, data, customer lists, mailing lists, business plans or other proprietary information, including without limitation any formulae, pattern, device or compilation of information which is used by TSM and which derives independent commercial value from not being generally known or readily available.

**Laws**: the common law and any foreign, federal, state, county and local statutes, regulations, rules, codes, ordinances and other laws enacted, adopted, issued or promulgated by any Governmental Authority.

**Lien**: a lien, claim, charge, security interest, lease, encumbrance, mortgage, pledge, easement, conditional sale or other title retention agreement, defect in title, condition or

restrictive covenant of any kind or nature whatsoever, whether or not recorded.

**Order:** any judgment, order, award, decision, injunction, ruling, subpoena, verdict or decree of any foreign, federal, state, local court or tribunal or other Governmental Authority and any award in any arbitration proceeding.

**Ordinary Course of Business:** an action taken will be deemed to have been taken in the “Ordinary Course of Business” only if: (a) such action is consistent with the past practices and is taken in the ordinary course of the normal day-to-day operations; (b) such action is not required to be approved by the Board of Directors; and (c) such action is consistent with the customary business practices and usages of trade prevailing in the industry or industries.

**Permits:** any approval, consent, license, permit, waiver, or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority.

**Person:** any individual, general or limited partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, association, Governmental Authority or other entity.

**Tax:** (and, with correlative meaning, “**Taxes**” and “**Taxable**”): any federal, state, local or foreign net income, alternative or add-on minimum, value-added, gross income, gross receipts, property, windfall profit, severance, production, ad valorem, sales, use, transfer, gains, license, excise, employment, payroll, withholding or minimum tax, stamp or environmental tax or any other tax custom, duty, governmental fee or other like assessment or charge, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Authority.

## **ARTICLE II – PROGRAMS AND ASSETS**

**2.1 Proposal.** The Arrow Proposal is attached to this Agreement as Exhibit “A,” but to the extent that this Agreement has terms which are different from or in addition to terms in the Proposal, the terms of this Agreement shall control.

**2.2 Transfer of the Programs.** At the Closing, upon the terms and subject to the conditions hereof, TSM agrees to transfer to Arrow-PA by a written assignment in form acceptable to legal counsel for both TSM and Arrow-PA all of TSM’s rights, title and interest in and to all of the Programs which TSM agrees shall be operated exclusively by Arrow-PA after the Closing Date.

(a) In connection with the transfer of the Programs, TSM shall transfer any contracts for facilities (“Facility Agreements”) for which it has contracted, as referenced on Schedule E to this Agreement, and Arrow-PA agrees to assume the liabilities under such Facility Agreements.

(b) On the Closing Date, TSM shall deliver to Arrow-PA copies of all program registrations and correspondence with attendees already scheduled for any TSM Programs and copies of all documentation and databases related to such Programs, including but not limited to, lists of volunteers, school counselors and other contacts, donors to such programs,

and program budgets, reports, and studies on operation of any of the Programs. TSM shall retain the originals of the same for its own administrative purposes and not for the operation of any similar or duplicate programming.

(c) TSM and Arrow-PA shall jointly prepare a press announcement and information to be posted on the TSM and Arrow-PA websites, related to the transfer of the Programs. Additionally, TSM and Arrow-PA shall jointly prepare and send written correspondence to all of the participants currently scheduled for any Program to inform them of the transfer and the new contact person(s) at Arrow-PA who will be responsible for the Program.

**2.3 Transfer of Assets.** At the Closing, upon the terms and subject to the conditions of this Agreement, TSM agrees to assign, transfer, and deliver to Arrow-PA, and Arrow-PA agrees to accept, free and clear of all Liens, all of TSM's rights, title and interest in and to all of the following assets (the "Assets") owned by TSM:

(a) All tangible equipment, telephone systems, computer hardware, furniture, furnishings, motor vehicles, and program equipment such as camping equipment, tents, cookware, bedding and coolers, sports equipment, first aid and hygiene materials, books, carnival equipment and prizes listed on Schedule A, provided that TSM shall first, at its sole cost, preserve the hard copies of or fully image electronic data from the hard drives of the computers. If the preservation of data from the hard drives of the computers in a manner so as to satisfy applicable Governmental Authorities and the Orphans' Court that the evidentiary chain of title is preserved should prove too costly, in TSM's sole opinion, these computers shall not be transferred to Arrow-PA by TSM. All such assets shall be transferred in their current "as is" condition and without any warranties of any kind by Bill of Transfer in form of Schedule A attached.

(b) Copies of all current Program materials such as program registrations and correspondence with attendees already scheduled for any TSM Programs and all documentation and databases related to such Programs, including but not limited to, lists of volunteers, school counselors and other contacts, donors to such programs, and program budgets, reports, and studies on operation of any of the Programs and all Program protocols and guidelines and resources developed by TSM and including all Intellectual Property of TSM with respect to such Programs, but excluding the names, logos and marks associated with TSM. TSM shall retain and maintain all records related to the operation of the Programs in the past and prior participants in the Programs at its sole cost and shall not transfer these to Arrow-PA.

(c) All current Program participant list and all volunteer, school counselor and donor lists and telephone, telex and facsimile numbers and directory listings.

(d) All Facility Agreements which Arrow-PA agrees to assume pursuant to Section 2.2 (a) above. These Facility Agreements shall be transferred by TSM to Arrow-PA by an Assignment and Assumption Agreement without warranty of any kind by TSM and in form of Schedule B to this Agreement.

(e) All current licenses to use the Donor perfect database program, the Program Filemaker program, and the Constant Contact program to the extent the same are assignable. These licenses shall be transferred by an Assignment and Assumption Agreement without warranty of any kind by TSM and in form of Schedule B.

(f) \$ \_\_\_\_\_ in cash or cash equivalents by wire transfer to an account designated by Arrow-PA to be used by Arrow-PA to operate the Programs after approval of the Orphans' Court is obtained and the transfer of the Programs and Assets occurs.

(g) The balance of all funds in the TSM Endowment (currently at \$ \_\_\_\_\_) by assignment of current investment accounts held by TSM to Arrow to be held by Arrow in accordance with the restrictions of the donors, Pennsylvania law and in accordance with an Endowment Policy to be adopted as set forth in Section 3.3(e) below.

(h) The donor pledges received by TSM in the form of Investment Commitments for its Center For Excellence (CFE) Campaign as set forth on Exhibit B to Schedule B ("**Investment Commitments**"). TSM shall provide the copies of all such Investment Commitments it has as well as copies of any correspondence and other records related thereto, to Arrow-PA, and shall execute and deliver a written Assignment and Assumption Agreement without warranties of any kind from TSM and in the form of Schedule B.

(i) The planned giving pledges received by TSM as set forth on the listing attached as Exhibit C to Schedule B. TSM shall provide the copies of all such planned giving documents it has as well as copies of any correspondence and other records related thereto, to Arrow-PA, and shall execute and deliver a written Assignment and Assumption Agreement without warranties of any kind from TSM and in the form of Schedule B.

**2.4 Excluded Assets.** Notwithstanding the provisions of Section 2.3, the Assets being transferred shall not include any of TSM's rights, title or interest in and to the following (collectively, the "**Excluded Assets**"):

(a) all cash, bank deposits and cash equivalents and any investments other than that described above in Section 2.3 (f)-(i);

(b) all contracts of insurance, together with any prepaid premiums paid and any proceeds received with respect thereto;

(c) all employee benefit agreements, plans or arrangements maintained by TSM for its employees; and

(d) any real property and other tangible personal property and inventory not listed on Schedule A.

**2.5 Assumed Liabilities.** Upon the terms and subject to the conditions of this Agreement, at the Closing, Arrow-PA shall assume and agree to satisfy and discharge any liabilities and obligations of TSM arising after the Closing under: (i) each of the Facility Agreements referenced in Schedule E, (ii) the licenses for the database programs and related software described in Section 2.3(e) above, (iii) the collection of the donor pledges in the Investment Commitments and planned giving currently held by TSM for the CFE Campaign or generally, and (iv) the Programs then currently scheduled to occur, provided, however, that Arrow-PA shall not assume or agree to satisfy and discharge: (a) any liabilities or obligations of TSM arising in connection with any breach of or default under any of the Facility Agreements or other assumed contracts by TSM; or (b) any liabilities resulting from the actions of any present

or former officer, director, employee, agent or representative of TSM in performing any of TSM's Programs or activities; either of which arise from actions or inaction undertaken prior to the Closing Date. Except for the Assumed Liabilities, Arrow-PA shall not assume, and TSM shall retain any and all liabilities and obligations of TSM of any nature whatsoever, whether past, current or future, whether accrued, contingent, known or unknown (such retained liabilities and obligations being hereinafter called the "**Retained Liabilities**").

### **ARTICLE III - CLOSING**

**3.1 Place and Date of Closing.** The closing of the transactions contemplated hereby (the "**Closing**") shall take place at the offices of Archer & Greiner, P.C., in Philadelphia at 11:00 a.m., on the 30th Business Day after the issuance of the order from the Orphans' Court approving the transfers contemplated under this Agreement or as otherwise agreed upon by the parties, unless a timely appeal is filed before such date. If an appeal is filed, the Closing shall not occur until the 30th Business Day after a final and non-appealable decision affirming the order issued by the Orphans' Court. The Closing shall be effective as of the opening of Business on the Closing Date. If the Agreement and transactions contemplated by this Agreement are not approved by the Orphans' Court, then this Agreement shall be void and shall have no enforceability by any party to this Agreement.

**3.2 Closing Deliveries of TSM.** Subject to the satisfaction of the conditions set forth in Article VIII, at the Closing, TSM shall deliver to Arrow-PA the following:

- (a) A copy of the final and non-appealable Orphans' Court Order approving the transfers contemplated hereunder;
- (b) A bill of transfer as described in Section 2.3(a) above executed by TSM in the form of Schedule A attached (the "**Bill of Transfer**");
- (c) An assignment and assumption agreement as described in Section 2.3(d), (e) and (h) and Section 2.5 executed by TSM in the form of Schedule B attached (the "**Assignment and Assumption Agreement**");
- (d) An endorsement on the title certificate for each of the two vans being transferred (such vans are described on Schedule A attached) executed by TSM assigning over to Arrow-PA the title to such motor vehicles;
- (e) A copy of the Articles of Incorporation and all amendments thereto of TSM, certified by the Secretary of State of the Commonwealth of Pennsylvania no earlier than thirty (30) Business Days prior to the Closing Date and a certificate of subsistence of TSM issued by the Secretary of State of the Commonwealth of Pennsylvania no earlier than thirty (30) Business Days prior to the Closing Date;
- (f) A certificate of a duly authorized officer of TSM, dated the Closing Date, in form and substance reasonably satisfactory to Arrow-PA, certifying as to: (i) no amendments to the Articles of Incorporation of TSM since the date of the certified Articles delivered in accordance with Section 3.2(e); (ii) the by-laws of TSM; (iii) the resolutions of the Board of Directors of TSM authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements; and (iv) incumbency and signatures of the officers of TSM executing this

Agreement and the Ancillary Agreements; and

(g) Such other documents, agreements and instruments, executed by TSM, as appropriate, as shall be reasonably requested by Arrow-PA in order to affect the transfer of the Assets to Arrow-PA.

**3.3 Arrow-PA's Closing Deliveries.** Subject to the satisfaction of the conditions set forth in Article IX at Closing, Arrow-PA shall deliver to TSM the following:

(a) A Bill of Transfer in the form of Schedule A executed by Arrow-PA as an acknowledgment of receipt of the Assets;

(b) The Assignment and Assumption Agreement in the form of Schedule B executed by Arrow-PA;

(c) A copy of the Articles of Incorporation and all amendments thereto of Arrow-PA, certified by the Secretary of State of the Commonwealth of Pennsylvania no earlier than thirty (30) Business Days prior to the Closing Date and a certificate of subsistence of Arrow-PA issued by the Secretary of State of the Commonwealth of Pennsylvania no earlier than thirty (30) Business Days prior to the Closing Date;

(d) A copy of the Internal Revenue Service determination letter indicating that the Internal Revenue Service has recognized Arrow-PA as a Section 501(c)(3) tax exempt organization and Section 170(b)(1)(A)(vi) or Section 509(a)(2) public charity;

(e) Evidence of Arrow-PA's registration and annual report filing, as applicable, under the Pennsylvania Solicitation of Funds for Charitable Purposes Act, 10 P.S. §§ 162.1, et seq. ("Solicitation Act");

(f) A certificate of a duly authorized officer of Arrow-PA, dated the Closing Date, in form and substance reasonably satisfactory to TSM, certifying as to: (i) the Articles of Incorporation of Arrow-PA; (ii) the by-laws of Arrow-PA; (iii) the continued federal tax exempt status and public charity classification of Arrow-PA; (iv) the resolutions of the Board of Directors of Arrow-PA authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements and the adoption of an Endowment Policy in the form of Schedule C attached ; and (iv) incumbency and signatures of the officers of Arrow-PA executing this Agreement and the Ancillary Agreements; and

(g) Such other documents, agreements and instruments, executed by Arrow-PA or Arrow, as shall be reasonably requested by TSM in order to affect the transfer of the Assets to Arrow-PA.

**3.4 Arrow Closing Deliveries.** Subject to the satisfaction of the conditions set forth in Article IX at Closing, Arrow shall deliver to TSM the following:

(a) A copy of an endowment policy adopted by the Board of Directors of Arrow in a form substantially similar to the form of endowment policy attached as Schedule C and made a part hereof;

(b) A copy of the Articles of Incorporation and all amendments thereto of Arrow, certified by the Secretary of State of the State of Texas no earlier than thirty (30) Business Days prior to the Closing Date and a certificate of good standing of Arrow issued by the Secretary of State of the State of Texas no earlier than thirty (30) Business Days prior to the Closing Date;

(c) A copy of the Internal Revenue Service determination letter indicating that the Internal Revenue Service has recognized Arrow as a Section 501(c)(3) tax exempt organization and Section 170(b)(1)(A)(vi) or Section 509(a)(2) public charity;

(d) Evidence of Arrow's registration and annual report filing, as applicable, under the Pennsylvania Institutions of Purely Public Charity Act, 10 P.S. §§ 371, et seq. ("Purely Public Charity Act"); and

(e) A certificate of a duly authorized officer of Arrow, dated the Closing Date, in form and substance reasonably satisfactory to TSM, certifying as to: (i) the Articles of Incorporation of Arrow; (ii) the by-laws of Arrow; (iii) the continued federal tax exempt status and public charity classification of Arrow; (iv) the resolutions of the Board of Directors of Arrow authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements; and (v) incumbency and signatures of the officers of Arrow executing this Agreement and the Ancillary Agreements.

#### **ARTICLE IV – REPRESENTATIONS OF TSM**

**4.0 Representations of TSM.** TSM represents as follows:

**4.1 Authority.** TSM has full power and authority: (a) to execute and deliver this Agreement and all Ancillary Agreements to which it shall be a party, to perform fully its obligations hereunder and thereunder; and (b) provided it receives an order from the Orphans' Court approving such transactions, to consummate the transactions contemplated hereby and thereby. The execution and delivery by TSM of this Agreement and the Ancillary Agreements to which it shall be a party, the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action. Each of this Agreement and the Ancillary Agreements to which TSM shall be a party has been (or, when executed, will be) duly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to an Order from the Orphans' Court approving the transaction.

**4.2 Existence and Good Standing.** TSM is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and is duly qualified to do business and is in good standing in every jurisdiction in which the nature of its business makes such qualification necessary. TSM has the power to own, operate and lease the properties owned, operated or leased by it and to carry on its business as now being conducted.

**4.3 Financial Statements.** The financial statements of TSM for its fiscal years ended August 31, 2011, 2010 and 2009 and the Accounts dated January 31, 2012, on the funds in the CFE Campaign and in the TSM Endowment for the period July 1, 2003 through December 31, 2011 prepared by TSM have been provided to Arrow.

**4.4 Title; Condition of Assets.** TSM has good and valid title to all of the Assets, free and clear of all Liens. Upon delivery to Arrow-PA at Closing of the instruments of transfer contemplated by Section 3.2, TSM will thereby transfer to Arrow-PA good and marketable title to the Assets free and clear of all Liens.

**4.5 Facility Agreements.** TSM has provided to Arrow copies of any Facility Agreements to which it is a party and which relate to the Programs. Each Facility Agreement that has been executed by TSM has arisen from a bona fide transaction in the Ordinary Course of Business. None of the rights of TSM under such Facility Agreements is subject to termination or modification as a result of the transactions contemplated hereby.

**4.6 Litigation.** Except as described on Schedule D which is attached hereto and made a part hereof, there is no action, suit or proceeding at law or in equity by any Person, or any arbitration or any investigation, administrative or other proceeding by or before any Governmental Authority, pending against or with respect to TSM. There is no action, suit, or proceeding of law or in equity by any Person, or any arbitration or any investigation, administrative or other proceeding to which TSM is a party by or before any Governmental Authority that challenges or has the effect of delaying (following final approval of the Orphans' Court), preventing or making illegal the consummation of the transactions contemplated hereby.

**4.7 Taxes.** TSM has no unpaid liability for any Taxes in respect of any taxable period on or before the Closing Date for which Arrow or Arrow-PA would be liable or to which the Assets would be subject; in respect to the period prior to November 14, 2011, this representation and warranty is being made only to the knowledge of TSM. TSM has filed or caused to be filed, within the times and within the manner prescribed by law, all federal, state, local and foreign tax returns and tax reports that are required to be filed by, or with respect to, it (collectively, the "Tax Returns"). All Taxes, payable by, or due from, TSM, whether or not shown on any Tax Return, have been fully and timely paid. No examination or audit of any Tax Return is currently in progress. There are no outstanding agreements or waivers extending, or having the effect of extending, the statutory period of limitation within which to assess any amount or the filing due date applicable to any Tax Return. TSM has duly withheld, collected and timely paid over, or holds for such payment, to the proper Governmental Authority all Taxes required to be withheld by or on behalf of it. To TSM's knowledge, no Governmental Authority is asserting or threatening to assert against TSM any deficiency, proposed deficiency or claim for additional Taxes or any adjustment thereof with respect to any period for which a Tax Return has been filed, for which Tax Returns have not yet been filed or for which Taxes are not yet due and payable. TSM has not received any notice from the Internal Revenue Service and is aware of no circumstance which, with the passage of time, could trigger a notice from the Internal Revenue Service that its Section 501(c)(3) tax exempt status is in jeopardy.

**4.8 Compliance with Laws; Permits.** To TSM's knowledge, TSM is and has been, and the ownership and operation of the Business and the Assets are and have been, in compliance in all respects with all applicable Laws. TSM has not received any notice (whether oral or written) of any actual or alleged violation of any Law or Order applicable to the ownership and operation of the Business or the Assets that has not been remedied. To TSM's knowledge, no event has occurred or circumstance exists that (with or without compliance with any applicable notice requirements, the passage of time or both) may constitute or result in a violation by TSM of, or a failure on the part of TSM to comply with, any applicable Law or



Order. TSM filed all notices required in respect of or in connection with the consummation of the transactions contemplated hereby, including all notices required under Sections 5547(b) and 5981 of the Act. TSM holds no Permits for the operation of the Business which would be transferrable to Arrow or Arrow-PA.

**4.9 No Violations.** The execution, delivery and performance of this Agreement and the Ancillary Agreements by TSM and the consummation of the transactions contemplated hereby and thereby do not and will not (with or without compliance with any applicable notice requirements, the passage of time or both): (i) contravene, conflict with or result in a violation of the articles of incorporation or bylaws, as each is amended, of TSM or any resolution adopted by the Board of Directors of TSM; (ii) any Permits currently held by TSM; (iii) assuming the Orphans' Court approval is obtained, contravene, conflict with, or result in a violation of, or require any consent or approval under any Law or Order; and (iv) result in the creation of any Lien upon the Assets.

**4.10 Employees and Employee Benefits.**

(a) TSM shall assume full responsibility to terminate the employment of its employees as TSM, in its sole discretion, deems appropriate as a result of the transfer of the Programs and Assets to Arrow-PA. TSM shall also be responsible for the termination of any employee benefit plans it has at the appropriate time when TSM should cease as a corporation. TSM shall indemnify and defend Arrow-PA and Arrow from any liability arising out of or in connection with any act or omission taken by TSM with respect to its employees and its employee benefit plans.

(b) TSM is current in the payment of all wages and benefits to all of its employees.

(c) No individual employed by TSM is a party to any employment, noncompetition or confidentiality agreement or any other agreement that in any way would adversely affect or limit such employee's ability to be employed by Arrow-PA.

(d) TSM has been and is in compliance with the "COBRA" health care continuation coverage requirements of Section 4980B of the Code and Sections 601-608 of ERISA and any applicable state health care continuation coverage requirements. TSM has made no promises nor has it incurred any liability, pursuant to an Employee Benefit Plan or otherwise, to provide medical or other welfare benefits to retired or former employees of TSM (other than COBRA or state mandated continuation coverage, where applicable).

(e) TSM is in compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and TSM is not liable for the payment of any compensation, damages, taxes, fines, penalties or other amounts, however designated, for failure to comply with any such Laws. TSM has not and is not engaged in any unfair labor practice. No charge or complaint against TSM is pending before the National Labor Relations Board or any other Governmental Authority. There is no labor strike, dispute, slowdown or stoppage pending or, to the knowledge of TSM, threatened against or involving TSM. TSM has never been a party to, nor is it currently negotiating, a collective bargaining agreement or other labor contract. There is no pending or, to the knowledge of TSM, threatened application for certification of a collective bargaining agent. TSM has not

experienced any material labor difficulty. TSM is not a government contractor or subcontractor within the meaning of 41 C.F.R. § 60 1.4 and is, therefore, not subject to the equal employment opportunity and affirmative action requirements of Executive Orders 11246 or 11701, Chapter 60 of Title 41 of the Code of Federal Regulations or the Rehabilitation Act of 1973.

**4.11 Broker's or Finder's Fees.** No Person acting for or on behalf of TSM is, or will be, entitled to any commission or broker's or finder's fees in connection with any of the transactions contemplated hereby.

**4.12 No Undisclosed Liabilities.** Since November 14, 2011, TSM has not incurred any liabilities or obligations of any nature (contingent or otherwise), asserted or unasserted, accrued, contingent, absolute, determined, determinable, or otherwise which it has not disclosed to Arrow or Arrow-PA, other than liabilities or obligations incurred in the ordinary course of business (none of which results from, arises out of, relates to, is in the nature of, or was caused during such period from November 14, 2011 to the present by any breach of contract, breach of warranty, tort, infringement or violation of any applicable legal requirement, or results from, arises out of, or relates to any environmental, health or safety matter), except as disclosed on **Schedule D.** To TSM's knowledge, the internally prepared statement of accounts payables, trade debt, other debts, and liabilities (but excluding those claims and lawsuits appearing on **Schedule D**) as of March 31, 2012 that has been provided to Arrow is true and correct.

**4.13 Insurance.** TSM has furnished Arrow with a true, correct and complete list of all policies of insurance of any kind or nature currently maintained by TSM, including, without limitation, policies of fire, theft, employee fidelity, workers' compensation, directors' and officers' and other casualty and liability insurance, and the premium for each such policy is paid and, to best of knowledge of TSM, is in full force and effect.

**4.14 Certain Payments.** Since November 14, 2011, neither TSM nor, to the knowledge of TSM, any of its directors, officers, employees or agents, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment in violation of any federal, state, local, municipal, foreign, or other law, ordinance, regulation, statute or treaty to any person or entity, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing Business, (ii) to pay for the favorable treatment for Business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of TSM, or (b) established or maintained any fund or asset that has not been recorded in the books and records of TSM.

**4.15 Consents.** Other than an Order from the Orphans' Court approving the transaction, no consent, approval, permit, authorization of, declaration to or filing with any Governmental Authority or any third party on the part of TSM is required in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated thereby. Notwithstanding the above, Arrow and Arrow-PA understand the *parens patriae* supervisory authority of the Attorney General of Pennsylvania over all Pennsylvania charities, like TSM, and their charitable assets, and acknowledge that a necessary pre-condition to the issuance of the Order by the Orphans' Court approving the transactions contemplated herein is the non-objection to the transaction by the Attorney General of Pennsylvania.

**4.16 Transfer of Assets and Programs.** The Assets and Programs to be transferred pursuant to this Agreement are "property committed to charitable purposes" under Section

5547(b) of the Act and may be transferred to Arrow-PA with the consent of the Orphans' Court under Sections 5547(b) and/or 5976(b) of the Act. All of the Assets described in Section 2.4(f) through (h) are donor-restricted assets which may be transferred to Arrow-PA pursuant to this Agreement and approval of the Orphans' Court.

**4.17 Disclosure.** All agreements, documents, schedules, exhibits, certificates, or reports furnished or to be furnished to Arrow by or on behalf of TSM in connection with this Agreement or the transactions contemplated hereby are true, complete, and accurate in all material respects. No representation or warranty of TSM contained in this Agreement nor in any of the Ancillary Agreements contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements herein, in light of the circumstances in which they were made, not misleading.

## **ARTICLE V - REPRESENTATIONS OF ARROW-PA**

**5.0 Representations of Arrow-PA.** Arrow-PA represents as follows:

**5.1 Existence and Good Standing; Authority.** Arrow-PA has the corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to perform fully its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Arrow-PA of this Agreement and the Ancillary Agreements, the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action. Each of this Agreement and the Arrow-PA Ancillary Agreements has been (or, when executed, will be) duly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms. Arrow-PA is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

**5.2 Broker's or Finder's Fees.** No Person acting for or on behalf of Arrow-PA is, or will be, entitled to any commission or broker's or finder's fees in connection with any of the transactions contemplated hereby.

**5.3 Consents.** The execution, delivery and performance of this Agreement and the Ancillary Agreements by Arrow-PA and the consummation of the transactions contemplated hereby and thereby do not and will not (with or without compliance with any applicable notice requirements, the passage of time or both): (i) contravene, conflict with or result in a violation of the articles of incorporation or bylaws, as each is amended, of Arrow-PA, any resolution adopted by the Board of Directors of Arrow-PA, or any contract or agreement with any Person; (ii) contravene, conflict with, or result in a violation of, or require any consent or approval under any Law or Order; or (iii) require any notice or filing to be made or given to, or require any consent or approval to be obtained from, any Person.

**5.4 Litigation.** There is no action, suit or proceeding at law or in equity by any Person, or any arbitration or any investigation, administrative or other proceeding by or before any Governmental Authority, pending or, to the knowledge of Arrow-PA, threatened which challenges or has the effect of delaying, preventing or making illegal the consummation of the transactions contemplated hereby. To the knowledge of Arrow-PA, no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such

action, suit or proceeding.

**5.5 Taxes.** Arrow-PA has filed or caused to be filed, within the times and within the manner prescribed by law, all Tax Returns. All Taxes, payable by, or due from, Arrow-PA, whether or not shown on any Tax Return, have been fully and timely paid. No examination or audit of any Tax Return is currently in progress. There are no outstanding agreements or waivers extending, or having the effect of extending, the statutory period of limitation within which to assess any amount or the filing due date applicable to any Tax Return. Arrow-PA has duly withheld, collected and timely paid over, or holds for such payment, to the proper Governmental Authority all Taxes required to be withheld by or on behalf of it. No Governmental Authority is asserting or threatening to assert against Arrow-PA any deficiency, proposed deficiency or claim for additional Taxes or any adjustment thereof with respect to any period for which a Tax Return has been filed, for which Tax Returns have not yet been filed or for which Taxes are not yet due and payable. Arrow-PA has not received any notice from the Internal Revenue Service and is aware of no circumstance which, with the passage of time, could trigger a notice from the Internal Revenue Service that its Section 501(c)(3) tax exempt status is in jeopardy.

**5.6 Compliance with Laws; Permits.** Arrow-PA is and has been, and the ownership and operation of its Business and its assets are and have been, in compliance in all respects with all applicable Laws. Arrow-PA has not received any notice (whether oral or written) of any actual or alleged violation of any Law or Order applicable to the ownership and operation of its Business or its assets that has not been remedied. No event has occurred or circumstance exists that (with or without compliance with any applicable notice requirements, the passage of time or both) may constitute or result in a violation by Arrow-PA of, or a failure on the part of Arrow-PA to comply with, any applicable Law or Order.

**5.7 Financial Statements.** The Financial Statements of Arrow-PA have been provided to TSM for each of its fiscal years ending June 30, 2009, 2010 and 2011.

**5.8 Licenses.** Arrow-PA has maintained and shall continue to maintain, at its sole cost, the Certificates of Compliance it currently holds from the Pennsylvania Department of Public Welfare, Office of Children, Youth and Families, to operate a “private child and youth agency” and a “foster care” program.

**5.9 Offices; Staffing.** Arrow-PA has maintained and shall continue to maintain, at its sole cost, its current staffing and office in Altoona, Pennsylvania. In addition, prior to Closing, Arrow-PA shall produce written letters of intent with third party landlords to lease space in each of the areas of State College, Harrisburg and Philadelphia for operation of the Programs once a final and non-appealable Order from the Orphans’ Court approving this Agreement is received, subject to any appeals as set forth in Section 3.1, and transfer of the Programs occurs. It is Arrow-PA’s intention to offer the current TSM program employees the opportunity to continue with those programs as an Arrow-PA employee once the transfer of assets is finalized, provided they pass all screening and background check procedures as required by Arrow-PA.

**5.10 Charitable Solicitation Registration.** Prior to Closing, Arrow-PA shall file a registration statement with the Pennsylvania Bureau of Charitable Organizations pursuant to the Solicitation of Funds for Charitable Purposes Act, 10 P.S. §§ 162.1, et seq., and shall provide a copy to TSM.

**ARTICLE VI – REPRESENTATIONS OF ARROW**

**6.0 Representations of Arrow.** Arrow represents as follows:

**6.1 Existence and Good Standing; Authority.** Arrow has the corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to perform fully its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Arrow of this Agreement and the Ancillary Agreements, the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action. Each of this Agreement and the Ancillary Agreements has been (or, when executed, will be) duly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms. Arrow is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas

**6.2 Affiliate Relationship.** Arrow-PA is a corporate affiliate of Arrow whose Board of Directors is appointed by the Board of Directors of Arrow. Arrow-PA's bylaws are amendable only with the consent of the Board of Directors of Arrow. Arrow-PA, as an affiliate of Arrow, receives programmatic support and administrative services from Arrow under the terms of certain management services agreement(s). Arrow will continue to provide this support to Arrow-PA under the existing terms it has with Arrow-PA for the twenty-four (24) months after the Orphans' Court order is issued in order to assure the success of the operation of the Programs post-transfer.

**6.3 Broker's or Finder's Fees.** No Person acting for or on behalf of Arrow is, or will be, entitled to any commission or broker's or finder's fees in connection with any of the transactions contemplated hereby.

**6.4 Consents.** The execution, delivery and performance of this Agreement and the Ancillary Agreements by Arrow and the consummation of the transactions contemplated hereby and thereby do not and will not (with or without compliance with any applicable notice requirements, the passage of time or both): (i) contravene, conflict with or result in a violation of the articles of incorporation or bylaws, as each is amended, of Arrow, any resolution adopted by the Board of Directors of Arrow, or any contract or agreement with any Person; (ii) contravene, conflict with, or result in a violation of, or require any consent or approval under any Law or Order; or (iii) require any notice or filing to be made or given to, or require any consent or approval to be obtained from, any Person.

**6.5 Litigation.** There is no action, suit or proceeding at law or in equity by any Person, or any arbitration or any investigation, administrative or other proceeding by or before any Governmental Authority, pending or, to the knowledge of Arrow, threatened which challenges or has the effect of delaying, preventing or making illegal the consummation of the transactions contemplated hereby. To the knowledge of Arrow, no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such action, suit or proceeding.

**6.6 Taxes.** Arrow has filed or caused to be filed, within the times and within the manner prescribed by law, all Tax Returns. All Taxes, payable by, or due from, Arrow, whether

or not shown on any Tax Return, have been fully and timely paid. No examination or audit of any Tax Return is currently in progress. There are no outstanding agreements or waivers extending, or having the effect of extending, the statutory period of limitation within which to assess any amount or the filing due date applicable to any Tax Return. Arrow has duly withheld, collected and timely paid over, or holds for such payment, to the proper Governmental Authority all Taxes required to be withheld by or on behalf of it. No Governmental Authority is asserting or to the knowledge of Arrow, threatening to assert against Arrow any deficiency, proposed deficiency or claim for additional Taxes or any adjustment thereof with respect to any period for which a Tax Return has been filed, for which Tax Returns have not yet been filed or for which Taxes are not yet due and payable. Arrow has not received any notice from the Internal Revenue Service and is aware of no circumstance which, with the passage of time, could trigger a notice from the Internal Revenue Service that its Section 501(c)(3) tax exempt status is in jeopardy

**6.7 Compliance with Laws; Permits.** Arrow is and has been, and the ownership and operation of its Business and its assets are and have been, in compliance in all respects with all applicable Laws. Arrow has not received any notice (whether oral or written) of any actual or alleged violation of any Law or Order applicable to the ownership and operation of its Business or its assets that has not been remedied. No event has occurred or circumstance exists that (with or without compliance with any applicable notice requirements, the passage of time or both) may constitute or result in a violation by Arrow of, or a failure on the part of Arrow to comply with, any applicable Law or Order.

**6.8 Financial Statements.** The Financial Statements of Arrow have been provided to TSM for each of its fiscal years ending June 30, 2009, 2010 and 2011.

**6.9 Endowment.** Prior to Closing, the Board of Directors of Arrow shall adopt an endowment policy substantially similar to the form of endowment policy attached as Schedule C and shall provide a copy of the same to TSM.

**6.10 Institution of Purely Public Charity Filing.** Prior to Closing, Arrow shall file a registration under the Institutions of Purely Public Charity Act, 10 P.S. §§ 371, et seq., and shall provide a copy to TSM.

## **ARTICLE VII - COVENANTS AND AGREEMENTS**

**7.1 Preserve Accuracy of Representations and Warranties.** Each of the parties shall refrain from taking any action which would breach any representation or warranty of such party contained herein or which would render any such representation or warranty inaccurate as of the Closing Date. Each party shall promptly notify the others of any action, suit or proceeding that shall be instituted or, to the knowledge of such party, threatened against such party to restrain, prohibit or otherwise challenge the legality or validity of any transaction contemplated by this Agreement. TSM shall promptly provide Arrow-PA with notice of: (a) any material adverse change in the Assets or the Business operations, or condition (financial or otherwise) of TSM; (b) the receipt of any notice (whether written or oral) from any third person alleging that the consent of such third person is or may be required in connection with the transactions contemplated by this Agreement; (c) any material damage to the Assets by fire, flood, casualty, act of God or the public enemy or other cause, regardless of insurance coverage for such damage; (d) any event which causes or constitutes a breach of any of the representations or warranties of TSM contained herein, would cause or constitute a breach of any such

representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or is likely to render any such representation or warranty inaccurate as of the Closing Date; and (e) the occurrence of any breach of any covenant or agreement of TSM herein or of the occurrence of any event that may make the satisfaction of the conditions in Articles VII or VIII impossible or unlikely. Arrow and Arrow-PA shall promptly provide TSM with notice of: (a) any material adverse change in the Assets or the Business operations, or condition (financial or otherwise) of Arrow or Arrow-PA; (b) the receipt of any notice (whether written or oral) from any third person alleging that the consent of such third person is or may be required in connection with the transactions contemplated by this Agreement; (c) any event which causes or constitutes a breach of any of the representations or warranties of Arrow or Arrow-PA contained herein, or would cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or is likely to render any such representation or warranty inaccurate as of the Closing Date; and (d) the occurrence of any breach of any covenant or agreement of Arrow or Arrow-PA herein or of the occurrence of any event that may make the satisfaction of the conditions in Articles VII or VIII impossible or unlikely.

**7.2 Orphans' Court Approval; Right to Terminate.** TSM will act diligently and reasonably to secure approval of the Orphans' Court for the transfers described hereunder and Arrow and Arrow-PA shall agree, at their own cost, to assist and cooperate with such efforts, including, but not limited to, producing such evidence and providing such testimony as may be requested by the Court. In the event that the Orphans' Court does not provide consent for all of the transfers set forth in Section 2.3 above, TSM, Arrow and Arrow-PA each shall have the right to terminate this Agreement upon the sending of written notice to the other parties and to the Orphans' Court. The parties understand that this Agreement is conditioned on obtaining a final, non-appealable Order approving the transfers contemplated by this Agreement.

**7.3 Operations Prior to the Closing Date.** TSM shall operate and carry on its Business in the Ordinary Course of Business until the Closing Date to the extent financially feasible. Consistent with the foregoing, TSM will preserve intact its operations to the extent it is financially feasible to do so. Until the Closing, TSM and Arrow and Arrow-PA shall consult and confer on a regular and frequent basis concerning the general status of the Business and finances of TSM, and the Programs being operated by TSM. TSM shall notify Arrow-PA if any of the personal property comprising certain of the Assets suffers any damage or requires any repairs at any time prior to the Closing and the parties shall decide jointly if such Asset should be removed from Schedule A or repaired.

**7.4 No Solicitation.** TSM shall not, and TSM shall not authorize or permit any officer, director, employee, investment banker, attorney or other adviser or representative of TSM to: (a) solicit, initiate or encourage the submission of any alternative proposal to acquire the Programs and Assets of TSM; (b) enter into any agreement with respect to any alternative proposal; (c) participate in any discussions or negotiations regarding, or furnish to any Person any information for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of, any proposal that constitutes, or may reasonably be expected to lead to, any alternative proposal; or (d) disclose any non-public information relating to TSM, or afford access to the properties, books and records of TSM, to any Person (other than Arrow or Arrow-PA) that may be considering acquiring an interest in TSM or any portion of TSM's assets. The parties agree that the unsolicited receipt of an alternative proposal by TSM or any of its

officers, directors, employees, attorneys or other agents or representatives shall not constitute a breach of this Section 7.4. TSM shall promptly provide Arrow-PA with notice of any such receipt and hereby agrees and covenants not to submit any such alternative proposal to the Orphans' Court for consideration except upon the good faith recommendation of TSM's Board of Directors. The obligations of TSM under this Section shall terminate upon the termination of this Agreement or upon issuance of a court order of the Orphans' Court requiring TSM to consider any alternative proposal.

**7.5 Covenant Not to Compete.** (a) In furtherance of the transfer of the Programs and Assets to Arrow-PA hereunder and in order to protect effectively the value and goodwill of the Programs and Assets, TSM covenants and agrees that, for a period ending on the third anniversary of the Closing Date, TSM will not, directly or indirectly:

(i) engage or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend their or its name or any similar name to, lend their or its credit to, or render services or advice to, any nonprofit or business entity whose programs or activities compete in whole or in part with the Programs, anywhere within fifty (50) miles of any Arrow-PA office in Pennsylvania;

(ii) (A) induce or attempt to induce any employee of Arrow-PA to leave Arrow-PA's employ; (B) in any way interfere with the relationship between Arrow-PA and any of its employees; (C) employ, or otherwise engage as an employee, independent contractor or otherwise, any employee of Arrow-PA; or (D) induce or attempt to induce any donor, volunteer or business relation of Arrow-PA to cease doing business with Arrow-PA, or in any way interfere with the relationship between any donor, volunteer or business relation of Arrow-PA; or

(iii) solicit any Person known to TSM to be a donor or client of Arrow-PA's Business.

**7.6 Referrals.** For the period prior to its dissolution or twelve months after the Closing Date, whichever is earlier, TSM will refer to Arrow-PA all inquiries relating to, and all Persons seeking, the Programs.

**7.7 Employees and Employee Benefit Plans.** (a) Arrow-PA may offer employment to any individuals who are employees of TSM upon such terms and conditions as Arrow-PA shall determine. Such individuals who are extended and accept offers of employment from Arrow-PA shall become employees of Arrow-PA as of the Closing Date (the "**Continuing Employees**"). TSM agrees to provide Arrow-PA with reasonable nonmonetary cooperation and assistance in the solicitation of such employees by Arrow-PA.

(b) Arrow-PA shall not assume any obligations for any TSM Employee Benefit Plan or any other obligations of TSM to the employees or former employees of TSM. TSM will fully provide or pay for all liabilities or obligations to its employees arising prior to the Closing Date under any TSM Employee Benefit Plan or any other employee benefit arrangements.

**7.8 Indemnification.** (a) TSM agrees to indemnify and hold Arrow and Arrow Affiliates and their respective officers, directors, employees, agents and representatives, and the



successors and assigns of each of the foregoing, harmless from, against and in respect of, and pay or reimburse them for, any and all obligations, judgments, damages, losses, claims, liabilities, expenses and costs (including without limitation attorneys' and consultants' fees and expenses) of any kind or nature whatsoever (whether absolute, accrued, conditional or otherwise and whether or not resulting from third party claims) (collectively, the "**Losses**") incurred, paid or sustained by any of them with respect to or arising out of, directly or indirectly:

(i) the failure of: (A) any representation or warranty made by TSM herein or in any Ancillary Agreement to be true and correct in all material respects or (B) TSM to perform and comply in all material respects with all of its covenants, agreements and obligations hereunder or in any Ancillary Agreement when and as required to be performed or complied with;

(ii) the Retained Liabilities;

(iii) the Excluded Assets; and

(iv) the items listed on Schedule D.

(b) Arrow-PA and Arrow agree to indemnify and hold TSM, TSM's officers, directors, employees, agents and representatives, and the successors and assigns of each of the foregoing, harmless from, against and in respect of, and pay or reimburse them for, any and all: (i) losses incurred, paid or sustained by any of them with respect to or arising out of, directly or indirectly, the failure of (I) any representation or warranty made by Arrow-PA or Arrow herein or in any Ancillary Agreement to be true and correct in all material respects or (II) Arrow-PA or Arrow to perform and comply in all material respects with all of its covenants, agreements and obligations hereunder or in any Ancillary Agreement when and as required to be performed or complied with; and (ii) losses incurred, paid or sustained by any of them after the Closing Date with respect to or arising out of, directly or indirectly, the Assumed Liabilities, the operation of the Programs after the Closing Date or, in respect to matters occurring after the Closing Date, the Assets.

(c) Any person seeking indemnification hereunder (the "**Indemnified Party**") shall promptly give to the party obligated to provide indemnification to such Indemnified Party (the "**Indemnitor**") a notice describing in reasonable detail the facts giving rise to any claim for indemnification hereunder; provided, that failure to give such notice shall not relieve the Indemnitor of its obligations hereunder except to the extent it or he shall have been prejudiced by such failure.

(d) Subject to Section 7.8(e), the Indemnified Party shall have the right to conduct and control, through counsel of its choosing who is also reasonably acceptable to the Indemnitor, the defense, compromise or settlement of any third person claim, action or suit against such Indemnified Party as to which indemnification will be sought by an Indemnified Party from an Indemnitor hereunder, and in any such case the Indemnitor shall cooperate in connection therewith and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnified Party in connection therewith; provided, that the Indemnitor may participate, through counsel chosen by it and at its own expense, in the defense of any such claim, action or suit as to which the Indemnified Party has so elected to conduct and control the defense thereof;

and provided, further, that the Indemnified Party shall not, without the written consent of the Indemnitor (which written consent shall not be unreasonably withheld or delayed), pay, compromise or settle any such claim, action or suit, except that no such consent shall be required if, following a written request from the Indemnified Party, the Indemnitor shall fail, within 30 days after the making of such request, to acknowledge and agree in writing that, if such claim, action or suit shall be adversely determined, such Indemnitor has an obligation to provide indemnification hereunder to such Indemnified Party in respect thereof. Notwithstanding the foregoing, the Indemnified Party shall have the right to pay, settle or compromise any such claim, action or suit without such consent, provided that in such event the Indemnified Party shall waive any right to indemnity therefor hereunder unless the Indemnified Party shall have sought the consent of the Indemnitor to such payment, settlement or compromise and such consent is unreasonably withheld or delayed, in which event no claim for indemnity therefor hereunder shall be waived.

(e) If any third person claim, action or suit against any Indemnified Party is solely for money damages and, where TSM is the Indemnitor, will have no continuing adverse effect after resolution of such claim, action or suit in any material respect on Arrow-PA's Business or the Assets, then the Indemnitor shall have the right to conduct and control, through counsel of its choosing, who is reasonably acceptable to the Indemnified Party, the defense, compromise or settlement of any such third person claim, action or suit against such Indemnified Party as to which indemnification will be sought by any Indemnified Party from any Indemnitor hereunder if the Indemnitor has acknowledged and agreed in writing that, if the same is adversely determined, the Indemnitor has an obligation to provide indemnification to the Indemnified Party in respect thereof. In any such case the Indemnified Party shall cooperate in connection therewith and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnitor in connection therewith; provided, that the Indemnified Party may participate, through counsel chosen by it and at its own expense, in the defense of any such claim, action or suit as to which the Indemnitor has so elected to conduct and control the defense thereof. Notwithstanding the foregoing, the Indemnified Party shall have the right to pay, settle or compromise any such claim, action or suit, provided that in such event the Indemnified Party shall waive any right to indemnity therefor hereunder unless the Indemnified Party shall have sought the consent of the Indemnitor to such payment, settlement or compromise and such consent was unreasonably withheld or delayed, in which event no claim for indemnity therefor hereunder shall be waived. The Indemnitor agrees to appoint separate counsel for the Indemnified Party who is reasonably acceptable to the Indemnified Party in the event there is not an identity of interest between the Indemnitor and the Indemnified Party or if a conflict develops in the litigation between the Indemnitor and the Indemnified Party. Notwithstanding the foregoing, the Indemnified Party may waive the indemnity called for in this paragraph and appoint counsel of its own choosing at its own expense.

**7.9 Further Assurances.** Upon the terms and subject to the conditions hereof, Arrow-PA, on the one hand, and TSM, on the other hand, agree to use its or their commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to satisfy the conditions precedent to its or their respective obligations set forth in Articles VIII and IX and to consummate and make effective the transactions contemplated by this Agreement. Following the Closing, each of the parties shall execute and deliver such additional agreements, instruments, documents,

conveyances or assurances and take such other actions as shall be necessary or otherwise reasonably requested from time to time by another party to render effective the consummation of the transactions contemplated hereby or to carry out the purposes of this Agreement.

**7.10 Termination.** (a) Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

- (i) by the mutual consent of the parties;
- (ii) if the transfers contemplated by this Agreement are not approved by a final and non-appealable Order issued by the Orphans' Court;
- (iii) by Arrow and Arrow-PA, on the one hand, or TSM, on the other hand, if the Closing shall not have occurred on or before December 31, 2013 (or such later date as may be mutually agreed to in writing by the parties);
- (iv) by Arrow and Arrow-PA in the event of any material breach or misrepresentation by TSM of any of its covenants, agreements, representations or warranties contained herein and such material breach or misrepresentation, if curable, is not cured within 10 days after written notice thereof from Arrow and Arrow-PA; or
- (v) by TSM in the event of any material breach or misrepresentation by Arrow-PA or Arrow of any of their respective covenants, agreements, representations or warranties contained herein and such material breach or misrepresentation, if curable, is not cured within 10 days after written notice from TSM.

(b) If Arrow, Arrow-PA or TSM desires to terminate this Agreement pursuant to this Section, such party or parties shall give notice of such termination to the other party or parties. In the event that this Agreement shall be terminated pursuant to this Section, all further obligations of the parties under this Agreement (other than Sections 10.1, 10.2, 10.5, 10.8 and 10.9) shall be terminated without further liability of any party to the other, provided that nothing herein shall relieve any party from liability for its breach of this Agreement.

**ARTICLE VIII - CONDITIONS PRECEDENT TO OBLIGATIONS OF ARROW AND ARROW-PA**

The obligations of Arrow and Arrow-PA hereunder to perform this Agreement at Closing shall, at the option of Arrow and Arrow-PA, be subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

**8.1 No Misrepresentation or Breach of Covenants and Warranties.** The representations and warranties of TSM contained in this Agreement shall have been true and correct as of the date hereof. The representations and warranties of TSM contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date. TSM shall have duly performed and complied with each of the covenants, agreements and obligations required by this Agreement to be performed or complied with by TSM on or before the Closing Date. TSM shall have delivered to Arrow and Arrow-PA a certificate, dated the Closing Date, to the foregoing effect.

**8.2 No Material Changes.** Between the date hereof and the Closing Date, there shall have been: (a) no material adverse change in the Business, the Programs or Assets of TSM; (b) no change in applicable Laws which would reasonably be expected to have a material adverse change in the Business, Programs, or Assets of TSM; and (c) no material damage to the Assets by fire, flood, casualty, act of God or the public enemy or other cause, which loss is not covered by insurance.

**8.3 No Restraint or Litigation.** No action, suit, investigation or proceeding shall have been instituted or, to the knowledge of TSM, threatened to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated hereby.

**8.4 Necessary Consents.** TSM shall have received a final and non-appealable Order from the Orphans' Court approving the transfers contemplated herein.

**8.5 No Liens on the Assets.** Arrow and Arrow-PA shall have received evidence reasonably satisfactory to it that there are no Liens on the Assets.

**8.6 Approval of Orphans' Court.** Arrow and Arrow-PA shall have received confirmation that the transfers contemplated by this Agreement have been approved by a final and non-appealable Order issued by the Orphans' Court.

#### **ARTICLE IX - CONDITIONS PRECEDENT TO OBLIGATIONS OF TSM**

The obligations of TSM hereunder to perform this Agreement at Closing shall, at the option of TSM, be subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

**9.1 No Misrepresentation or Breach of Covenants and Warranties.** The representations and warranties of Arrow and Arrow-PA contained in this Agreement shall have been true and correct as of the date hereof. The representations and warranties of Arrow-PA and Arrow contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date. Arrow-PA and Arrow shall have duly performed and complied with each of the covenants, agreements and obligations required by this Agreement to be performed or complied with by Arrow-PA or Arrow on or before the Closing Date. Arrow-PA and Arrow shall have delivered to TSM a certificate, dated the Closing Date, to the foregoing effect.

**9.2 No Restraint or Litigation.** No action, suit, investigation or proceeding shall have been instituted or, to the knowledge of Arrow-PA and Arrow, threatened to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated hereby.

**9.3 Offices; Staffing.** Arrow-PA shall produce written letters of intent with third party landlords to lease space in each of the areas of State College, Harrisburg and Philadelphia for operation of the Programs once the Orphans' Court approval is received and transfer of the Programs occurs.

**9.4 Endowment.** Prior to Closing, the Board of Directors of Arrow shall adopt an endowment policy substantially similar to the form of endowment policy attached as Schedule C

and shall provide a copy of the same to TSM.

**9.5 Charitable Solicitation Registration.** Prior to Closing, Arrow and Arrow-PA shall file registration statements with the Pennsylvania Bureau of Charitable Organizations pursuant to the Solicitation Act and shall provide a copies to TSM.

**9.6 Institution of Purely Public Charity Filing.** Prior to Closing, Arrow shall file a registration under the Public Charity Act and shall provide a copy to TSM.

**9.7 Approval of Orphans' Court.** Arrow and Arrow-PA shall have received confirmation that the transfers contemplated by this Agreement have been approved by a final and non-appealable Order issued by the Orphans' Court.

### ARTICLE X – MISCELLANEOUS

**10.1 Expenses.** Each party shall pay all expenses incurred on behalf of such party in connection with the transactions contemplated by this Agreement, including, without limitation, all fees and expenses of such party's counsel.

**10.2 Governing Law.** The interpretation and construction of this Agreement, and all matters relating hereto, shall be governed by the laws of the Commonwealth of Pennsylvania.

**10.3 Notices.** Any notice or other communications required or permitted hereunder shall be in writing and delivered in person, sent by reputable overnight courier or delivery, sent by facsimile transmission or mailed by registered or certified mail, postage prepaid, addressed as follows:

If to Arrow or Arrow-PA:                    Arrow Child & Family Ministries of Pennsylvania, Inc.  
C/o Arrow Child & Family Ministries, Inc.  
2929 FM 2920 Rd. Spring, TX 77388  
281-210-1564 (fax)  
Attn: Mark Tennant, Chief Executive Officer

With a copy to:                                Paul Mark Sandler, Esq.  
Shapiro Sher Guinot & Sandler, P.A.  
Suite 2000  
36 South Charles Street  
Baltimore, MD 21201  
410-539-7611 (fax)

If to TSM:                                        David Woodle  
Chief Executive Officer  
The Second Mile  
1402 South Atherton Street  
State College, PA 16801  
814-237-4605 (fax)

With a copy to:                                Howard Rosenthal, Esq.  
Archer & Greiner, P.C.

1650 Market Street, 32nd Floor  
Philadelphia, Pennsylvania 19103  
215-665-1536 (fax)

or to such other address as such party may indicate by notice delivered to the other parties; provided that notice or change of address shall be effective only upon receipt thereof. All such notices and communications that are delivered in accordance with this Section shall be deemed effective: (a) if by personal delivery, upon receipt; (b) if by overnight courier or delivery, on the first Business Day after the date of mailing thereof; (c) if by facsimile transmission, immediately upon receipt of the confirmation, provided notice is sent on a Business Day between the hours of 9:00 a.m. and 5:00 p.m., recipient's time, but if not, then upon the following Business Day; or (d) if by registered or certified mail, on the fifth Business Day after the date of mailing thereof.

**10.4 Assignment.** Neither this Agreement nor any of the rights of any party hereunder may be assigned or pledged by any such party without the written consent of the other parties to this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

**10.5 Entire Agreement.** This Agreement, together with the Arrow Proposal and the attached Schedules, which are hereby incorporated herein by this reference, contains the entire understanding of the parties with respect to the subject matter contained herein. This Agreement supersedes all prior agreements (both oral and written) and understandings between the parties with respect to such subject matter.

**10.6 Amendments; Waivers.** No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Neither the waiver by any party of a breach of or a default under any of the provisions of this Agreement, nor the failure by any party, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder.

**10.7 Interpretation of the Agreement.** The Article and Section captions used herein are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement. In that this Agreement was prepared as a result of negotiation and mutual agreement between the parties, neither this Agreement nor any provision hereof shall be construed against any party as the party that prepared this Agreement or any such provision. Except as expressly stated herein to the contrary, any reference herein to a Schedule shall refer to a Schedule attached hereto, respectively, and any reference herein to a Section or an Article shall refer to a Section or Article hereof, respectively. No disclosure made on any Schedule shall be deemed to be made with respect to any other Schedule or any representation or warranty herein. Except as expressly set forth herein to the contrary, any reference herein to a party or parties shall refer to a party or parties hereto. Each of the words "hereof", "herein" and "hereunder" means all relevant provisions of this Agreement and not just the provision in which such word appears.

**10.8 Public Announcements.** The parties will mutually agree as to timing, form and

content before issuing any press release or otherwise making any public statements with respect to the transactions contemplated hereby and shall not, except as required by Law, issue any such press release or make any such public statement prior to reaching such mutual agreement.

**10.9 Confidentiality.** The parties hereby acknowledge that the January 3, 2012 Mutual Confidentiality Agreement by and between Arrow and TSM remains in full force and effect. Arrow-PA agrees to abide by the confidentiality provisions therein.

**10.10 Miscellaneous.** All representations and warranties made by any party herein or in any Ancillary Agreement shall survive the consummation of the transactions contemplated hereby for a period of five (5) years. This Agreement may be executed in multiple counterparts, all of which taken together shall constitute one instrument. Each party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto. Whenever possible each provision and term of this Agreement will be interpreted in a manner to be effective and valid but if any provision or term of this Agreement is held to be prohibited or invalid, then such provision or term will be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of this Agreement. Any provision, or clause thereof, of this Agreement that shall be found to be contrary to applicable law or otherwise unenforceable shall not affect the remaining terms of this Agreement, which shall be construed as if the unenforceable provision, or clause thereof, were absent from this Agreement. All facsimile signatures of this Agreement and the Ancillary Agreements shall be effective and valid to the same extent as if such signatures were original. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*(Remainder of Page Intentionally Left Blank - Signatures Next Page)*

**IN WITNESS WHEREOF**, the parties hereto have duly executed by duly authorized officers this Asset Transfer and Program Continuation Agreement as of the date first above written.

**THE SECOND MILE**

By: David Woodle

Title: David Woodle, President

**ARROW CHILD & FAMILY MINISTRIES  
OF PENNSYLVANIA, INC.**

By: \_\_\_\_\_

Title: Mark Tennant, Chief Executive Officer

**ARROW CHILD & FAMILY MINISTRIES,  
INC.**

By: \_\_\_\_\_

Title: Mark Tennant, Chief Executive Officer



**IN WITNESS WHEREOF**, the parties hereto have duly executed by duly authorized officers this Asset Transfer and Program Continuation Agreement as of the date first above written.

**THE SECOND MILE**

By: \_\_\_\_\_

Title: David Woodle, President

**ARROW CHILD & FAMILY MINISTRIES  
OF PENNSYLVANIA, INC.**

By: Mark A. Tennant

Title: Mark Tennant, Chief Executive Officer

**ARROW CHILD & FAMILY MINISTRIES,  
INC.**

By: Mark A. Tennant

Title: Mark Tennant, Chief Executive Officer

**EXHIBIT “A”**

[INSERT ARROW PROPOSAL]

**Schedule A**

**BILL OF TRANSFER**

**THIS BILL OF TRANSFER** is made this \_\_\_\_ day of \_\_\_\_\_, 2012 by THE SECOND MILE, a Pennsylvania nonprofit corporation (“Transferor”), pursuant to that certain Asset Transfer and Program Continuation Agreement between Transferor and ARROW CHILD & FAMILY MINISTRIES OF PENNSYLVANIA, INC., a Pennsylvania nonprofit corporation (“Transferee”) dated as of March \_\_, 2012 (“**Agreement**”). Transferor hereby sells, assigns, transfers, delivers and conveys to Transferee, for consideration in the amount of One Dollar (\$1.00), receipt of which is acknowledged, all of Transferor's right, title and interest in, to and under the assets listed on Exhibit “A” attached hereto (the “**Transferred Assets**”), free and clear of all liens, charges, claims, pledges, security interests, conditional sale agreements or other title retention agreements, leases, mortgages, security agreements, options or other encumbrances, but in their current good order and condition, regular wear and tear and insurable loss excepted, but without warranty of any kind from Transferor including any warranty of fitness for a particular purpose.

Neither the making nor the acceptance of this Bill of Transfer shall restrict, impair, reduce or otherwise modify the terms of the Agreement or constitute a waiver or release by Transferor or Transferee of any liabilities, duties or obligations imposed upon either of them by the terms of the Agreement, and the terms and provisions of the Agreement shall survive consummation of the transactions contemplated by this Bill of Transfer.

This Bill of Transfer is binding on Transferor, Transferor’s successors and assigns, and will inure to the benefit of Transferee, Transferee's successors and assigns.

IN WITNESS WHEREOF, Transferor, by duly authorized officer, has executed and delivered this Bill of Transfer on the day and year first above written.

**THE SECOND MILE**

By: \_\_\_\_\_  
Name: David Woodle  
Title: President

AGREED and ACCEPTED this  
\_\_\_\_ day of \_\_\_\_\_, 2012

**ARROW CHILD & FAMILY MINISTRIES OF PENNSYLVANIA, INC.**

By: \_\_\_\_\_  
Name: Mark Tennant  
Title: Chief Executive Officer

**Exhibit “A” to Bill of Transfer**

[Attach Asset List]

**Schedule B**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (“Assignment”) is made as of this \_\_\_\_ day of \_\_\_\_\_, 2012 by and between THE SECOND MILE, a Pennsylvania nonprofit corporation (“Assignor”), and ARROW CHILD & FAMILY MINISTRIES OF PENNSYLVANIA, INC., a Pennsylvania nonprofit corporation (“Assignee”).

**WITNESSETH:**

WHEREAS, on \_\_\_\_\_, 2012, Assignor, Assignee and Arrow Child & Family Ministries, Inc., a Texas nonprofit corporation which is an affiliate of Assignee, entered into an Asset Transfer and Program Continuation Agreement (“Agreement”) whereby Assignor agreed to transfer five (5) of its charitable programs - the Leadership Institute, Challenge Program, Friends Program, Friends Fitness Program and Foster Family Support Program (“Programs”) and certain of its Assets (as defined in the Agreement) to Assignee in order that Assignee might operate such Programs for a term of at least twenty-four months;

WHEREAS, the transfers under the Agreement were conditional on receipt of the approval of a final and non-appealable Order from the Orphans’ Court of the Court of Common Pleas of Centre County, Pennsylvania (“Orphans’ Court”);

WHEREAS, an order of the Orphans’ Court approving the transfers under the Agreement was issued on \_\_\_\_\_, 2012, which became final and non-appealable on \_\_\_\_\_, 2012; and

WHEREAS, Assignor and Assignee entered this Assignment to evidence the transfer of certain of the Assets (as defined in the Agreement), and to evidence the transfer of responsibility for operation of the Programs for the next twenty-four (24) months from Assignor to Assignee.

**ASSIGNMENT**

NOW THEREFORE, for and in consideration of One Dollar (\$1.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Assignor does hereby assign, transfer and set-over, unto Assignee all of Assignor’s rights, title and interest in and to:

(A) the Programs;

(B) any and all Facility Agreements related to the Programs in any way, which have heretofore been executed by or on behalf of Assignor, and all modifications, renewals and extensions thereof, all of which are listed on Exhibit “A” attached hereto and made a part hereof;

(C) all current Program materials such as program registrations and correspondence with attendees already scheduled for any Programs and all documentation and databases related to such Programs, including but not limited to, lists of volunteers, school counselors and other contacts, donors to such programs, and program budgets, reports, and studies on operation of any of the Programs and all Program protocols and guidelines and resources developed by Assignor and including all Intellectual Property of Assignor with respect to such Programs., and all current

Program participant lists and all volunteer, school counselor and donor lists and telephone, telex and facsimile numbers and directory listings;

(D) all current licenses (“Licenses”) to use the Donor perfect database program, the Program Filemaker program, and the Constant Contact program to the extent the same are assignable; and

(E) all donor pledges (“Pledges”) received by Assignor in the form of Investment Commitments for its Center For Excellence (CFE) Campaign or planned giving to the Sandusky Society fund.

### **AGREEMENTS**

Assignor and Assignee further covenant and agree, for valuable consideration as aforesaid and intending to be legally bound hereby, that:

Assignor represents to Assignee that:

(A) There are no other Facility Agreements or Licenses for the Programs that Assignor has executed than those listed on Exhibit “A” hereto and there are no other Pledges received by Assignor other than those listed on Exhibits “B” and “C” hereto.

(B) There exists no event, condition or occurrence which constitutes, or which with notice and/or the passage of time would constitute, a breach by Assignor of, or default by Assignor under any term or condition of the Facility Agreements or Licenses.

(C) Such Facility Agreements and Licenses are in full force and effect on the date hereof.

(D) Assignor has the right to execute and deliver this Assignment and that, as of the date hereof, it has not made any prior assignment of any of the Programs, Facility Agreements, Licenses, or Pledges.

The transfer of the Programs, Facility Agreements, Licenses and Pledges hereunder shall be effective as of the date of receipt of a final and non-appealable Order from the Orphans’ Court.

Assignor agrees to indemnify, defend and hold Assignee free and harmless of and from any and all liability arising out of or in connection with any act or omission of Assignor or Assignor’s directors, officers, agents, employees or agents, in connection with the Programs, Facility Agreements, Licenses, and Pledges prior to the date hereof.

Assignee agrees to assume the Programs, Facility Agreements, Licenses and Pledges as of the date hereof. Assignee further agrees to indemnify, defend and hold Assignor and Assignor’s directors, officers, agents, employees or agents free and harmless of and from any and all liability arising out of or in connection with any act or omission of Assignee or Assignee’s directors, officers, employees, agents, employees or agents in connection with Assignee’s assumption of the same as of or after the date hereof.

This Assignment shall be governed by the laws of the Commonwealth of Pennsylvania.

The provisions of this Assignment shall be binding upon the parties and their respective successors and assigns.

If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of Assignee in order to effect the provision hereof.

This Assignment may only be modified by a writing signed by both parties. This Assignment may be executed in counterparts, such that all counterparty signature pages when taken together shall have the same effect as if one original Assignment was executed by all parties.

IN WITNESS WHEREOF, Assignor and Assignee have, by duly authorized officers, executed this Assignment and Assumption Agreement the day and year first above written.

WITNESS:

THE SECOND MILE  
a Pennsylvania nonprofit corporation (“Assignor”)

\_\_\_\_\_

By: \_\_\_\_\_  
David Woodle  
President

WITNESS:

ARROW CHILD & FAMILY MINISTRIES  
OF PENNSYLVANIA, INC.  
a Pennsylvania nonprofit corporation (“Assignee”)

\_\_\_\_\_

By: \_\_\_\_\_  
Mark Tennant  
Chief Executive Officer

**Exhibit A to Assignment and Assumption Agreement**

**Facility Agreements**



**Exhibit B to Assignment and Assumption Agreement**

**[Attach List of Outstanding Pledges]**

**Exhibit C to Assignment and Assumption Agreement**

**[Attach List of Outstanding Planned Giving]**

**Schedule C**

**FORM OF ENDOWMENT POLICY**

The Corporation shall accept donor-restricted endowment funds. The Corporation shall invest the same in accordance with a "whole return" investment philosophy with a view to diversification of assets and with the same care and diligence as a prudent investor would exercise with respect to investment decisions for his own assets, considering, among other things, to the extent relevant to the decision: the size of the endowment; the liquidity and distribution requirements of the endowment; the expected tax consequences of investment decisions and of distributions of income and principal; the role that each investment plays in the overall investment strategy; the need of the Corporation for present or future distributions; and the other income and resources of the Corporation.

Such endowment assets shall be held by the Corporation as reported on its financial statements as "permanently restricted" in accordance with Statement of the Financial Accounting Standards Board No. 117 as the same may be amended from time to time

Pursuant to Section 5548 of the Pennsylvania Nonprofit Corporation Law of 1988, as amended (15 Pa. C. S. §§ 5101, et seq.), the Board of Directors of the Corporation has elected to appropriate annually as "income" from the assets held in the endowment and use for the Corporation's general operating expenses (or otherwise as the Board of Directors shall direct), a certain percentage of the value of the assets as determined by the Board, after determining that the percentage selected by them is consistent with the long-term preservation of the real value of the assets; provided however, that this percentage shall not be less than 2% not more than 7% of the fair market value of the assets per year. The fair market value of the assets in the endowment shall be the average fair market value of such assets during the preceding consecutive three years or such shorter period of time if the assets have been held for less than three years.

**Schedule D**

**LIST OF TSM LITIGATION/LIABILITIES**

1. “John Doe A” v. The Second Mile, The Pennsylvania State University and Gerald Sandusky; November Term, 2011, No. 2968 (Court of Common Pleas of Philadelphia County)
2. C. Miller v. The Second Mile, The Pennsylvania State University and Gerald Sandusky; December Term, 2011, No. 2933 (Court of Common Pleas of Philadelphia County)
3. Victims Number 1-11 - Grand Jury Presentments dated November 5, 2011 and December 7, 2011
4. John Doe #4 v. The Second Mile; November Term, 2011, No. 2384 (Court of Common Pleas of Philadelphia County)
5. Lance T. and Ellen R. Shaner v. The Second Mile and the Commonwealth of Pennsylvania, Office of Attorney General; Docket No. 2012-326 (Court of Common Pleas of Centre County)
6. William F. Rothman - Refund Claim
7. Louis E. Silvi Foundation - Refund Claim
8. Kyle Brady - Refund Claim
9. Dennis Baltzley – Refund Claim

8345425v1

# **EXHIBIT “H”**

**THE SECOND MILE**  
State Board of Directors Special Meeting  
May 15, 2012

RESOLVED that, after discussions with its various constituencies and careful consideration of the options available to it, the State Board of Directors has determined that the future accomplishment by The Second Mile of its charitable purposes and future operations is "impracticable" as donations have virtually ceased, the volunteer base on which it relies to deliver its programming has shrunk considerably, and certain referral sources programs have expressed their reluctance to refer children to The Second Mile programs.

RESOLVED that the State Board of Directors have further determined that it is in the best interests of the youth served by The Second Mile and the community to insure the continuation of certain charitable programs, i.e., the Challenge Camp Program, the Leadership Institute, the Friend Program, the Friend Fitness Program and the Foster Family Support Program (collectively, "Programs"), by finding a nonprofit corporation which has been recognized by the Internal Revenue Service as a federal tax exempt organization under Section 501(c)(3) of the Code and which has the ability to operate the Programs in the future and by transferring to it the Programs, along with sufficient assets, to enable the nonprofit corporation to operate the Programs for a transitional two year period.

RESOLVED that the State Board of Directors, after receiving numerous inquiries and proposals from a number of nonprofit corporations serving at risk youth and their families about continuation of the Programs and a careful review of the proposals from such nonprofit corporations, selected Arrow Child & Family Ministries ("Arrow") and its affiliate, Arrow Family & Child Ministries of Pennsylvania ("Arrow-PA"), as the nonprofit corporation which will best operate the Programs in the future.

RESOLVED, that the President of The Second Mile is authorized to finalize an agreement between The Second Mile and Arrow and Arrow-PA consistent with the Plan of Distribution hereby adopted by this State Board, attached as Exhibit A, and, further, the State Board of Directors agrees to transfer such Programs and those assets identified in the Plan of Distribution to Arrow and/or Arrow-PA upon receipt of an order of the Orphans' Court of Pennsylvania ("Orphans' Court") approving such transfer.


RESOLVED, that State Board of Directors also approves the filing of a Petition ("Petition") to be filed with the Orphans' Court to seek approval of the transfers contemplated by the Agreement as well as approval of other transfers of property of The Second Mile as described in the Plan of Distribution, and to seek approval from the Orphans' Court as to application of funds in the form of bequests, devises, gifts, pledges and planned giving which had been previously received by The Second Mile, as generally described in such Plan of Distribution.

RESOLVED that David Woodle, as President of The Second Mile, and Linda Gall, hereby appointed as the Secretary, be and they hereby are authorized, empowered and directed (a) to negotiate and execute an agreement with Arrow and Arrow-PA, together with any and all documents, instruments and agreements deemed necessary in their reasonable judgment, and (b) to execute any documents that may be required to obtain the approval of the Orphans' Court, together with any and all instruments, certifications, verifications and affidavits deemed

necessary in their reasonable judgment in connection with the filing of the Petition and (c) to effectuate the transfer of Programs and assets of The Second Mile as contemplated by the Plan of Distribution.

The undersigned hereby certifies that she is the duly elected and qualified Secretary of The Second Mile; that the foregoing is a true record of a Resolution duly adopted at the Special Meeting of the State Board of Directors of The Second Mile; that said meeting was held in accordance with the Bylaws of The Second Mile on May 15, 2012; and that said Resolution is now in full force and effect without modification or rescission.

IN WITNESS WHEREOF, I have executed my name as Secretary this 16<sup>th</sup> day of May, 2012:

  
Linda Gall, Secretary

## EXHIBIT A

### Plan of Distribution

1. Programs and related materials to be transferred to Arrow-PA following approval by the Orphans' Court:

(a) the Challenge Camp Program, the Leadership Institute Program, the Friends Program, the Friends Fitness Program, and the Foster Family Support Program

(b) any contracts for facilities for which it has contracted, as referenced in the Agreement

(c) copies of all program registrations and correspondence with attendees already scheduled for any Programs and copies of all documentation and databases related to such Programs, including but not limited to, lists of volunteers, school counselors and other contacts, donors to such programs, and program budgets, reports, and studies on operation of any of the Programs.

2. Assets to be transferred to Arrow-PA (except where noted below to be transferred to Arrow) following approval by the Orphans' Court:

(a) All tangible equipment, telephone systems, computer hardware, furniture, furnishings, motor vehicles, and program equipment such as camping equipment, tents, cookware, bedding and coolers, sports equipment, first aid and hygiene materials, books, carnival equipment and prizes. If the preservation of data by the Corporation from the hard drives of the computers in a manner so as to satisfy applicable Governmental Authorities and the Orphans' Court that the evidentiary chain of title is preserved should prove too costly, these computers shall not be transferred to Arrow-PA.

(b) Copies of all current Program materials such as program registrations and correspondence with attendees already scheduled for any Programs and all documentation and databases related to such Programs, including but not limited to, lists of volunteers, school counselors and other contacts, donors to such programs, and program budgets, reports, and studies on operation of any of the Programs and all Program protocols and guidelines and resources developed by the Corporation and including all Intellectual Property of the Corporation with respect to such Programs, but excluding the names, logos and marks associated with the Corporation.

(c) All current Program participant lists and all volunteer, school counselor and donor lists and telephone, telex and facsimile numbers and directory listings.

(d) All Facility Agreements which Arrow-PA agrees to assume under the Agreement.

(e) All current licenses to use the Donor Perfect database program, the Program Filemaker program, and the Constant Contact program to the extent the same are



assignable.

(f) \$ 2,000,000 in cash or cash equivalents by wire transfer to an account designated by Arrow-PA to be used by Arrow-PA to operate the Programs after approval of the Orphans' Court is obtained and the transfer of the Programs and Assets occurs.

(g) The balance of all funds in the Corporation's Endowment (currently at \$487,045) by assignment of current investment accounts to Arrow to be held by Arrow in accordance with the restrictions of the donors, Pennsylvania law and in accordance with Arrow's Endowment Policy which shall be in accordance with Pennsylvania law.

(h) The donor pledges received by The Second Mile in the form of Investment Commitments for its Center For Excellence (CFE) Campaign, including the copies of all such Investment Commitments it has as well as copies of any correspondence and other records related thereto, to Arrow-PA as the designated and approved successor to The Second Mile.

(i) The bequests, devises and gifts made to the Corporation as part of the Sandusky Society, to Arrow-PA as the designated and approved successor to The Second Mile.

3. Assets to be returned to the donors:

(a) balance of Reverse Drawing contributions not transferred by donors to The Second Mile.

4. Assets to be sold:

(a) 2400 Bernel Road, State College, Pennsylvania.

(b) 1402 South Atherton Street, State College, Pennsylvania.

# **EXHIBIT “I”**

**WRITTEN CONSENT OF DIRECTORS  
IN LIEU OF A MEETING OF DIRECTORS**

**OF**

**ARROW CHILD & FAMILY MINISTRIES, INC.**  
A Texas Non-Profit Corporation

The undersigned Directors, constituting a majority of all of the members of the Board of Directors of Arrow Child & Family Ministries, Inc. ("the Corporation"), do hereby consent and agree pursuant to Sections 6.201 and 21.415 of the Texas Business Organizations Code and Section 3.13 of the Corporation's Bylaws, to the adoption of the following resolutions and to the actions authorized therein without a special meeting of the Board of Directors but with the same force and effect as if such meeting of the Board of Directors had been duly called and held.

**EXECUTION OF ASSET TRANSFER  
AND PROGRAM CONTINUATION AGREEMENT**

RESOLVED, that it appears to be in the best interests of this Corporation that the Corporation enter into an agreement with The Second Mile, a Pennsylvania nonprofit corporation ("TSM") entitled the *Asset Transfer and Program Continuation Agreement* (the "Agreement");

RESOLVED FURTHER, that the Chief Executive Officer of the Corporation is hereby authorized and directed, without the joinder of any other person, to take such steps as are necessary to negotiate the terms of the Agreement with the various parties;

RESOLVED FURTHER, that, the Chief Executive Officer is hereby authorized to fix and negotiate such terms, conditions, and consideration for the Agreement in final and acceptable form;

RESOLVED FURTHER, that, the Chief Executive Officer of this Corporation is authorized and directed to execute and deliver on behalf of this Corporation and in its name the Agreement and various other related documents, and to execute and deliver in the name of and on behalf of this Corporation all bills of sale, assignments and other instruments of transfer as may be deemed necessary or proper to effect the transactions contemplated thereby; and

RESOLVED FURTHER, that the Chief Executive Officer of this corporation is hereby authorized and directed to do any and all acts and things necessary to carry out, perform, and consummate the transactions of the Agreement.

**RATIFICATION OF ACTIONS**

RESOLVED, all actions of the officers during the prior period of time since the last meeting of directors or consent of actions of the directors are hereby ratified and approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
*Madeline Collier*  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

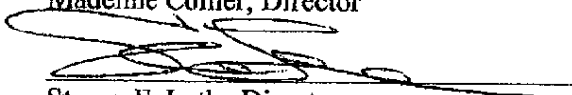
IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

  
\_\_\_\_\_  
Steven E. Lyle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

  
\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

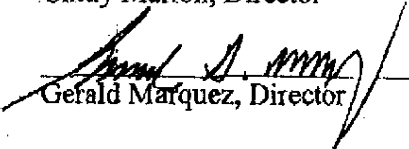
\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

  
\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

  
\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director



TX  
IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

*Doug Reed* 4/18/12  
\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director


\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Raed, Director

  
\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

**The resolutions made herein shall be effective upon the signing of no less than 7  
Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

*Melissa J. Rod*  
\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

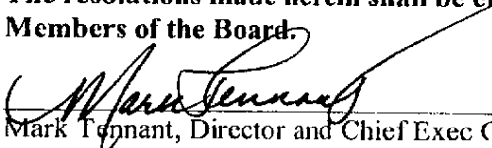
\_\_\_\_\_  
Melissa Rod, Director

  
\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

  
\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

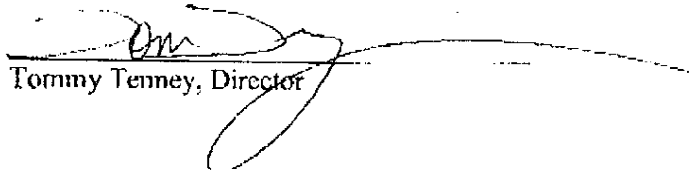
\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

  
\_\_\_\_\_  
Tommy Tenney, Director

**WRITTEN CONSENT OF DIRECTORS  
IN LIEU OF A MEETING OF DIRECTORS**

**OF**

**ARROW CHILD & FAMILY MINISTRIES OF PENNSYLVANIA, INC.  
A Texas Non-Profit Corporation**

The undersigned Directors, constituting a majority of all of the members of the Board of Directors of Arrow Child & Family Ministries of Pennsylvania, Inc. ("the Corporation"), do hereby consent and agree pursuant to Sections 6.201 and 21.415 of the Texas Business Organizations Code and Section 3.13 of the Corporation's Bylaws, to the adoption of the following resolutions and to the actions authorized therein without a special meeting of the Board of Directors but with the same force and effect as if such meeting of the Board of Directors had been duly called and held.

**EXECUTION OF ASSET TRANSFER  
AND PROGRAM CONTINUATION AGREEMENT**

RESOLVED, that it appears to be in the best interests of this Corporation that the Corporation enter into an agreement with The Second Mile, a Pennsylvania nonprofit corporation ("TSM") entitled the *Asset Transfer and Program Continuation Agreement* (the "Agreement");

RESOLVED FURTHER, that the Chief Executive Officer of the Corporation is hereby authorized and directed, without the joinder of any other person, to take such steps as are necessary to negotiate the terms of the Agreement with the various parties;

RESOLVED FURTHER, that, the Chief Executive Officer is hereby authorized to fix and negotiate such terms, conditions, and consideration for the Agreement in final and acceptable form;

RESOLVED FURTHER, that, the Chief Executive Officer of this Corporation is authorized and directed to execute and deliver on behalf of this Corporation and in its name the Agreement, the Bill of Transfer, the Assignment and Assumption Agreement and various other related documents, and to execute and deliver in the name of and on behalf of this Corporation all other instruments and documents as may be deemed necessary or proper to effect the transactions contemplated thereby; and

RESOLVED FURTHER, that the Chief Executive Officer of this corporation is hereby authorized and directed to do any and all acts and things necessary to carry out, perform, and consummate the transactions of the Agreement.

**RATIFICATION OF ACTIONS**

RESOLVED, all actions of the officers during the prior period of time since the last meeting of directors or consent of actions of the directors are hereby ratified and

approved

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
*Madeline Collier*  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Penke, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director



approved.

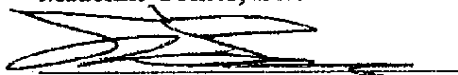
IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

  
\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

  
\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

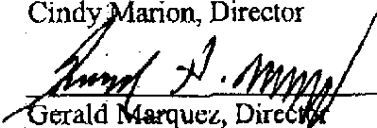
\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

  
\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

  
\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

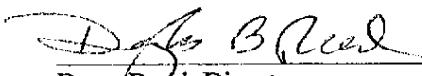
\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

 4/18/12  
\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

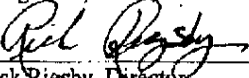
\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

  
\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

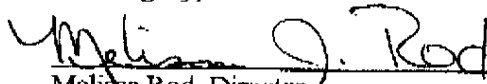
\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

  
\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director

PA

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

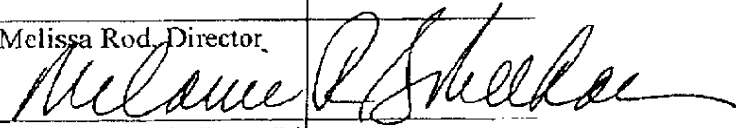
\_\_\_\_\_  
Gerald Marquez, Director

\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

  
\_\_\_\_\_  
Melanie R. Sabelhaus, Director

\_\_\_\_\_  
Tommy Tenney, Director



IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**

\_\_\_\_\_  
Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_  
Maria Bush, Director

\_\_\_\_\_  
Madeline Collier, Director

\_\_\_\_\_  
Steven E. Lytle, Director

\_\_\_\_\_  
Cindy Marion, Director

\_\_\_\_\_  
Gerald Marquez, Director

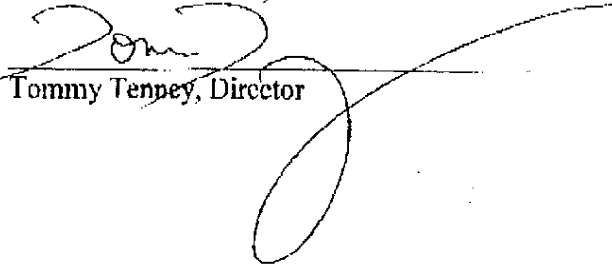
\_\_\_\_\_  
Susie Peake, Director

\_\_\_\_\_  
Doug Reed, Director

\_\_\_\_\_  
Rick Rigsby, Director

\_\_\_\_\_  
Melissa Rod, Director

\_\_\_\_\_  
Melanie R. Sabelhaus, Director

  
\_\_\_\_\_  
Tommy Tenney, Director

approved.

IN WITNESS WHEREOF, the undersigned Directors execute this Written Consent to be effective as of the 18th day of April, 2012.

**The resolutions made herein shall be effective upon the signing of no less than 7 Members of the Board.**



\_\_\_\_\_

Mark Tennant, Director and Chief Exec Officer

\_\_\_\_\_

Maria Bush, Director

\_\_\_\_\_

Madeline Collier, Director

\_\_\_\_\_

Steven E. Lytle, Director

\_\_\_\_\_

Cindy Marion, Director

\_\_\_\_\_

Gerald Marquez, Director

\_\_\_\_\_

Susie Peake, Director

\_\_\_\_\_

Doug Reed, Director

\_\_\_\_\_

Rick Rigshy, Director

\_\_\_\_\_

Melissa Rod, Director

\_\_\_\_\_

Melanie R. Sabelhaus, Director

\_\_\_\_\_

Tommy Tenney, Director

# **EXHIBIT “J”**

**REFER TO VOL. II**

# **EXHIBIT “K”**

## April 2012 Asset and Liability List\*

### Assets

Unrestricted Cash	\$	47,985
-------------------	----	--------

#### Donor Restricted Cash

Rev Draw	\$	32,075
Program Restricted	\$	43,627
Endowment	\$	487,045
CFE Campaign	\$	<u>3,081,004</u>

Subtotal	\$	3,643,751
----------	----	-----------

#### Real Estate

Buildings & Equipment	\$	560,000
CFE land	\$	<u>2,000,000</u>

Subtotal	\$	2,560,000
----------	----	-----------

Total	\$	6,251,736
-------	----	-----------

### Liabilities

Mortgage	\$	73,427
----------	----	--------

Land Stabilization	\$	110,000
--------------------	----	---------

Lease terminations	\$	6,608
--------------------	----	-------

Accounts Payable	\$	<u>150,000</u>
------------------	----	----------------

Total	\$	340,035
-------	----	---------

Net assets	\$	5,911,701
------------	----	-----------

**\*Note:** Estimated as of April 30st 2012 based on April 2012 treasurer's report and estimates of expected future liabilities

# **EXHIBIT “L”**

Pledges Summary

	<u>Contributions</u>	<u>Outstanding pledges</u>	<u>Total</u>
Jan 31,2012	\$5,956,464.87	\$1,037,706.08	\$6,994,170.95



**PLANNED GIVING SUMMARY**

	<u>Total Amount Pledged</u>	<u>Total Balance</u>
As of 5/1/12	\$764,818.00	\$764,818.00

# **EXHIBIT “M”**

### Endowment Fund (10/ 87) (10/90) (11/03)

#### RULES OF OPERATION

It has been resolved by the Board of Directors of The Second Mile that there is and that there shall be hereby established a fund called 'The Second Mile Endowment Fund', hereinafter called "The Fund", to provide an opportunity for donors to contribute money which shall be accumulated as principal in an endowment fund for the purpose of providing a permanent source of income for the operation of The Second Mile.

#### The Rules of Operation of "The Fund" Shall be as Follows:

1. Monetary donations received from donors who request that the principal amount be preserved for the purpose of yielding operating income shall be placed in the fund.
2. The principal shall be securely invested in prudent investment mediums as recommended by the Finance & Facilities Committee and approved by the Board of Directors or Executive Committee.
3. Endowment assets shall be distributed on an annual basis for operating expenses in accordance with a spending policy recommended by the Finance & Facilities Committee and approved by the Board of Directors.
4. The Board of Directors may, if it deems it advisable, invade and use endowment principal for an emergency, but only with specific authorization from at least a two-thirds (2/3) majority of a Board quorum and after 14 days written notice that such emergency action will be presented for Board consideration. Absent such authorization, the endowment principal shall not be appropriated nor expended for any purpose other than investment in prudent investment mediums.
5. The Finance & Facilities Committee of The Second Mile shall be authorized to accomplish the necessary financial transactions as directed by these "Rules of Operation" and the Board of Directors or Executive Committee.
6. The Treasurer of The Second Mile shall report the status of this fund at each regular Board of Director's meeting or at any other time as directed by the Chairperson of the Board.
7. Gains and losses in capital from investment of fund principal shall accrue to the benefit or detriment of the principal amount of the fund.
8. The Second Mile administrative office shall maintain a permanent record of the amount received and the name of each donor. The Treasurer shall maintain a record of fund transfers and imbursements from the fund, and keeping the books and records of The Second Mile a separate and earmarked account of the principal and income of this endowment fund.
9. The Board of Directors of The Second Mile may amend these "Rules of Operation" at a regular or special meeting, by a two-thirds (2/3) majority vote of a Board quorum, and after 14 days written notice that such amendment(s) will be proposed. Such Amendments may only be made in the event of an emergency or serious condition that would make such an amendment necessary.

Approved by the Board of Directors 11/86

Fund established by approval of the Board under these rules, December 1981

Rules amended by the Board of Directors, November 1986

#### Endowment Spending Policy (05/03)

The spending policy for The Second Mile Endowment Fund ("The Fund") will be formula based and in accordance with donor instruction.

For the purpose of this formula, the asset base will be equal to a five-year moving average of the Fund's quarter-end market values (twenty quarters), ending the second quarter of each calendar year (June 30).

The Second Mile will allocate (a) five-percent (5%) of the asset base or (b) five percent (5%) of the market value of the Fund on June 30, whichever is less, to fund operations during the next fiscal year beginning September 1.

The entire allocation will be available during the first business week of the following fiscal year (September 1-August 31).

Except to satisfy the spending policy outlined in this document, The Second Mile may only make withdrawals from the Fund following a two-thirds (2/3) majority vote of The Second Mile Board of Directors.

# **EXHIBIT “N”**

**Arrow Endowment Policy – To Be  
Supplied Prior To Hearing**

# **EXHIBIT “O”**

## Donor List - Endowment

A. J. Nagle Family Foundation  
A.W. & Sons Enterprise  
Mr. and Mrs. George Ahart  
Mr. and Mrs. Frank Ahrenhold  
Jayne and Russ Albert  
Ms. Celeste L. Alfieri  
Alloy Castings & Machine Co.  
Mr. and Mrs. Michael B. Amato  
Ms. Melinda Ampthor  
Mr. and Mrs. Donald Anderson  
Mr. and Mrs. Douglas A. Anderson  
Mr. and Mrs. Robert Andronici  
Mr. and Mrs. H. Jesse Arnelle  
Mr. William W. Asbury  
Ms. Janet Atwood  
Mr. and Mrs. Christopher Barber  
Ms. Viola Bartoo  
Mr. and Mrs. Richard Basehoar  
Mr. William Bates  
Mr. Charles A. Bauer, III  
Mr. and Mrs. Charles F. Beatty, Jr.  
Mr. and Mrs. Jack Beiter  
Mr. and Mrs. Michael C. Bennett  
Mr. and Mrs. Gerald Benson  
Mr. Larry Berger  
Mr. and Mrs. Richard Bolonchuk  
Mr. and Mrs. Edward R. Book  
Dr. and Mrs. Robert J. Boron  
Mr. and Mrs. Phillip Bower  
Mr. and Mrs. Charles R. Britton  
Mr. and Mrs. Kenton H. Broyles  
Mr. and Mrs. David J. Brzenchek  
Mr. Kenneth Brzozowski  
Mr. and Mrs. Karl Bupp  
Mr. and Mrs. Theodore W. Burr  
C.E. Bennett Foundation  
Dr. Thomas Cahill  
Mr. Larry Campbell  
Mr. Richard Campbell  
Mr. Frank Capobianco  
Mr. John Cappelletti  
Mr. and Mrs. Thomas Carmody  
Mr. and Mrs. Lewis Cawthern  
Chambers Environmental Group  
Mr. and Mrs. William Chase  
Ms. Joanne H. Churckran



Ms. Joan Ciotti  
Mr. and Mrs. Chris Clauss  
Mr. James M. Coates  
Ms. Ann Graybill Cook  
Mr. Daniel Cooney  
Ms. Barbara Corrigan  
Mr. and Mrs. Wendell Courtney  
Dr. and Mrs. John J. Coyle  
Mr. and Mrs. Tim Curley  
Ms. Janet L. Fowler Dargitz  
Ms. Alice R. Deihl  
Mr. Anthony P. DeJulius  
Del-Bar Sheet Metal Company  
Dr. and Mrs. Frederick R. Demler  
Mr. J. Kenneth Denlinger  
Mr. and Mrs. Thomas Derr  
Mr. and Mrs. Joseph S. DeSadio, Jr.  
Dewey Walker & Associates  
Mr. and Mrs. John Diebert  
Mr. and Mrs. John Dinunzio  
DMA Group, Inc.  
Mr. and Mrs. Thomas Doorley, III  
Jamie C. Drenocky  
Mr. and Mrs. Walter Dunkle  
Mr. and Mrs. Thomas E. Durant  
Mr. Robert E. Eberly  
Mr. and Mrs. Charles Ehinger  
Mr. and Mrs. Gregory N. Elinsky  
Mr. Robert Elmore  
Ms. Judy Engle  
Mr. and Mrs. Mark R. Ewing  
Mr. Adam Fahrer  
Mr. Thomas V. Falkie  
Mr. Patrick W. Farmer  
Mr. Frances G. Farrell, Trustee  
Ms. Patti Farrington  
Mrs. Naomi Fischer  
Ms. Ruth E. Fleming  
Mr. Robert I. Forbes  
Mr. and Mrs. Douglas Ford  
Mr. and Mrs. Steve Ford  
Mr. and Mrs. James E. Ford  
Mr. Robert Fortinsky  
Mr. and Mrs. Lawrence G. Foster  
Mr. and Mrs. Thomas L. Frederick  
Mr. Murray D. Friedman  
Mr. John Fritz  
Ms. Denise L. Fry

Mr. and Mrs. Leon J. Gajecki  
Blake and Linda Gall  
Mr. Steve A. Garban and Ms. Mary Ann Lucas  
Mr. and Mrs. Lawrence D. Gent  
Mr. and Mrs. Giles  
Mr. and Mrs. Don Ginnetti  
GLF Capital Corp.  
Mr. and Mrs. Amos Goodall  
Mr. and Mrs. Edward Gorkes  
Mr. and Mrs. M. Fletcher Gornall  
Mr. and Mrs. Herbert Graves  
Mr. Gary Gray and Ms. Kathleen O'Toole  
Ms. Maryellen Greene  
Mr. Alex Gregal  
Mr. Bill Grosz  
Mrs. Katherine Groves  
Mr. and Mrs. L. Blaine Grube  
Ms. Doris Lasher Guss  
Captain and Mrs. Kenneth R. Haas  
Mr. and Mrs. Frank Hammond  
Mr. and Mrs. Brian Hand  
Mr. and Mrs. Bob Harrison  
Mr. and Mrs. Ronald Haverstock  
Mr. and Mrs. Jack Heckendorn  
Mr. Ken Henderson  
Mrs. Mary Jane Hicks  
Mr. and Mrs. Edward R. Hintz, Jr.  
Mr. Robert P. Hladun  
Mr. Bob Holuba  
Mr. John Hornyak  
Mr. and Mrs. Irvin Hoy  
Mr. and Mrs. J. Lloyd Huck  
Mr. and Mrs. Michael Hudacek  
Mr. and Mrs. Gary A. Hull  
Mr. and Mrs. Donald R. Hummel, Sr.  
Mr. J. Robert Hummer  
Mr. William Hutton  
Mr. and Mrs. Thomas H. Irving  
Mr. and Mrs. Michael J. Irwin  
Mr. and Mrs. William A. Jaffe  
Mr. James Johnson  
Mr. and Mrs. Matthew Johnson  
Mrs. Mildred C. Johnson  
Mr. Barry W. Jones  
Mr. and Mrs. Ted Junker  
Mr. and Mrs. Rick Kao  
Mr. and Mrs. Nicholas D. Karetas  
Mr. Scott Kast

Kattan-Ferretti Insurance Agency  
Mr. Bill Kenney  
Mr. George G. Kidwell  
Mr. Terry Killens  
Mr. Robert Kleppinger  
Mr. and Mrs. Robert K. Knechtel  
Mr. and Mrs. Thomas D. Knepley  
Mr. Robert J. Koch  
Mr. and Mrs. Jack Koniszewski  
Mr. Robert A. Kosseff  
Mr. and Mrs. Dallas L. Krapf  
Mr. and Mrs. Robert S. Krimmel  
Mr. Richard Kriston  
Mr. and Mrs. John Kulka  
Ms. Kay Kustanbauter  
Mr. Richard S. Kuzy  
Mr. Joseph Lally  
Mr. and Mrs. Edward J. Lauth, III  
Mr. George Lavin, Jr.  
Mr. and Mrs. Raymond Leahey  
Mr. and Mrs. William Leonard  
Mr. Walter Levin  
Mr. and Mrs. Peter A. Liske  
Mr. and Mrs. Dan Madio  
Mr. and Mrs. Joseph S. Makoid  
Mr. and Mrs. Massimo Manca  
Mr. Greer E. Maneval  
Mr. Mark J. Markovich  
Dr. and Mrs. Donald Marks  
Mr. and Mrs. James O. Martin  
Mr. and Mrs. Thomas Martin  
Mr. and Mrs. Carmen Masciantonio  
Mr. and Mrs. John Matternas  
Mr. Mike McCloskey  
Dr. and Mrs. C. McCollister Evarts  
Ms. Elizabeth McCoy  
Mr. and Mrs. Brian McFeann  
Mr. and Mrs. William D. McFeann  
Mr. and Mrs. John McCearthy  
Mr. Thomas C. McGrath  
Mr. and Mrs. Allan Meckley  
Mr. Richard G. Mercner  
Mr. and Mrs. Don Meyer  
Mr. George Middlemas  
Dr. and Mrs. Donald N. Miller  
Mr. and Mrs. James B. Miller  
Mr. John R. Miller, Jr.  
Mitinger & Engle

Mr. and Mrs. Chauncey Morehouse  
Mr. and Mrs. David Morrow III  
Mr. and Mrs. Leonard Motzki  
Mr. Todd C. Moules  
Mr. and Mrs. Wayne Munson  
Dr. Joel Myers  
Dr. Thomas Nardozzo  
New Pig Corp.  
Mr. and Mrs. Richard Nichols  
Ms. Doris Niebel  
Nittany Media, Inc  
North American Communications  
Mr. and Mrs. Thomas O'Dell  
Mr. and Mrs. Kevin O'Keefe  
Mr. and Mrs. Henry J. Oppermann  
Mr. and Mrs. Henry M. Ostrowski  
Mr. and Mrs. Ben R. Parker, Jr.  
Mr. and Mrs. William H. Parks  
Mr. and Mrs. James Patrick  
Mr. and Mrs. Robert A. Patterson  
Mr. and Mrs. Pergrin  
Ms. Ellen Perry  
Mr. Neil L. Peters  
Mr. and Mrs. A. Duer Pierce  
Mr. and Mrs. Polamalu  
Preferred Staffing Solutions  
Mr. and Mrs. Edward J. Pryts  
Mr. and Mrs. Rodger Puz  
Dr. and Mrs. Gregory Radio  
Mr. Joel D. Ramich  
Ms. Ruth Rasmussen  
Ms. Elizabeth Reilly  
Ms. Catherine A. Rein  
Mr. and Mrs. David C. Rice  
Mr. Robert D. Ricketts  
Mr. and Mrs. Dan Ring  
Mr. and Mrs. William Rishell  
Mr. and Mrs. Frank Rocco  
Mr. and Mrs. Richard Rogers  
Mr. and Mrs. Charles Rolling  
Mr. Rob E. Roth  
Mr. and Mrs. Lester J. Rowell, Jr.  
Mr. and Mrs. Norman Rubash  
Rutgers Organics Corp.  
Mr. and Mrs. Donald L. Ryan  
Mr. Robert Salathe  
Mr. Gerald Sandusky  
Mr. and Mrs. Joseph Sarra

Mr. Harry Mark Saunders  
Ms. Marjorie G. Scholtz  
Mr. and Mrs. Stephen Schreckengaust  
Mr. and Mrs. Gary Schultz  
Mr. and Mrs. Robert Schwartz  
Mr. Brad Scioli  
Mr. Ted Sebastianelli  
Mr. Robert Seitz  
Mr. and Mrs. Shabelski  
Mr. and Mrs. Bernard Shalvey  
Mr. Harold A. (Bud) Shaub  
Mrs. Mercedes Shoemaker  
Mr. Harry Sickler, Jr.  
Mr. and Mrs. Scott A. Sides  
Mr. and Mrs. Philip H. Sieg  
Mr. John W. Smidansky  
Ms. Meta C. Smith  
Mr. and Mrs. Neal Smith  
Mr. Alvin L. Snowiss  
Mr. and Mrs. Gary Snyder  
Ms. Cecile Springer  
Mr. and Mrs. Jim Starling  
Dr. Gerald Stein  
Mr. and Mrs. L. M. Stellfox  
Mr. and Mrs. Edward W. Stewart  
Mr. and Mrs. Paul Stimmler  
Mr. and Mrs. Doug Strang  
Stuckeman Charitable Trust  
Mr. Matt Suhey  
Mr. and Mrs. John B. Swayne, III  
Mr. and Mrs. Robert Szeyller  
Mr. and Mrs. Peter Taylor  
Ms. Jolaine Teyssier  
Mrs. Lorraine Teyssier  
The Pepsi Bottling Group  
Mr. and Mrs. Warren G. Thomas  
Mr. Lester R. Thurston, Jr.  
Mr. and Mrs. Joseph V. Tipping  
Mr. and Mrs. Robert Tomlinson  
Mr. and Mrs. Mark A. Toniatti  
Mr. and Mrs. James G. Topper  
Total Equipment Company  
Mr. and Mrs. Dean A. Travis  
Mr. and Mrs. William A. Turney  
Mr. and Mrs. Ulinski  
Mr. Kevin Valone  
Mr. and Mrs. James Vastine  
Verdelli Farms

Mr. and Mrs. Frank Wawrynovic  
Mr. and Mrs. George Way  
Mr. Jim Weaver  
Mr. and Mrs. Peter Weiler  
Dr. and Mrs. Stephen J. Weissberger  
Dr. and Mrs. Harry W. Weller  
Mr. Robert Welsh  
Mr. and Mrs. Eugene Wettstone  
Dr. and Mrs. Brian White  
Dr. and Mrs. Jack R. White  
Wicland & Associates  
Mr. and Mrs. George Will  
Mr. and Mrs. Elwood Williams  
Mr. and Mrs. Howard Wise  
Mr. and Mrs. Jon D. Witman  
Ms. Ruth C. Wodock  
Mr. and Mrs. Gregory Wolf  
Mr. Michael Wolf  
Mr. and Mrs. Quentin E. Wood  
Mr. and Mrs. Michael Wotring  
Mr. William Yoder  
Mrs. Frances Yorke  
Mr. Harold C. Yost, Jr.  
Mr. Joseph M. Yukica  
Mr. and Mrs. Eugene Zamboni  
Mr. and Mrs. David Zazworsky  
Mr. Glenn B. Zumbach  
Mr. and Mrs. John Ziegler

8455838v1

# **EXHIBIT “P”**

Donor List - Center For Excellence Capital Campaign

Mr. D. Reed Anderson, Esquire  
Mr. and Mrs. Edward Anderson  
Mr. and Mrs. Robert Andronici  
Mr. Louis Appell  
Mr. John Arnold  
Dr. and Mrs. Bill B. Benton  
Mr. Jeffrey J. Bergstrom and Mrs. Amy Meserve  
Ms. Eva Blum  
Mr. Felix Boake and Ms. Kelly Grimes  
Mr. and Mrs. Kyle Brady  
Mr. Dennis P. Brenckle  
Mr. and Mrs. Gary C. Butler  
Mr. and Mrs. James C. Byerly  
Mr. Art Campbell  
Mr. Anthony Campisi  
Mr. and Mrs. Peter M. Carlino  
Mr. Martin D. Cohen  
Robert L. Corcoran  
Mr. and Mrs. Art Dangel  
Mr. Neal DeAngelo  
Mrs. JoAnn DeRose  
Mr. Donald Devorris  
Mr. and Mrs. John Dimakopoulos  
Mr. and Mrs. Keith Driftmier  
Mr. and Mrs. Merlin R. Dunkelberger  
Mr. and Mrs. Eddie L. Dunklebarger  
Mr. Edward Dunklebarger  
Mr. Gary Eberle  
Mr. and Mrs. Gregory N. Elinsky  
Mr. Craig Fayak  
Mr. Gavin Fernsler  
Mr. and Mrs. Michael A. Fiaschetti  
Mr. Bruce Fleischer and Ms. Heidi Nicholas  
Mr. and Mrs. Kenneth A. Fox  
Dr. Frank A. Franco  
Mr. Rodney Frazier and Ms. DrueAnne Schreyer  
Mr. and Mrs. Charles A. Fusina  
Blake and Linda Gall  
Mr. Drew W. Garban  
Mr. and Mrs. John H. Gilmore, Jr.  
Mr. Rudolph K. Glocker  
Mr. and Mrs. Roger E. Grimes, Jr.  
Mr. and Mrs. Michael Guman  
Mr. Donald Hamer  
Mr. Victor Hammel  
Mr. Franco Harris



Mr. Jeff Hartings  
Mr. and Mrs. Anthony W. Hartlaub  
Mr. and Mrs. Benjamin L. Heim  
Mr. and Mrs. Bruce Heim  
Mrs. Carol M. Herrmann  
Mr. and Mrs. Robert S. Hershey  
Mr. and Mrs. Steve Hevner  
Mr. and Mrs. Jack Hewes, Jr.  
Mr. P. Douglas Hoke  
Mr. and Mrs. Jerome Holleran  
Mr. Jack Infield  
Mr. and Mrs. Matthew Johnson  
Mr. Al Jones  
Mr. and Mrs. Richard Kalin  
Mr. and Mrs. James Keller  
Mr. and Mrs. William H. Kerlin, Jr.  
Mr. Edward L. Kifer  
Mr. & Mrs. Michael P. Kilgour  
Mr. and Mrs. Tom King  
Mr. Alan Kirk and Ms. Patricia Roenigk  
Mrs. Judith Klein  
Mr. and Mrs. John A. Klinedinst  
Mr. Ralph Licastro and Ms. Laura Reidy  
Mr. and Mrs. James J. Litterelle, Jr.  
Mr. and Mrs. Eric Loop  
Mr. and Mrs. Willi Maier  
Dr. and Mrs. Donald Marks  
Mr. and Mrs. Peter S. Marshall  
Mr. and Mrs. William Martin  
Mass Mutual Matching Gift Center  
Mr. and Mrs. Steven J. Masterson  
Mr. and Mrs. Robert Mayer, Jr.  
Mr. Mike McCloskey  
Mr. Ryan McCombie  
Mr. Ted McDowell  
Mr. Edward F. McGinley, III  
Mr. Bob Medsger and Mr. Rod Fletcher  
Merrill Lynch & Co., Foundation, Inc.  
Mr. Kim Moyer  
Mr. and Mrs. Ray Neag  
Mr. and Mrs. David Nevins  
Ms. Mariam C. Noland  
Mr. and Mrs. Charles R. Noll  
Mr. James Novinger  
Mr. and Mrs. George A. Parmer  
Mr. Michael Patrick  
Mr. and Mrs. Charles C. Pearson, Jr.  
Mr. Jim Plessinger

Mr. and Mrs. Poole  
Mr. and Mrs. Alec J. Pringle  
Mr. and Mrs. Stanley J. Raykovitz  
Mr. and Mrs. Neal Rhoads  
Mr. David Richards  
Mr. Robert W. Rissinger  
Mr. and Mrs. William F. Rothman  
Mr. John E. Runnells  
RW & Shirley Rissinger Foundation  
Mr. and Mrs. George Sample  
Mr. and Mrs. Gerald A. Sandusky  
Mr. Roger J. Schmidt  
The Schreyer Foundation  
Mr. Raymond S. Schroeder and Ms. Staci Anderson  
Steve and Amy Seltzer  
Mr. and Mrs. John C. Shaffer  
Mr. Lance Shaner  
Mr. Matt Shaner  
Mr. and Mrs. Jeff Sharp  
Mrs. Pat Shaub  
Mr. and Mrs. Jack L. Shepley  
Dr. John Sheridan  
Mr. William Shipley III  
Mr. and Mrs. Doug Sieg  
Mr. and Mrs. Philip H. Sieg  
Mr. John T. Smith  
Mr. and Mrs. Jack A. Sommer  
Mr. and Mrs. Thomas Songer  
Mr. and Mrs. David A. Sprenkle  
Mr. and Mrs. John Sroka  
Dr. Gerald Stein  
Mr. and Mrs. Lewis G. Steinberg  
Mr. and Mrs. Doug Strang  
Ms. Lori Strimple  
Mr. and Mrs. Ric Struthers  
Mr. and Mrs. Michael Sullivan  
Mr. and Mrs. Kenneth Sweigart  
Mr. Thomas Taricani  
Mr. Dom Toscani  
Mr. and Mrs. Mick Trombley  
Mr. John R. Vincenti  
Mr. Thomas Vranich  
Mr. Jeffrey Walters  
Mr. and Mrs. N. Daniel Waltersdorff  
Mr. and Mrs. Elliott Weinstein  
Mr. and Mrs. Michael J. Wheeler  
Mr. and Mrs. P. Gary Wienken  
Mr. and Mrs. Charles A. Wilcox

Mr. and Mrs. Verne Willaman  
Mr. and Mrs. David Woodle

8455942v1


# **EXHIBIT “Q”**

Individual Donor

**CONSENT TO ASSET TRANSFER**

I, Verne Willaman, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: Verne WillamanSign Name: Date: 5/10/12

Corporate Donor

**CONSENT TO ASSET TRANSFER**

The Struthers Family Foundation ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: Richard Struthers

Print Name: Richard Struthers

Title: President

Date: 5/8/2012

CONSENT TO ASSET TRANSFER

The Poole Foundation ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: R. E. Poole

Print Name: Robert E Poole

Title: Trustee

Date: 5-6-12

CONSENT TO ASSET TRANSFER

I, David Woodle, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: DAVID A WOODLE

Sign Name: David A Woodle

Date: MAY 3, 2012




**CONSENT TO ASSET TRANSFER**

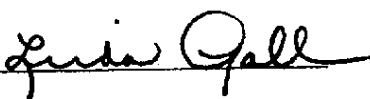
We, Blake and Linda Gall, have been a donor to The Second Mile ("TSM"). We fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. We believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, we consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of our donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, we urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: BLAKE GALL

Sign Name: 

Print Name: Linda Gall

Sign Name: 

Date: 5-7-12

CONSENT TO ASSET TRANSFER

The Schreyer Foundation ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: 

Print Name: Dr. Anne B. Schreyer

Title: Trustee

Date: 5/6/12

Corporate Donor

**CONSENT TO ASSET TRANSFER**

The Majer Family Foundation ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: Peggy J. MajerPrint Name: PEGGY J. MAJERTitle: CHP. MAJER FAMILY FDN.Date: 5/15/12

**CONSENT TO ASSET TRANSFER**

The Hamer Foundation ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: The Hamer Foundation  
D. W. Hamer (Trustee)

Print Name: THE HAMER FOUNDATION

Title: DAVID W. HAMER - TRUSTEE

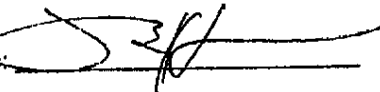
Date: MAY 9, 2012

CONSENT TO ASSET TRANSFER

I, Bruce K. Heim, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: Bruce Heim

Sign Name: 

Date: 5/4/12

**CONSENT TO ASSET TRANSFER**

We, Ed and Connie Dunkleberger, have been a donor to The Second Mile ("TSM"). We fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. We believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, we consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of our donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, we urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

EDDIE L. DUNKLEBARGER  
CONNIE E. DUNKLEBARGER  
Print Name: \_\_\_\_\_  
Sign Name: Eddie Dunkleberger  
Date: 5/14/12

**CONSENT TO ASSET TRANSFER**

The Hartings Family Charitable Foundation ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: Hartings Charitable Foundation

Print Name: Jeff Hartings

Title: President

Date: 5/16/12

**CONSENT TO ASSET TRANSFER**

I, Philip H. Sieg, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: Philip H. Sieg

Sign Name: 

Date: 5/10/12



From: David Woodle <dwoodle@nanohorizons.com>  
Subject: FW: The Second Mile status  
Date: May 3, 2012 7:16:36 PM EDT  
To: Franco <SBIFH@aol.com>, Dana <donut200@comcast.net>  
\* 1 Attachment, 41.7 KB

Confidential

Franco,

Thanks for calling me back today. Because you were a key donor to the Campaign for Excellence, we would like your consent on our petition to transfer these programs and assets prior to submitting to the court as I discussed. I have included a consent form and would appreciate if you could sign and E-mail back.

Thanks again for your support

Dave

Corporate Donor

CONSENT TO ASSET TRANSFER

The Super Bakery ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: Franco Harris

Print Name: FRANCO HARRIS

Title: President

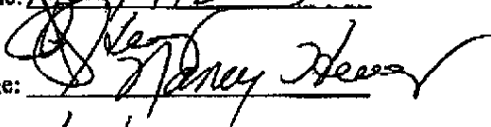
May 4- 2012

Individual Donor

**CONSENT TO ASSET TRANSFER**

We, Jack and Nancy Hewes, have been a donor to The Second Mile ("TSM"). We fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. We believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, we consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of our donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, we urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

JACK HEWES  
Print Name: NANCY HEWES  
Sign Name:   
Date: 5/10/12

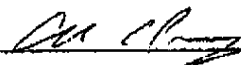
Individual Donor

CONSENT TO ASSET TRANSFER

I, Charles C. Pearson Jr. have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: Charles C. Pearson Jr.

Sign Name: 

Date: 5/4/12

**CONSENT TO ASSET TRANSFER**

I, David Nevins, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

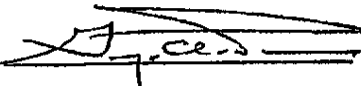
Print Name: David Nevins  
Sign Name: [Signature]  
Date: 5/9/12

CONSENT TO ASSET TRANSFER

I, George Parmer, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: GEORGE A. PARMER

Sign Name: 

Date: 5/14/12

CONSENT TO ASSET TRANSFER

Sample Media ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of these TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: Marlene K Sample

Print Name: MARLENE K. SAMPLE

Title: PUBLISHER/OWNER STATE College magazine

Date: 5.23.12

8406X39v1

CHEERS ON STAGE EVENT

2010 and 2011

**CONSENT TO ASSET TRANSFER**

GREG EWINSKY has been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: 

Sign Name: GREG EWINSKY

Date: 5/7/2012

CONSENT TO ASSET TRANSFER

We, Steven and Amy Seltzer, have been a donor to The Second Mile ("TSM"). We fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. We believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, we consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of our donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, we urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: STEVEN S. SELTZER

Sign Name: 

Date: 5/7/2012



CONSENT TO ASSET TRANSFER

I, Heidi Nicholas, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: HEIDI NICHOLAS

Sign Name: Heidi Nicholas

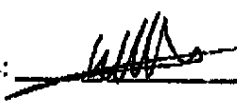
Date: 5-4-12

Individual Donor

CONSENT TO ASSET TRANSFER

We, William and Amy Martin, have been a donor to The Second Mile ("TSM"). We fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. We believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, we consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of our donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, we urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: William H MartinSign Name: Date: 5/7/12

CONSENT TO ASSET TRANSFER

Restek Corporation ("Donor") has been a donor to The Second Mile ("TSM"). As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: 

Print Name: Paul H. Silvis

Title: Chairman, Restek Corp

Date: May 14, 2012

**CONSENT TO ASSET TRANSFER**

I, Thomas F. Songer II, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: THOMAS F. SONGER II

Sign Name: Thomas F. Songer II

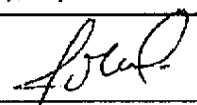
Date: 5/11/12

CONSENT TO ASSET TRANSFER

I, John Infield, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: JOHN M. INFELD

Sign Name: 

Date: 5-4-2012

231-4603

Corporate Donor

**CONSENT TO ASSET TRANSFER**

Mass Mutual Matching Gift ("Donor") has been a donor to The Second Mile ("TSM").

As a representative of Donor, I am authorized to represent that Donor fully supports the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. Donor believes that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I am authorized to represent that Donor consents and agrees to the proposed transfer to Arrow and Arrow-PA, including the transfer of its donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and Donor's intent in making donations and/or pledges to TSM, as well as the continuation of such programs. Donor urges the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

DONOR:

By: William H. Merdin

Print Name: William H. Merdin

Title: Executive Director

Date: 5/7/12

**CONSENT TO ASSET TRANSFER**

I, Michael Sullivan, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: Michael T. Sullivan

Sign Name: Michael T. Sullivan

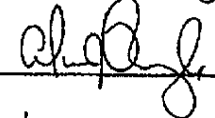
Date: 5/8/2012

CONSENT TO ASSET TRANSFER

I, Alec Pringle, have been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: Alec J. Pringle

Sign Name: 

Date: 5/9/12



CONSENT TO ASSET TRANSFER

We, Drue Anne Schreyer and Rodney Frazier, have been a donor to The Second Mile ("TSM"). We fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. We believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, we consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of our donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, we urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Rodney G. Frazier Print Name: Drue Anne B. Schreyer

Rodney G. Frazier Sign Name: [Signature]

May 5, 2012 Date: 5/6/12

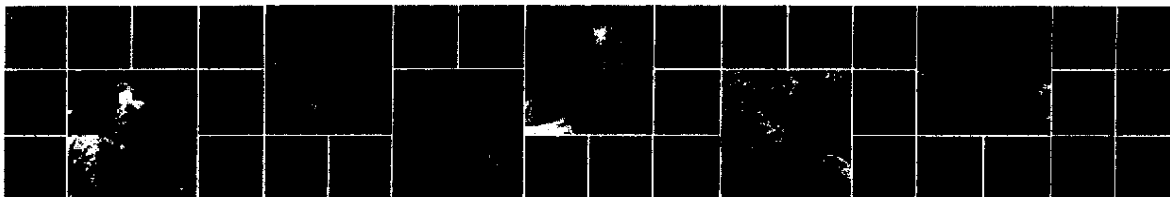
CONSENT TO ASSET TRANSFER

Jeff & Marsha Sharp has been a donor to The Second Mile ("TSM"). I fully support the mission of TSM to assist at-risk and other youth, and their families, through various programs, including the Challenge Camp Program, Friend Program, Friend Fitness Program, Leadership Program and Foster Family Support Program. I believe that it is in the best interest of the youth served and the community to insure the continuation of those TSM programs by TSM or a successor.

Having been informed of the proposed transfer of these TSM programs to Arrow Child & Family Ministries ("Arrow") and Arrow Child & Family Ministries of Pennsylvania ("Arrow-PA"), together with assets of approximately \$2,000,000, I consent and agree to the proposed transfer to Arrow and Arrow-PA, including the transfer of my donations and/or pledges to TSM to the extent necessary, as consistent with the mission of TSM and my intent in making the donations and/or pledges to TSM, as well as the continuation of such programs. As a donor to the TSM, I urge the Court to approve the proposed transfer of TSM programs and assets to Arrow and Arrow-PA.

Print Name: Marsha Sharp  
Sign Name: Marsha Sharp  
Date: May 22, 2012

# **EXHIBIT “R”**



## Investment Commitment in The Second Mile Campaign for Excellence

I, \_\_\_\_\_, irrevocably pledge and promise to pay to The Second Mile the sum of  
\$ \_\_\_\_\_.

This gift will be used by The Second Mile to support The Campaign for Excellence, including The Center for Excellence and The Second Mile Endowment. This promise to use the amount pledged and The Second Mile's reliance on and use of the amount pledged shall constitute full and adequate consideration for this pledge.

I understand that this Pledge shall be paid by August 31, 2016. It is my intention to satisfy this commitment according to the following schedule:

<u>Year of Payment</u>	<u>Campaign for Excellence Pledge</u>
Sept. 1, 2011 to Aug. 31, 2012	\$ _____
Sept. 1, 2012 to Aug. 31, 2013	\$ _____
Sept. 1, 2013 to Aug. 31, 2014	\$ _____
Sept. 1, 2014 to Aug. 31, 2015	\$ _____
Sept. 1, 2015 to Aug. 31, 2016	\$ _____

Payment Enclosed.

I prefer to make annual payments in the month of \_\_\_\_\_.

Please initial as appropriate:

\_\_\_\_\_ I agree that The Second Mile may publicize this gift.

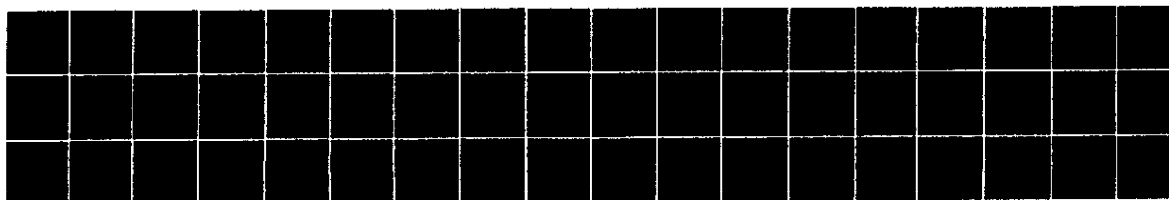
This Pledge is intended to reflect my personal commitment and investment in The Second Mile. I sign this Pledge with the intent to be legally bound. If I am executing this Pledge with my spouse, I understand that we are each separately obligated to fulfill this commitment. In the event that I, and if I am executing this with my spouse, my spouse, should die prior to the time when this Pledge is fully paid, I direct that my personal representative satisfy this Pledge as a debt of my estate. If I intend to apply matching gifts to this Pledge, I understand that I must complete the form on the reverse side. This Pledge shall be governed by the laws of the Commonwealth of Pennsylvania.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



Thank you for your Pledge.

- You will receive an acknowledgement of your commitment and annual reminders of the outstanding balance due.
- Checks should be made payable to "The Second Mile" and mailed to 1402 South Atherton Street, State College, PA 16801.

ACKNOWLEDGEMENT ADDRESS

Please send acknowledgement and reminders to this name and address:

\_\_\_\_\_  
Name(s) - *please print*  This is a new address - please correct your records.

\_\_\_\_\_  
Street \_\_\_\_\_  
Phone

\_\_\_\_\_  
City, State and Zip Code \_\_\_\_\_  
E-mail Address

MATCHING GIFTS

While I understand that it is my obligation to satisfy this Pledge, The Second Mile will apply any matching gifts they receive on my behalf to reducing this Pledge, provided that The Second Mile has the following information:

<u>Company</u>	<u>Employee's Name</u>	<u>Anticipated Match</u>
----------------	------------------------	--------------------------

In order to process your matching gift, you must complete and submit your company's gift matching form along with your pledge payment to 1402 South Atherton Street, State College, PA 16801.

<p><u>THE SECOND MILE DEVELOPMENT NOTES</u></p>          
---

# **EXHIBIT “S”**

Donor List - Pledges

Mr. and Mrs. Edward Anderson  
Barton Associates, Inc.  
The Blair Companies  
Mr. Felix Boake and Ms. Kelly Grimes  
Mr. and Mrs. Kyle Brady  
Mr. and Mrs. James C. Byerly  
Century 21, Heritage Realty  
Cohen & Feeley  
Mr. and Mrs. Art Dangel  
Mrs. JoAnn DeRose  
Mr. and Mrs. Eddie L. Dunkleberger  
Mr. and Mrs. Merlin R. Dunkelberger  
Mr. Craig Fayak  
Mr. and Mrs. Michael A. Fiaschetti  
Mr. Bruce Fleischer and Ms. Heidi Nicholas  
Frost & Conn, Inc.  
Mr. and Mrs. Charles A. Fusina  
Mr. Drew W. Garban  
The Graham Group  
Mr. and Mrs. Anthony W. Hartlaub  
Heim Family, LP  
Mr. and Mrs. Benjamin L. Heim  
Mrs. Carol M. Herrmann  
Mr. and Mrs. Steve Hevner  
Mr. and Mrs. Jack Hewes, Jr.  
Mr. P. Douglas Hoke  
Mr. and Mrs. Jerome Holleran  
Mr. Jack Infield  
Jersey Shore State Bank  
Mr. and Mrs. James Keller  
Mr. and Mrs. William H. Kerlin, Jr.  
Keystone Real Estate Group  
Kicks 4 Kids  
King Printing  
Mr. Alan Kirk and Ms. Patricia Roenigk  
Mr. and Mrs. John A. Klinedinst  
Mr. Ralph Licastro and Ms. Laura Reidy  
Mr. and Mrs. James J. Litterelle, Jr.  
Maier Family Foundation  
Dr. and Mrs. Donald Marks  
Mr. and Mrs. Peter S. Marshall  
Mr. and Mrs. Steven J. Masterson  
Mr. Ryan McCombie  
Mr. and Mrs. David Nevins  
Mr. and Mrs. George A. Parmer  
The Patrick Organization

Mr. Jim Plessinger  
The Poole Foundation  
Mr. and Mrs. Alec J. Pringle  
Sample Media  
The Schreyer Foundation  
Mr. Raymond S. Schroeder and Ms. Staci Anderson  
Mr. and Mrs. Jeff Sharp  
Dr. John Sheridan  
The Shipley Group  
Mr. and Mrs. Doug Sieg  
Mr. and Mrs. Philip H. Sieg  
The Louis Silvi Foundation  
Mr. John T. Smith  
Mr. and Mrs. Jack A. Sommer  
Mr. and Mrs. Thomas Songer  
Mr. and Mrs. Doug Strang  
Mr. and Mrs. Michael Sullivan  
Mr. and Mrs. Kenneth Sweigart  
Mr. Thomas Vranich  
The Original Waffle Shop  
Mr. and Mrs. N. Daniel Waltersdorff

8456051v1



List of Donors - Planned Giving

Mr. Daniel Bright  
Mr. Tom Chucuddy  
Mrs. Doris Daniels  
Mr. Kenneth Ewing  
Mr. Robert Forbes  
Mrs. Linda Gall  
Mr. Drew Garban  
Mr. Les Hart  
Mr and Mrs. Benjamin Heim  
Mrs. Carol Herrmann  
Mr. and Mrs. Steve and Ricki Hevner  
Mrs. Martha Hostetter  
Mrs. Dorothy Huck  
Mr. Robert Kistler  
Mr. Ronald Lewis  
Mr. Ralph Licastro  
Mr. Bradley Lunsford  
Mr. Willam and Amy Martin  
Mr. Robert Mayer  
Mrs. Marquerite Miller  
Mrs. Joyce Nicholas  
Mrs. Kimberly Ortenzio-Nielsen  
Mr. Michael Patrick  
Mrs. Sophie Penney  
Ms. Carol Pioli  
Mr. Alec Pringle  
Mr. Jack Raykovitz and Ms. Katherine Genovese  
Mr. Neal Rhoads  
Mrs. Nancy Ring  
Mr. Gerald Sandusky  
The Schreyer Foundation  
Ms. DrueAnne Schreyer  
Mr. Steven Seltzer  
Mr. Harry K. Sickler  
Mr. and Mrs. Larry and Molly Snavely  
Mr. Donald Stripling  
Mr. Fred Strouse  
Mr. Michael Sullivan  
Mr. Peter Weiler  
Mr. Verne Willaman  
Mr. David Woodle

# **EXHIBIT “T”**

REVERSE DRAWING DONOR'S LIST

Mr. and Mrs. Carl Anderson  
Mr. and Mrs. Larry Anthony  
Mr. and Mrs. Robert K. Bailey  
Mr. John Beiter  
Mr. Jerry Burton  
Mr. Richard Campbell  
Mr. and Mrs. Thomas Cestone  
Mr. and Mrs. Wendell Courtney  
Mr. and Mrs. Charles Dobbins  
Mr. and Mrs. Blake Gall  
Mr. and Mrs. Thomas Gehret  
Mr. Daniel B. Grupp and Ms. Carmen Strand  
Mr. and Mrs. Kenneth Hafer  
Mr. and Mrs. Brian Hand  
Mr. and Mrs. Dan Hawbaker  
Mr. and Mrs. Jack Heckendorn  
Mr. and Mrs. Bruce Heim  
Mr. and Mrs. William Hessert  
Mr. and Mrs. Robert Hill  
Mr. and Mrs. J. Lloyd Huck  
Mr. O.J. Johnston  
Dr. and Mrs. Yi H Kao  
Mr. and Mrs. Dallas Krapf  
Mr. Ralph Licastro and Ms. Laura Reidy  
Dr. and Mrs. Donald Mandetta  
Dr. and Mrs. Donald Marks  
M&T Bank  
Mr. and Mrs. Michael McKinney  
Mr. and Mrs. Edward R. Miller  
Mr. Randy Mummert  
Nestlerode and Co., Inc.  
Dr. Robert K. Nielsen and Mrs. Kimberly  
Ortenzio-Nielsen  
Mr. and Mrs. George Parmer  
Mr. and Mrs. Al Pringle  
Dr. and Mrs. John Reidell  
Ms. Justine Reissman  
Rex Energy  
Dan and Kim Ring  
Mr. and Mrs. Leonard Schickling  
Mr. Steve Seltzer  
Mr. and Mrs. Paul Sheeler  
Mr. and Mrs. Harold Singer  
Mr. and Mrs. Richard Singer  
Mr. and Mrs. Vern Squier  
Mr. H. Campbell Stuckeman  
Mr. and Mrs. Mick Trombley

Mr. and Mrs. John Ulsh  
Ray Walker Trucking  
Ms. Colleen Williams  
Willams & Associates  
W.R. Hickey Beer Distributors  
Mr. and Mrs. Dave Woodle

# **EXHIBIT “U”**

**Appraisal of  
Second Mile Office Building**

Located at  
1402 South Atherton Street  
State College, PA  
State College Borough  
Centre County

**Prepared For**

Authorized Signature  
Second Mile  
1402 South Atherton Street  
State College, PA

**Date of Report  
January 4, 2012**

**Date of Valuation and Inspection Date  
December 13, 2011**

**File #: 14 11 010**

January 4, 2012

Alec J. Pringle, Sr. Vice President  
Commercial Real Estate  
Keystone Real Estate Group, LP  
444 East College Avenue, Suite 560  
State College, PA 16801

*Re: Second Mile Office Building  
1402 South Atherton Street  
State College Borough  
Centre County, Pennsylvania*

Dear Mr. Pringle:

We are transmitting the appraisal report that you requested on the subject property located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania. It is identified in the Centre County tax records as 36-026-,051-,0001P and 36-026-,051-,0002P. The effective date of the report is December 13, 2011. The intended user is identified as The Second Mile and the intended use will be for internal management.

Parcel ID	Address	Acres/Acre	Assessment notes
36-026-,051-,0002P	1402 S Atherton Street	0.08	30% leased and taxable
36-026-,051-,0001P	1402 S Atherton Street	0.18	70% exempt
Total		0.26	

For the purpose of this report "subject" hereinafter refers to the two (2) parcels. It is assumed the subject is split due to a portion being taxable and a portion being exempt.

The three approaches; Income, Cost and Sales Comparison were considered for this report and the Income and Sales Comparison Approaches were developed. The Cost Approach was not considered applicable to the valuation of the subject property due to the age and subjective depreciation. There is not a recent active sales market of office properties in the State College area. The property is assumed to be environmentally clean and the value opinion does not include furniture, fixtures, equipment or personal property.

The subject was built in approximately 1964 and is considered to have many original components. The interior configuration is considered to have a very high degree of functional/physical obsolescence. The layout is multiple small rooms and hallways considered to be narrow by today's standards. The restrooms and building as a whole is not ADA compliant. The market trend in office properties is an open physical layout. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limited on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use. There is no formal parking agreement with the neighboring hotel property.

**weinstein appraisal group**

The land to building ratio for gross square footage is 0.91 to 1. There are factors indicating the possibility of nonconforming use by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

Market value is partially defined as the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale. The enclosed report provides the market data and analysis supporting the opinion of this market value of fee simple interest as of the effective date of December 13, 2011 which is concluded as:

\$560,000

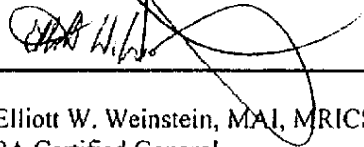
Five Hundred Sixty Thousand Dollars

Certain definitions, limiting conditions, and certifications that are set forth within the attached report qualify the appraised values.

This report has been completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. This appraisal has also been completed in conformity with the Code of Ethics and Standards of Professional Practice of the Appraisal Institute.

We expect you find the details of this analysis relevant to your decisions, and we would be pleased to answer any questions you might have.

Respectfully Submitted,  
WEINSTEIN APPRAISAL GROUP A DIVISION OF  
WEINSTEIN REALTY ADVISORS,



Elliott W. Weinstein, MAI, MRICS  
PA Certified General  
Real Estate Appraiser  
#GA-000063-L



Marion A. Oberdick  
PA Certified General  
Real Estate Appraiser  
#GA-003782

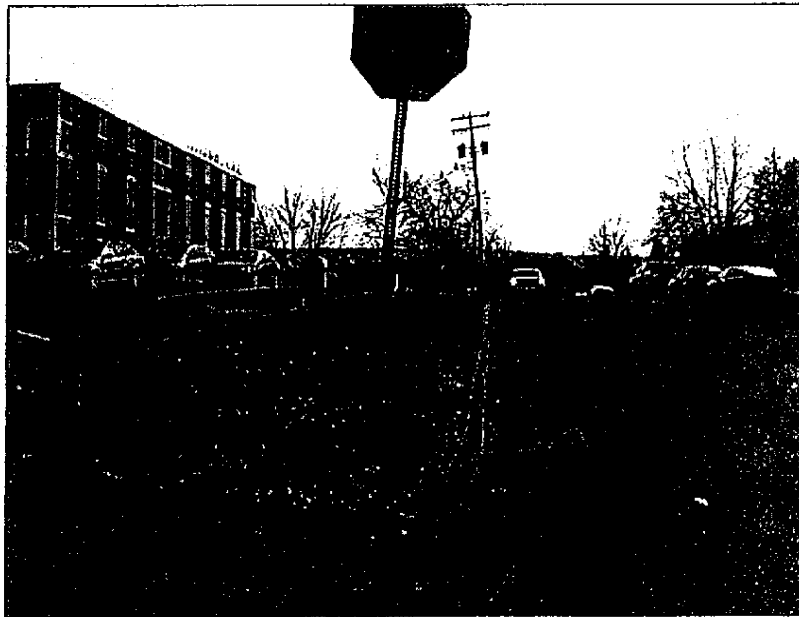
**weinstein appraisal group**



Subject Photos



View from Atherton Street  
(north side)



Corner of Norma Street and South Atherton Street  
(west side)



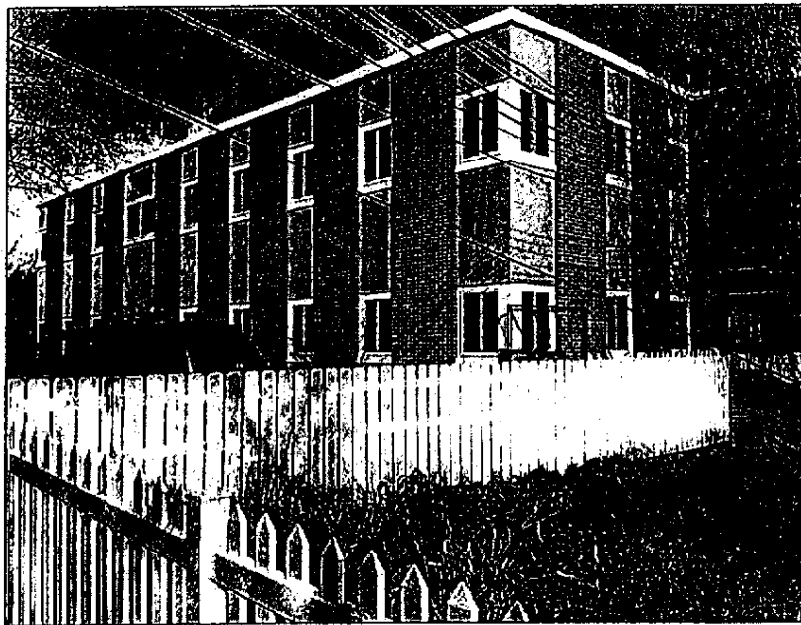
View east on South Atherton (subject on right)



View west on South Atherton



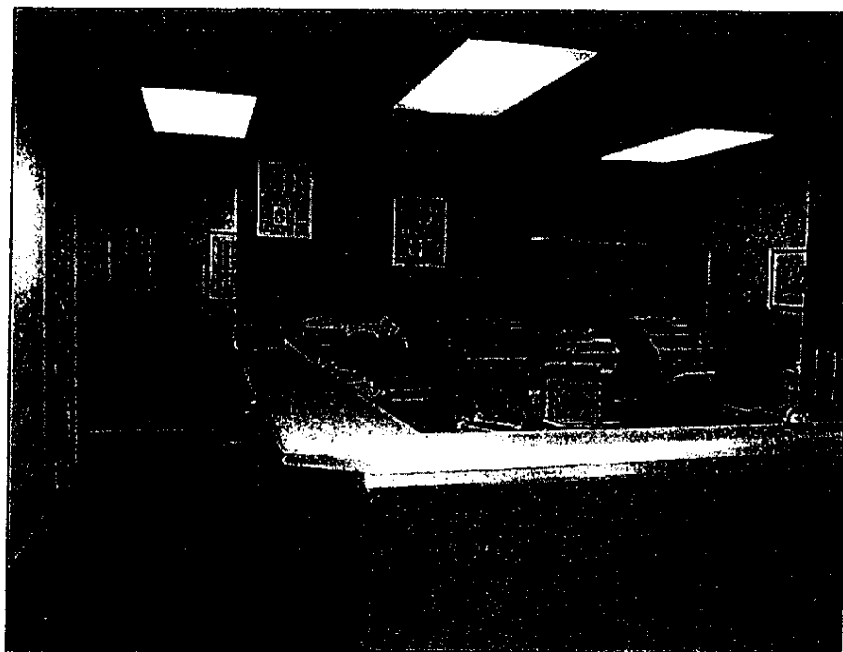
East side of building



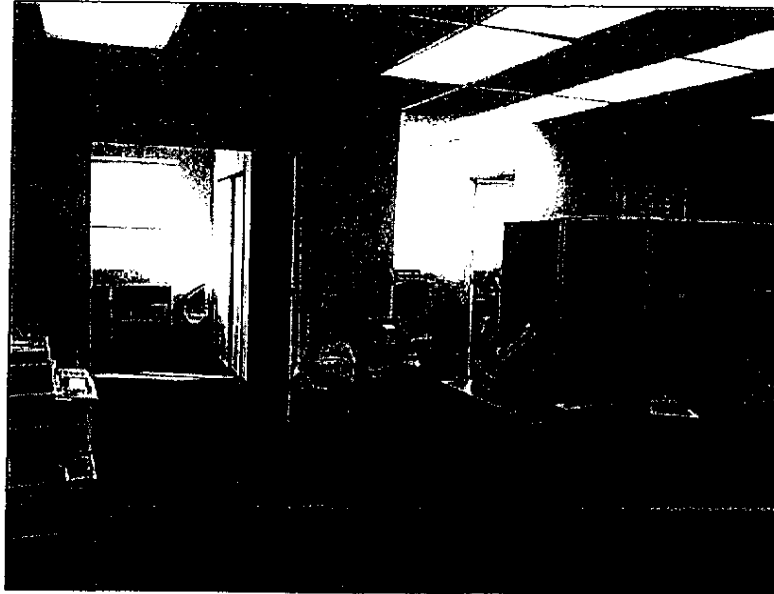
Rear (south) and west side of building



There is one main door into a vestibule of two (2) interior doors.

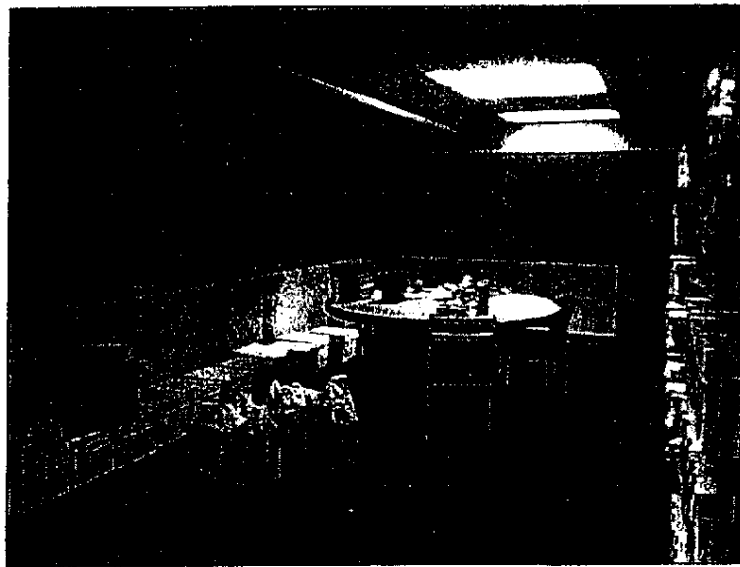


Front desk area



Interior

**weinstein appraisal group**



Lower level

**weinstein appraisal group**



Interior

## TABLE OF CONTENTS

LETTER OF TRANSMITTAL	
SUBJECT PHOTOS	
EXECUTIVE SUMMARY .....	1
MARKET VALUE .....	4
EXPOSURE AND MARKETING PERIOD.....	10
REGIONAL MAP.....	12
MARKET AREA ANALYSIS.....	13
NEIGHBORHOOD ANALYSIS.....	19
SITE DESCRIPTION .....	24
ZONING .....	29
REAL ESTATE ASSESSMENT ANALYSIS.....	32
HIGHEST AND BEST USE .....	33
THE APPROACHES TO VALUE.....	38
COST APPROACH.....	39
INCOME CAPITALIZATION APPROACH .....	40
SALES COMPARISON APPROACH.....	45
RECONCILIATION AND CORRELATION .....	53
CERTIFICATION	
ADDENDA	

This appraisal was prepared solely for our client's use. Third parties who receive this appraisal properly from our client may use it for evaluating the property or properties to which it relates for our client. The unpublished appraisal contains confidential information owned by Weinstein Realty Advisors. And is protected under the United States Copyright Law. All unauthorized use is prohibited without the prior consent of Weinstein Realty Advisors



## EXECUTIVE SUMMARY

**Type of Property:** The subject is a multi-story masonry office building of approximately 6,888 gross square feet above grade and 3,444 gross square feet below grade. It is indicated as built in 1964 in assessment records.

**Address and Identification of Subject Property:** The subject is located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania. The Centre County Assessment records identify the property as two (2) parcels (36-026-,051-,0002P and 36-026-,051-,0001P).

Parcel ID	Address	Size/Acre	Assessment notes
36-026-,051-,0002P	1402 S Atherton Street	0.08	30% leased and taxable
36-026-,051-,0001P	1402 S Atherton Street	0.18	70% exempt
Total		0.26	

For the purpose of this report "subject" hereinafter refers to the two (2) parcels. It is assumed the subject is split due to a portion being taxable and a portion being exempt.

**Property Rights Appraised:** The property rights appraised in this report are the fee simple interests.

Fee simple estate is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>

**Ownership and History:** The most recent deed dated December 29, 1999 records a transfer from Arthur D. Campbell (grantor) and The Second Mile, a Pennsylvania non-profit corporation, for a consideration of \$1.00 as referenced in Deed Book 1134 Page 0845 and recorded in the Centre County Recorder of Deeds. This deed indicates the transfer of parcel 36-26-051 and is assumed to represent the entire subject.

To the best of our knowledge, the subject has not been made available for sale in the past three (3) years. It is our understanding the lower level of the building had been tenant occupied in the past. A copy of the deed has been included in the Addenda of this report.

**Purpose of the Appraisal:** The purpose of this report is to give an opinion of the as is market value for the subject as of the effective date of December 13, 2011.

**Intended Use of the Appraisal:** This report is to be used solely by the client and designated third parties for internal management purposes.

<sup>1</sup> Appraisal Institute. *The Dictionary of Real Estate Appraisal*, Fifth Edition. Appraisal Institute, Illinois, USA.  
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

**Intended User of the Appraisal:** The intended user of this report is the Client, The Second Mile, and any designated third parties.

**Date of Inspection:** The subject property was inspected on December 13, 2011.

**Effective Date of Valuation:** The effective date of this valuation is December 13, 2011.

**Date of Report:** January 4, 2012.

**Site:** The subject site, as indicated by the Centre County Office of Tax Assessment, is a total of 0.26 acres.

**Improvement Description:** The subject improvements consist of a multi-story masonry office building. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade. Land to building ratio for gross square footage is 0.91 to 1. It is indicated as built in 1964 in assessment records.

	Below Grade SF	First Floor SF	Second Floor SF	Leasable
Stairwell	336	336	336	
Floor Area	2,608	3,108	3,108	8,824
Mechanical	500			
Total (10,332)	3,444	3,444	3,444	

A detailed description of the improvements can be found in the Description of Improvements Section of this report.

**Current Use:** Currently the non-profit corporation, The Second Mile, operates in the subject property.

**Zoning:** The subject is in the CP-2 Planned Commercial District. There appear to be a wide range of permitted uses.

- Permitted uses of the CP-2 District include any use permitted in the CP-1 District.
- Permitted uses of the CP-1 District include any use permitted in the R-3 District.
- Permitted uses of the R-3 District include any use permitted in the R-2 District.
- Permitted uses of the R-2 District include any use permitted in the R-1 District.

**Assessment:** The Centre County Assessment records identify the property as two (2) parcels (36-026-,051-,0002P and 36-026-,051-,0001P). Implied value is \$463,932.

Parcel ID	Assessment	Notes
36-026-,051-,0002P	\$34,125	30% leased and taxable
36-026-,051-,0001P	\$96,240	70% exempt
Total	\$130,365	

Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania

**Highest and Best Use "As if Vacant and Available for Development":** Considering the four factors of Highest and Best Use, namely legally permissible, physically possible, financially feasible, and maximally productive, the Highest and Best Use of the subject site, as if vacant and available for development is for the subject property is most likely for business/office use as the market dictates.

**Highest and Best Use "As Improved":** Considering the four factors of Highest and Best Use, namely legally permissible, physically possible, financially feasible, and maximally productive, the Highest and Best Use of the subject, as improved, is likely to be business/office use recognizing a high degree of functional and physical obsolescence of the subject.

**Most Likely Buyer:** The subject property would most likely be purchased by an owner/user.

**Valuation Issues:** The subject was built in approximately 1964 and is considered to have many original components. The interior configuration is considered to have a high degree of functional/physical obsolescence. The layout is multiple small rooms and hallways considered to be narrow by today's standards. The restrooms and building as a whole is not ADA compliant. The market trend in office properties is an open physical layout. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system. Extensive internal and external renovations are anticipated for a new user/purchaser.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limited on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use.

The land to building ratio for gross square footage is 0.91 to 1. There are factors indicating the possibility of nonconforming use by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

Valuation Summary Table

<b>Valuation effective date December 13, 2011:</b>	<b>Total</b>
Opinion of Value by the Income Capitalization Approach	\$550,000
Opinion of Value by the Cost Approach	Not Applicable
Opinion of Value by the Sales Comparison Approach	\$570,000
<b>Final Opinion of Market Value</b>	<b>\$560,000</b>

Assumption of our value opinion is that the property is environmentally clean.  
Valuation does not include furniture, fixtures, equipment or personal property.

## SCOPE OF WORK

In order to form an opinion of market value of the subject, appraisers made a personal inspection of the property. Data pertaining to the subject site, zoning, tax, and general location were obtained and reviewed.

Information was obtained on the comparables and the subject from public records, multiple listing services, government agencies, including data retrieved from the Internet, and discussions with local brokers. Information was also obtained from the census bureau on population and demographics. A section is included specifying assumptions and limiting conditions. When possible, verification of appropriate information with buyers, sellers, brokers, and/or with other knowledgeable sources.

The scope of this summary appraisal includes:

- 1) An on-site inspection of the subject site;
- 2) Research and collection of data on comparable land and building sales and rentals for other comparable properties;
- 3) Verification of all information with buyers, sellers, brokers, public records, and/or with other knowledgeable sources;
- 4) Analysis of market conditions, location factors, physical attributes, unit sizes and other pertinent factors;
- 5) Consideration of the three recognized approaches to value, namely the Income Capitalization Approach, Cost Approach, and Sales Comparison Approach, with development of the Income Capitalization Approach; and,
- 6) Reconciliation of the as is market value.

The three approaches were considered for this report: Sales Comparison, Income and Cost. The Cost Approach was not considered applicable to the valuation of the subject property due to the age and subjective depreciation. The Sales Comparison Approach and Income Approach were developed for this report. Representatives of The Second Mile provided information for this report.

If client has concerns in the area of ADA, a professional with expertise in ADA, engineering, or architecture should be consulted.

Appraisers are not qualified to assess environmental issues and assume no responsibility, expertise, or knowledge for any environmental hazards. Neither a survey, title search, nor environmental studies were completed for this appraisal report.

### HISTORY OF OWNERSHIP AND SALES

The most recent deed located dated December 29, 1999 records a transfer from Arthur D. Campbell (grantor) and The Second Mile for a consideration of \$1.00 as referenced in Deed Book 1134 Page 0845 and recorded in the Centre County Recorder of Deeds. This deed indicates the transfer of parcel 36-26-051. It is assumed to represent the entire subject.

To the best of our knowledge, the subject has not been made available for sale in the past three (3) years. It is our understanding the lower level of the building had at one time been leased to a tenant. A copy of the deed has been included in the Addenda of this report.

## MARKET VALUE

Many definitions of market value, both legal and economic, have been developed and refined over the years. The economic definition used in this report can be stated as:

"The most probable sales 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 advised, and both acting in what they consider their best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in United States 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."<sup>2</sup>

---

<sup>2</sup> Definitions section of the Uniform Standards of Professional Appraisal Practice (USPAP) 2010 ed.; also quoted in The Appraisal of Real Estate Thirteenth Edition 2009.

## DEFINITIONS

### MARKET VALUE

Many definitions of market value, both legal and economic, have been developed and refined over the years. The definition of market value most widely used by agencies that regulate federally insured financial institutions in the United States is defined as follows:

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

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

### INTEREST APPRAISED

This report has been produced to estimate the value of the owner's fee simple interest in the subject property.

Fee simple estate is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>4</sup>

<sup>3</sup> 12 C.F.R Part 34.42 (g) ;55 Federal Register 34696, August 24, 1990; as amended at 57 Federal Register 12202, April 9, 1992, 59 Federal Register 29499, June 7, 1994; also quoted in *The Dictionary of Real Estate Appraisal*, Definition #3, Fifth Edition, Appraisal Institute, Illinois, 2010.

<sup>4</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Fifth Edition, Illinois, 2010.

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*



## EXTRAORDINARY ASSUMPTION

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: 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 an analysis.<sup>5</sup>

## HYPOTHETICAL CONDITION

That which is contrary to what exists but is supposed for the purpose of analysis.

Comment: 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.<sup>6</sup>

---

<sup>5</sup> USPAP 2010-2011 Edition, Definitions; also quoted in *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Illinois, 2010.

<sup>6</sup> USPAP 2010-2011 Edition, Definitions; also quoted in *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Illinois, 2010.

## EXPOSURE AND MARKETING TIME

### Exposure Time<sup>7</sup>

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time may be 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 estimate based on an analysis of past events assuming a competitive and open market."

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component. The estimate may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on market;
- Information gathered through sales verification; and,
- Interviews with market participants.

Based on the information presented in the body of the report which follows, a reasonable exposure time for the subject property at the indicated market value is six (6) to twelve (12) months. [The reader should note that exposure time is different than marketing time in that exposure time is always presumed to precede the effective date of an appraisal, whereas marketing time is a time period immediately subsequent to the date of the appraisal.]

<sup>7</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010.  
Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania

## Marketing Period

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.<sup>8</sup> Marketing time is different from exposure time, which is always presumed to precede the effective date of an appraisal.

The estimate of marketing time uses some of the same data analyzed in the process of estimating reasonable exposure time as part of the appraisal process and is not intended to be a prediction of a date of sale. The estimate may be expressed as a range and can be based on one or more of the following:

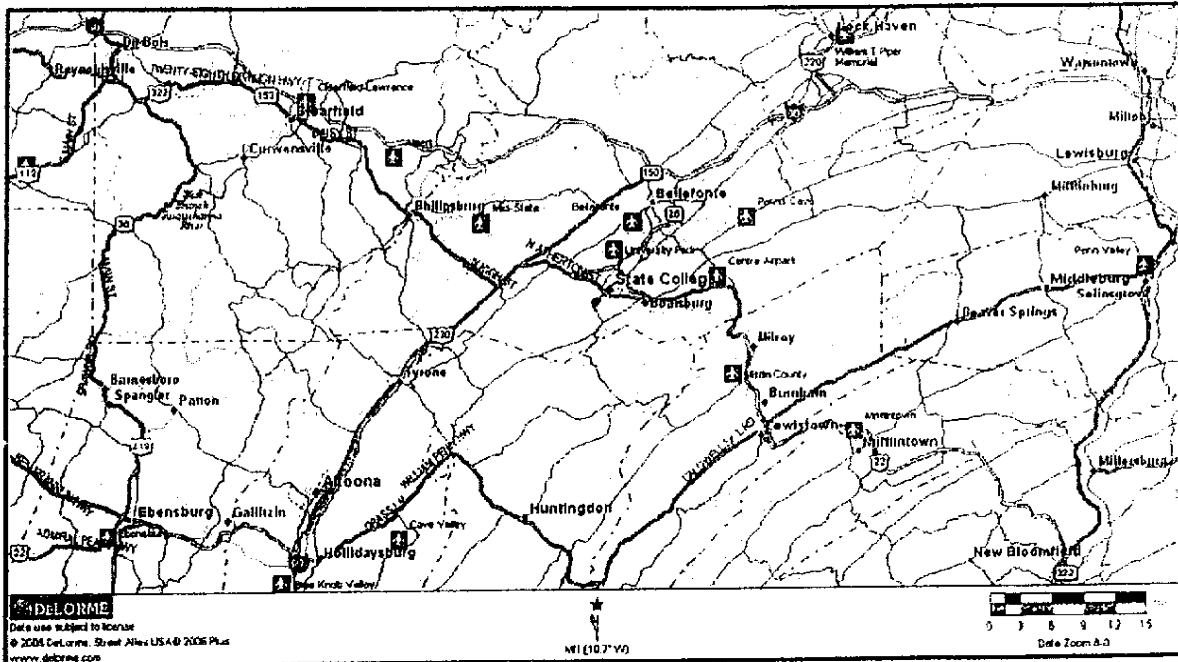
- Statistical information about days on market;
- Information gathered through sales verification;
- Interviews with market participants; and,
- Anticipated changes in market conditions.

Considering the information presented regarding market activity and the orientation of the appraisal, a reasonable estimate of marketing time for the subject property at the appraised market value is approximately six (6) to twelve (12) months.

---

<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010.  
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

REGIONAL MAP

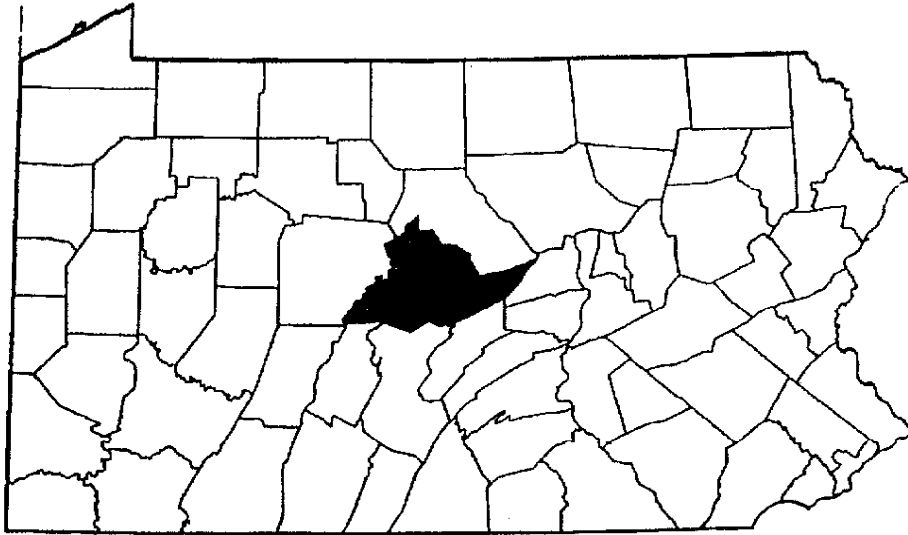


Centre County, PA

Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania

## MARKET AREA ANALYSIS

The ever changing nature of the basic forces that motivate buyers and sellers within a given market area have a direct impact on the area's real estate values. The forces are usually considered in four major categories: 1) social standards and ideas; 2) economic conditions; 3) government controls and standards; and 4) environmental conditions. Below is the general analysis that outlines the general economic conditions and future outlook and trends of the subject market area.

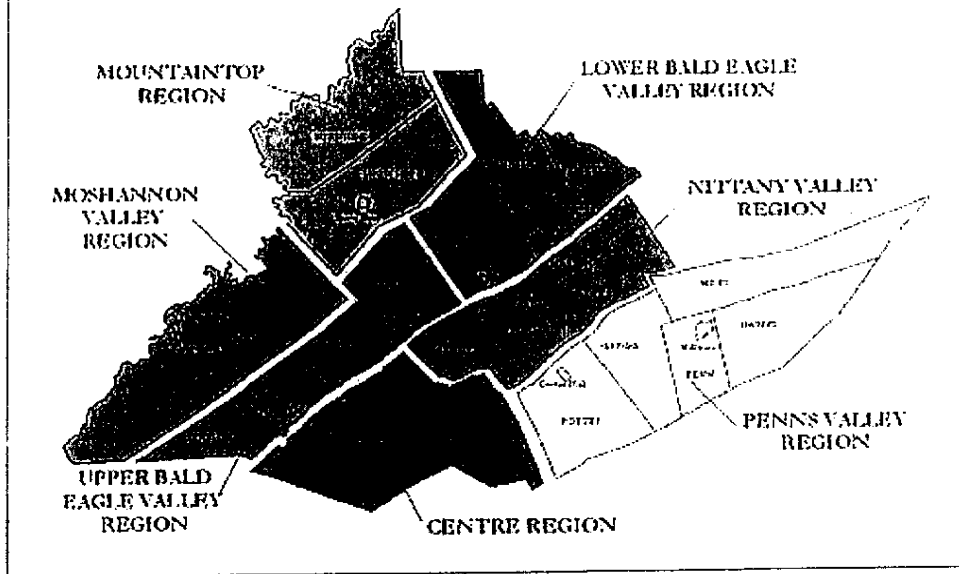


Centre County within Pennsylvania

### **CENTRE COUNTY, PENNSYLVANIA**

Centre County is located centrally in Pennsylvania. It covers a total area of 1,112 square miles. To the north of Centre County is Clinton County; to the west is Clearfield County, to the south are Blair and Huntingdon Counties; and to the east are Mifflin and Union Counties. Centre County was founded in 1800. Thirty-six municipalities are contained within the county, which includes 25 townships and 11 boroughs. For planning purposes, Centre County is divided into seven (7) regions. The county seat is Bellefonte.

## CENTRE COUNTY PLANNING REGIONS



State College Borough is in the Centre Planning Region

### Travel

Main routes in the area include Route 322, 220, Interstate 80, Route 550, 150, and 144. Route 322 travels east west connecting the State College area to Meadville to the west and Harrisburg to the east. Route 220 runs north south connecting the Milesburg area to the north of State College to Altoona to the south. Interstate 80 runs east west and connects to Ohio State to the west and New Jersey to the east. Route 550 runs north south connecting Bellefonte to the north to Warriors Mark to the south. Route 150 runs north south connecting Bellefonte to the north to State College to the south. Finally, Route 144 runs north south and bypasses State College to the east eventually meeting into Route 322.

Centre Area Transit Authority (CATA) provides public bus transportation service throughout the State College area and surrounding areas. According to the comprehensive plan for Centre County, the Centre County Office of Transportation provides transportation service throughout all of the regions of the county. It is a shared ride program available to the general public for a small fee, free for senior citizens and clients of Centre County's Human Service Agencies.

Air transportation in the area is the University Park Airport. University Park Airport provides commuter service to larger airports such as Pittsburgh, PA, Philadelphia, PA, Detroit, Michigan and Washington D. C..

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

14

**weinstein appraisal group**

### Employment and Income

The unemployment rate published by the U.S. Department of Labor – Bureau of Labor Statistics for National, Pennsylvania and for Centre and the surrounding counties are as follows:

Area	August 2010	August 2011
National	9.5%	9.1%
Pennsylvania	8.5%	8.5%
Centre County	6.2%	6.6%
Clearfield County	9.3%	8.8%
Clinton County	8.9%	8.3%
Union County	9.0%	8.6%
Mifflin County	9.4%	8.8%
Huntingdon County	9.7%	9.5%
Blair County	7.3%	7.3%

As noted above, Centre County benefits from a lower unemployment rate, however, the county did see an increase in August of 2011 versus the same period last year. The comprehensive plan for Centre County notes that income statistics in the county are skewed due to the large number of college students living in the area, however, per capita income is still higher than in the surrounding counties. The reported median household income for Centre County for (2009, last reported) is \$47,966, which is 96.9% of the State Median Household Income.

The PA Department of Labor and Industry reported the top major employers in Centre County in the third quarter of 2010 (*most recent release publicized*) as follows:

Employer	Industry Sector
Pennsylvania State University	Educational Services
State College Area School District	Educational Services
Mount Nittany Medical Center	Health Care and Social Assistance
Glenn O Hawbaker Inc	Construction
County of Centre	Public Administration
Wal-Mart Associates Inc	Retail Trade
Weis Markets Inc	Retail Trade
HRI Inc	Manufacturing
Raytheon Company	Professional and Technical Services
Bellefonte Area School District	Educational Services

### Industry

The Centre Region Council of Governments published a report in June 2010 of an Economic Development Assessment of the Centre Region. There is an analysis of the share of an industry the local economy has captured.

<b>Location Quotient - Centre County vs. Pennsylvania (2010-Q3)</b>			
<b>Industry/4-digit SIC Code</b>	<b>Centre County</b>	<b>Pennsylvania</b>	<b>LQ</b>
3812 Search and Navigation Equipment	401	449	53.37
3675 Electronic Capacitors	257	386	39.79
3274 Lime	60	149	24.06
3911 Jewelry, Precious Metal	402	1,034	23.23
3172 Personal Leather Goods, Nec	9	30	17.93
3663 Radio and T.v. Communications Equipment	671	2,920	13.73
3631 Household Cooking Equipment	14	62	13.49
2673 Bags: Plastic, Laminated, and Coated	122	545	13.38
3676 Electronic Resistors	108	487	13.25
8221 Colleges and Universities	23,186	107,665	12.87
<b>Total</b>	<b>85,136</b>	<b>5,087,592</b>	<b>1.00</b>

Comparing Centre County to the state of Pennsylvania, Centre County is considered to be more specialized in industries such as search and navigation equipment, electronics capacitors, lime, precious metal jewelry, electronic resistors, and colleges and universities.

The comprehensive plan has published employment projections for Centre County:

<b>2000 Total Employment</b>	<b>2030 Total Employment</b>	<b>% Change</b>
48,012	61,211	21.6%

### **Population**

Regional growth has slowed in the northeast according to the most recent data released by the U.S. Department of Commerce, Economics and Statistics Administration. U.S. Census Bureau's report issued March of 2011.

<b>U.S. Region</b>	<b>Growth 2000-2010</b>
National	9.7%
South	14.3%
West	13.8%
Midwest	3.9%
Northeast	3.2%



Centre County is considered a growing county in Pennsylvania. The following table shows the population growth in Centre County as reported by the U.S. Bureau of the Census over the past decade.

Year	Population	Growth
2010	153,990	----
2000	135,758	13.4%

The Pennsylvania State Data Center published statistics projecting the following population growth for Centre County, based on historical data.

2000 <i>Census</i>	2010 <i>Census</i>	2020	2030
135,758	147,935 <i>Projection</i> 153,990 <i>Actual</i>	156,620 <i>Projection</i>	166,148 <i>Projection</i>

The population of Centre County over the past decade had an increase above actual projections. From the statistics in the above table, we can assume that the Centre County region will continue to grow.

#### **Education**

The County includes seven public school districts including Bald Eagle Area, Bellefonte Area, Keystone Central, Penns Valley Area, Philipsburg-Osceola Area, State College Area, and Tyrone Area. As of the 2000 census, 88.2% of the population over the age of 25 is a high school graduate. Of the graduates, 36.3% have a bachelor's degree or higher. Penn State University has a positive impact on the area that includes access to higher education for the residence as well as a positive economic impact. It provides opportunities for employment and draws people to sporting events and cultural activities.

#### **Housing**

An adequate and diverse housing stock is critical to the County's long-range development potential. Centre County's housing market varies considerably by planning region. The 2010 census indicated 63,297 housing units in Centre County with 57,573 occupied.

Centre County's housing market varies considerably by planning region. The Centre Region is experiencing growth while some of the outlying areas lack infrastructure to support growth.

#### **Recreation**

Centre County has a wide range of outdoor and indoor activities. Some of the recreational areas and attractions in Centre County include: Bald Eagle State Park, Black Moshannon State Park, McCall Dam, Penn Roosevelt State Park, Poe Paddy State Park, and Poe Valley State Park. There are sporting events, cultural activities and historical events as well. A sampling includes, Penn State Football Games, Bryce Jordan Center, Bellefonte Historic Railroad, Pavilion Theatre and various museums.

**Health Care**

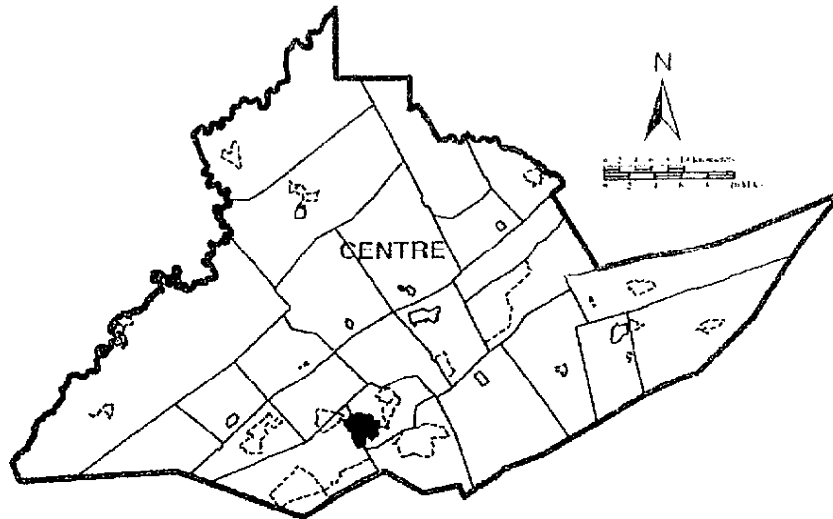
Medical facilities in the market area include the Mount Nittany Medical Center and Centre Community Hospital.

**Summary**

With the presence of The Pennsylvania State University, the area has become a major destination, increasing traffic. Overall, Centre County had the largest increase in the state in the number of housing units (19%) according to the 2010 census. Most recently, the region has seen the construction of Interstate 99, which will provide improved access between I-80 and the Pennsylvania Turnpike.

## NEIGHBORHOOD ANALYSIS

The Neighborhood Analysis provides a bridge between the Market Area Analysis and the study of the subject property. As in the Market Area Analysis, the goal of the Neighborhood Analysis is to determine how the operations of social, economic, governmental and environmental factors influence the value of real estate. The focus is on how these factors interact in the immediate vicinity of the subject property.

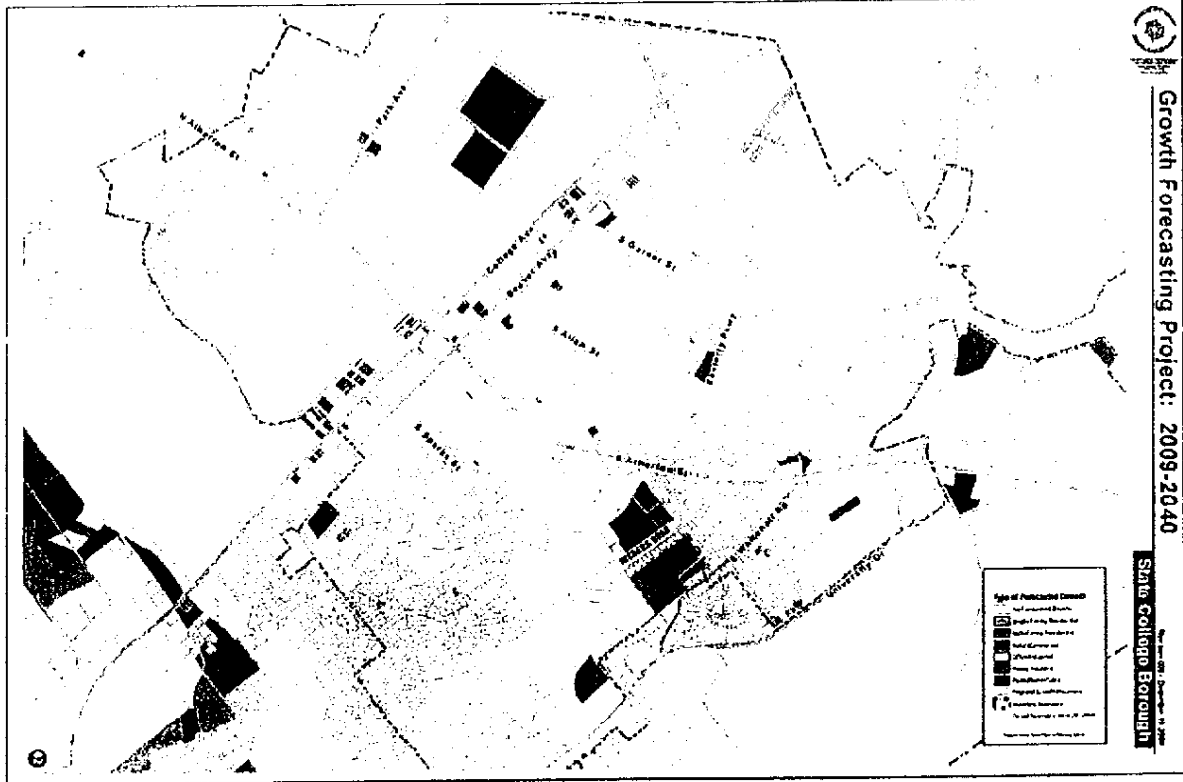


State College Borough within Centre County

State College Borough is in the south center area of Centre County in the Centre Planning Region. It is reported as approximately 4.56 square miles with a 2010 census population of 42,034 (up from 38,420 in 2000). These numbers include Penn State students. Approximately 600 acres is owned by Penn State University. The 2010 census reported 13,007 housing units in the borough.

### Forecasted Growth for State College Borough

The following map indicates the forecasted growth areas of State College Borough. The Centre Regional Planning Agency forecast redevelopment of properties in areas such as Downtown and the West End. The established residential neighborhoods are expected to have minimal change.



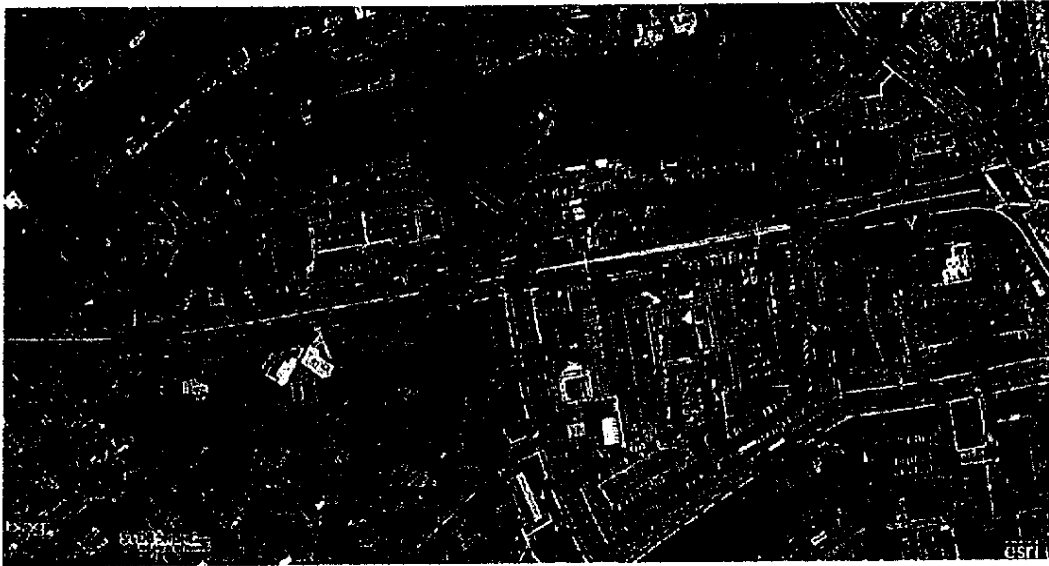
### The 2010 Centre Region Growth Management Report

This report, completed by the Centre Regional Planning Agency, notes future considerations as:

- The entire State College Borough is located within the Regional Growth Boundary and Sewer Service Area, therefore infrastructure is assumed to be in place for development.
- Redevelopment is expected to be a major factor.
- Student enrollment is expected to increase.
- Preservation of existing stable neighborhoods is a priority.

A limited amount of retail and office use is forecasted for the Borough. The West End Revitalization Plan for the Borough forecasts redevelopment of underutilized properties.

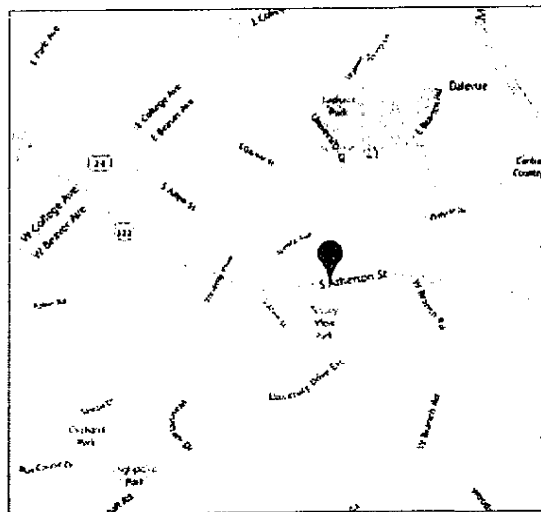
## Neighborhood



Much of the area along South Atherton Street is business/commercial use with residential use behind the streetscape. The area east of the subject at University Drive is a more heavily commercial use.

## Geographic Boundaries

The subject property is located at 1402 South Atherton Street on the southeast corner of the intersection of South Atherton Street and Norma Street. The site is in the eastern portion of the borough.



*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

21

**weinstein appraisal group**

**Summary of Development**

The Centre County Planning and Community Development office compiles building permit activity for the region. The building permit activity for new construction in State College Borough is recorded as follows:

Residential Permit Type State College Borough	# Permits 2008	# Permits 2009	# Permits 2010
Single Family	2	3	1
Duplex	0	0	0
Multi-family	0	0	0
Townhouse	0	0	0
Mobile Home	0	0	0

Commercial Permit Type State College Borough	# Permits 2008	# Permits 2009	# Permits 2010
New	0	0	2
Additions	0	1	1

**2010 Centre Region Growth Management Report**

The Centre Region Growth Management Report 2010 reports the following growth projections for State College Borough.

**TABLE 12  
STATE COLLEGE BOROUGH GROWTH FORECAST<sup>1</sup>**

YEAR	DWELLING UNITS	RETAIL	RETAIL- HOTEL	OFFICE/LIGHT INDUSTRIAL	HEAVY INDUSTRIAL	PUBLIC/ SEMI-PUBLIC
2009-2020	329	78,500	0	89,150	0	345,405
2021-2030	311	89,800	125,000	74,200	0	220,200
2031-2040	455	21,200	0	12,500	0	15,000
<b>TOTAL (2009-2040)</b>	<b>1,095</b>	<b>189,500</b>	<b>125,000</b>	<b>175,850</b>	<b>0</b>	<b>580,605</b>

Source: 2009 Centre County Growth Forecast 2040

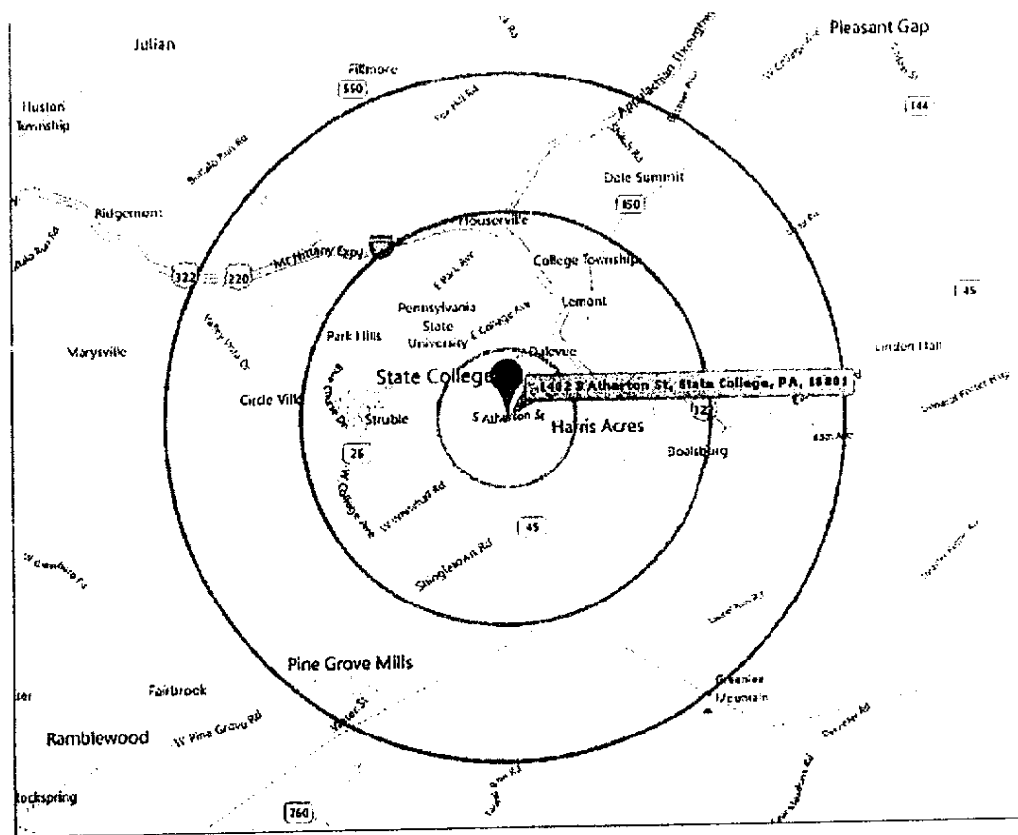
Footnote: 1—All numbers are in square feet except Dwelling Units

**Conclusion**

The building permit activity indicates very little growth in State College Borough. Redevelopment is forecasted for some downtown areas. Penn State University is considered to be the major influence in the area. There is development projects planned for the University in the near future. The full effect to Penn State University of recent negative public relations is unknown.

### Site-To-Do-Business

The research tool Site-To-Do-Business provides demographic data to a specific geographic area. The following map illustrates the geographic area of one (1), three (3) and five (5) mile radius of the subject property.

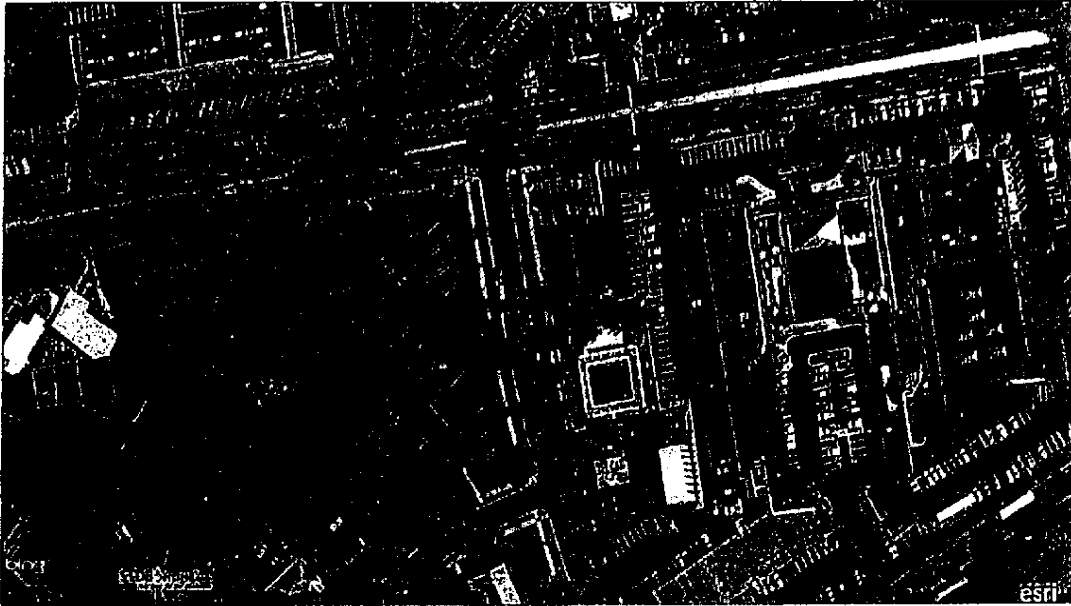


	One Mile	Three Miles	Five Miles
<b>Population</b>			
2000	9,098	53,808	73,216
2010	9,103	57,980	79,426
2015	9,070	58,717	80,804
<b>Households</b>			
2000	4,292	17,872	25,748
2010	4,392	19,140	28,080
2015	4,405	19,533	28,824

The rate of growth for population and households is anticipated to decrease from 2010 to 2015.

SITE DESCRIPTION

The subject property is located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania. The site is on the southeast corner of the intersection of South Atherton Street and Noma Street.



*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*



**Size and relative conformity to adjacent sites:** The subject site consists of approximately 0.26 acres. The site is rectangular in shape and basically level. The land to building ratio is 0.91 to 1.

**Frontage and Visibility:** The site is on the southeast corner of the intersection of South Atherton Street and Norma Street with frontage and visibility.

**Access and Circulation:** There is a "U" shaped access from Norma Street. The size is a limiting factor to larger vehicle access and vehicle circulation.

**Parking:** The site, as currently configured, has limiting parking (approximately 13 spaces). This equates to one (1) space per 795 square feet of space. Management indicated the neighboring hotel property permits parking on their property on the east side of the building. A formal arrangement is not known. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use.

**Topography, Soils & Drainage:** No apparent drainage problems were noted but it should be noted that the scope of this appraisal does not include specific tests for adequacy. Similarly, soils have not been tested but are believed to be adequate for this type development. The topography is generally level.

**Flood Plain:** According to Floodsource Floodscape Map Number 42027C0630F, effective May 4, 2009, the subject property does not appear to be located in a flood hazard area.

**Utilities:** Public utilities.

**Site Improvements:** The site is improved with a multi-story office building built circa 1964 and paving. Above grade space is estimated as 6,888 square feet and below grade 3,444 square feet.

**Easements and Encroachments:** No easements or encroachments were noted on the subject site that would inhibit full use of the site.

**Nuisance Factors:** No nuisance factors were noted on the subject site.

**Environmental Concerns:** No environmental concerns are known to the appraisers; however, the reader of this report should be aware of the typical environmental concerns that go along with similar use properties in this area. We are not qualified for testing of hazardous substances. No responsibility, expertise or knowledge is assumed for any environmental hazards.

**Comments:** The subject site is located along a high traffic area. The size is a limiting factor to use.

## DESCRIPTION OF IMPROVEMENTS

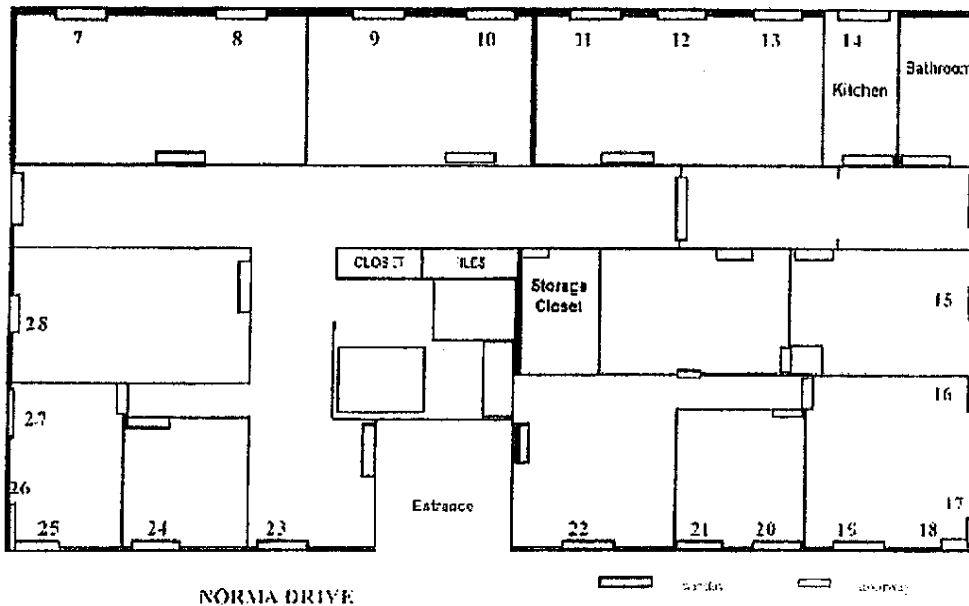
The descriptions below were taken from a personal inspection of the subject property, information collected from the Centre County Assessment office as well as information provided to us by the client.

The subject improvements consist of a multi-story masonry office building. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade (500 SF assumed for mechanicals).

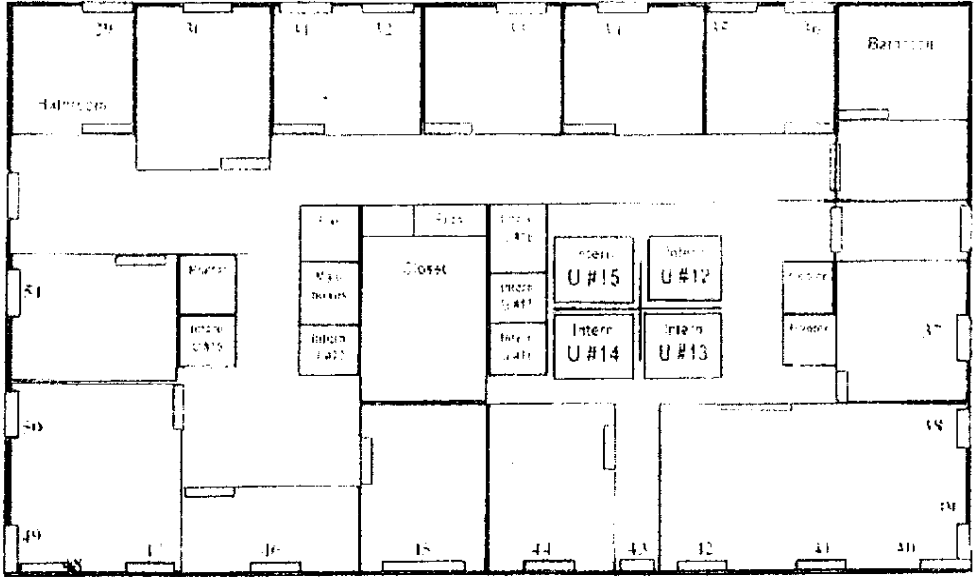
Land to building ratio for gross square footage is 0.91 to 1. It is indicated as built in 1964 in assessment records. The amount of on-site parking is very limited.

	Below Grade SF	First Floor SF	Second Floor SF	Leasable
Stairwell	336	336	336	
Floor Area	2,608	3,108	3,108	8,824
Mechanical	500			
Total (10,332SF)	3,444	3,444	3,444	

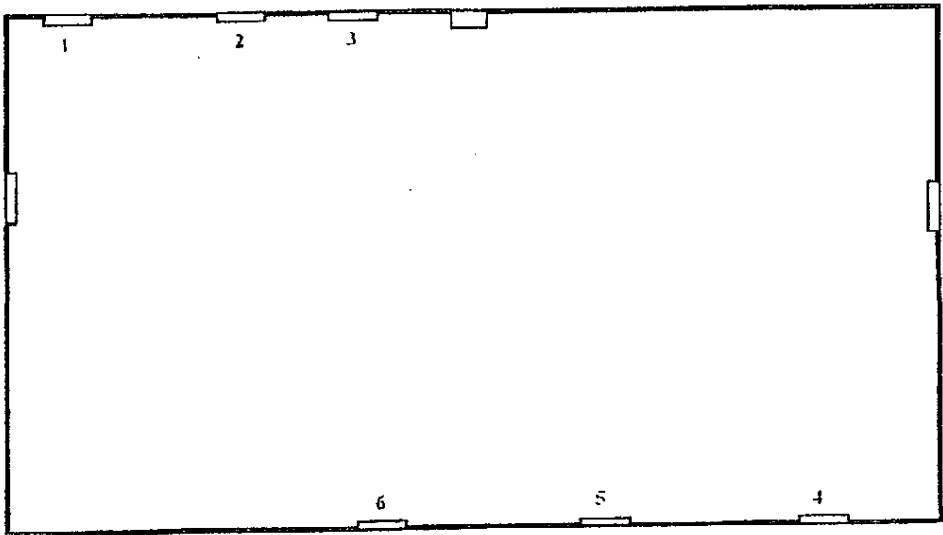
### FIRST FLOOR PLAN



**SECOND FLOOR PLAN**



**BASEMENT FLOOR PLAN**



— window — door way

The basement has interior walls not illustrated and stairwells are not on drawings.

### General Description

The subject is a multi-story masonry office building of approximately 10,332 square feet. It is basically rectangular shaped and the main entrance is a single door on the west of the building facing Norma Street. There are two (2) stair towers on the north and south ends of the building.

Mechanical and electrical systems are assumed to be adequate for the current use and are assumed to meet applicable codes. The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated.

The building appears adequately maintained. The age of physical components such as roof and mechanicals is not known. Windows were replaced in the last few years. The first floor has a kitchen area. There is exterior lighting mounted to the building.

Interior finishes include painted block walls and painted drywall, carpet and tile flooring, acoustical tile ceilings and fluorescent lighting. It is our understanding the interior layout of the first and second floors were reconfigured in the last few years. The layout is multiple small rooms and hallways considered to be narrow by today's standards. Restrooms are not ADA compliant.

The building is not ADA compliant and is not sprinklered. It does not have an elevator or security system.

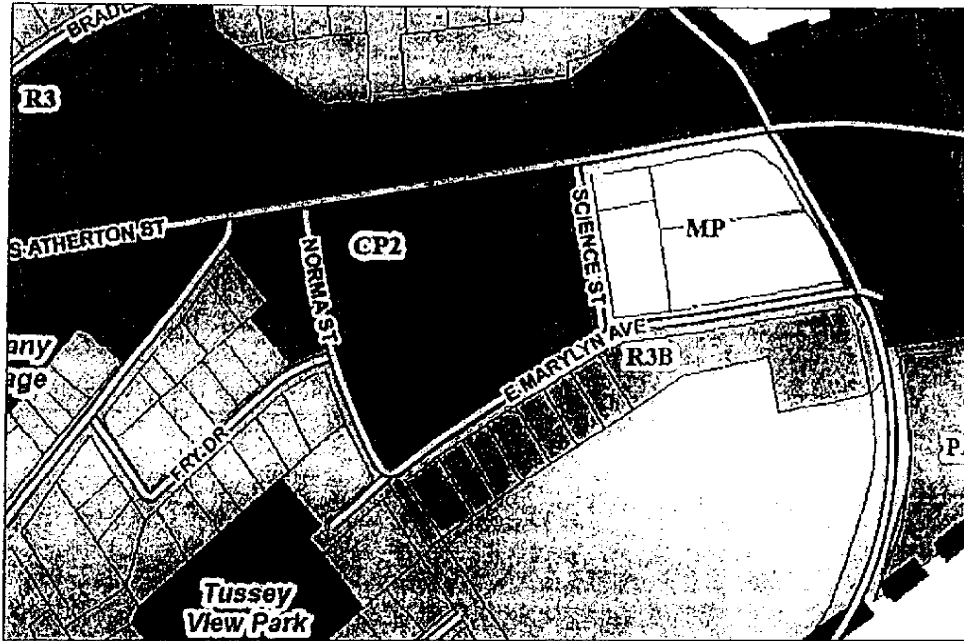
### Summary of Improvements

The subject was built in approximately 1964 and is considered to have many original components. The windows were recently replaced. The interior configuration is considered to have a high degree of functional/physical obsolescence. The market trend in office properties is an open physical layout. The lack of ADA compliance is considered a limiting factor. Extensive internal and external renovations are anticipated for a new user/purchaser.

Land to building ratio for gross square footage is 0.91 to 1. The amount of on-site parking is very limited. There is no formal agreement for parking with the neighboring hotel property. These factors indicate the possibility of being nonconforming by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

## ZONING

The subject is in the CP-2 Planned Commercial District as set forth by the State College Borough Zoning Ordinance. The current use appears to be legally permissible under said ordinance.



**Section 1501. Use.** The CP-2 district, to be known as a "Planned Commercial District," is intended to provide for commercial use along major highways and in designed shopping centers. Adequate access roads or driveways must be provided, and they shall be designed to prevent traffic hazards and to minimize traffic congestion in public streets and alleys. Additionally, large setbacks and special screening regulations (see Section 2404.i of this Chapter) are required to provide open space with greenery along major highways. It is expressly intended that open space will provide aesthetic views through landscape planting and reduce congestion by moving development away from the street line. No building may be used or erected and no lot may be used or occupied in the CP-2 district, except for the following purposes:

- Any use permitted in a CP-1 district
- Any use permitted in a C district, except
  - Adult business use
  - Adult theaters
  - Telecommunications facilities
- Accessory land use and buildings customarily incidental to any of the above uses

- Signs in accordance with this Chapter and Chapter XV
- Exceptions and modifications to uses permitted:
  - Motels with frontage on a State highway
  - Automobile sales and service with frontage on State highway
  - Motor vehicle oriented business as conditional use pursuant to Part F
  - Bottled beverage distributor

#### CP-1 Planned Commercial District Permitted Uses

- Any use permitted in R-3 district
- Professional office or studio
- Delicatessen store, dairy lunch, but not restaurants or cafes
- Personal service shops
- Custom dressmaking, tailoring
- Sale of books, non-intoxicating beverages, flowers, drugs, notions
- Accessory land use and buildings customarily incident to any above uses
- Off-street parking and unloading
- Signs and name plates affixed flush with front of building and not above

Do not include sale of gasoline, automotive service station or adult business.

#### C General Commercial District Permitted Uses

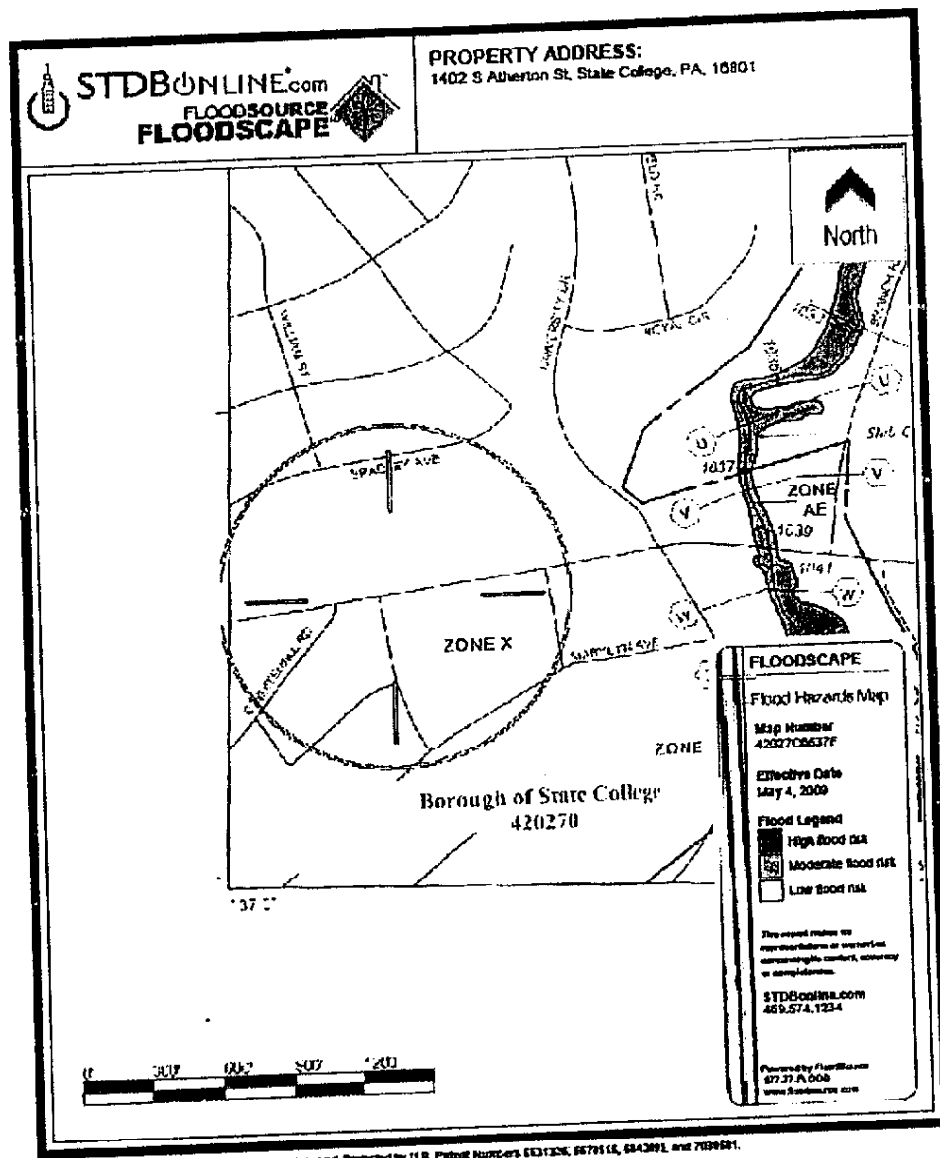
Land and structures may be used for any purpose except:

- Incineration (special fire hazards)
- Automobile wrecking
- Blacksmith
- Coal or coke storage
- Contractor shop, warehouse or material storage
- Lumber yards
- Bottling or distribution
- Stone or monument
- Those with emission of odor, dust, smoke, gas, vibration, noise

Land to building ratio for gross square footage is 0.91 to 1. The amount of on-site parking is very limited. These factors indicate the possibility of being nonconforming by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

## FLOOD MAP

According to Floodsource Floodscape Map Number 42027C0630F, effective May 4, 2009, the subject property does not appear to be located in a flood hazard area. The Flood Hazard Map is provided below.



© 1989-2011 SourcePace Corporation. All rights reserved. Protected by U.S. Patent Numbers 6,631,206, 6,679,116, 6,843,091, and 7,039,581.

Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania

## REAL ESTATE ASSESSMENT ANALYSIS

The subject property is in State College Borough, Centre County, Pennsylvania.

The basis for the real estate tax assessment is made up of two parts, the assessment and the millage rate. The assessed value is multiplied by the millage rate to arrive at the tax liability. The assessment is set by the county assessment.

The Centre County Assessment records identify the property as two (2) parcels (36-026-051-0002P and 36-026-051-0001P).

Parcel ID	Assessment	Notes
36-026-051-0002P	\$34,125	30% leased and taxable
36-026-051-0001P	\$96,240	70% exempt
Total	\$130,365	

The millage rate breakdown is as follows:

Centre County	7.840
Municipal	11.040
School District	36.8500
Total	55.7300

The full tax liability for the subject is \$7,265.

Legislation passed in 1982 empowered the Pennsylvania State Tax Equalization Board (STEB) to establish a Common Level Ratio for each county in the Commonwealth. The PA State Equalization Board has published a rate of 28.1% as of July, 2011 for Centre County. The implied value is \$463,932.



## HIGHEST AND BEST USE<sup>9</sup>

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

Highest and best use may be defined as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value."

Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the land or site as though vacant and available to be put to its highest and best use, or for the property as improved.

The first determination reflects that land value is derived from potential land use. Land has limited value unless there is a present or anticipated use for it. The amount of value depends on the nature of the land's anticipated use according to the concept of surplus productivity. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use of the land as though vacant. This is the "classic" definition of a land residual analysis.

For the purpose of analysis, the appraiser assumes that the parcel of land in question is vacant. Even a site with a large building on it can be made vacant by demolishing the building. The question to be answered is: If the land were vacant, what new improvement(s) should be constructed on the site?

The highest and best use of a property as improved refers to the optimal use that could be made of the property including all existing structures. The implication is that the existing improvement should be renovated or retained so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

The determination of the highest and best use of land as though vacant is useful for land or site valuation. Determining the highest and best use of an improved property provides a decision regarding continued use or demolition of the property. [The reader should note that demolition is indicated when the land as though vacant has more value than the parcel as presently improved.]

<sup>9</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008, Page 278.

The relationship between the supply of, and demand for, land adaptable to a particular use is significant in determining highest and best use. A site or improved property may be placed under an interim use until demand is sufficient to support its highest and best use. If a more profitable use must be delayed due to insufficient present demand, the interim use will continue until the value of the land as though vacant, minus the cost of demolishing the existing improvements, exceeds the total value of the improved property at its current use.

When properties are devoted to temporary, interim uses, the concept of consistent use must be addressed. Consistent use is the concept that land cannot be valued on the basis of one use while the improvements are valued on the basis of another. Improvements that do not represent the land's highest and best use, but do have substantial remaining physical lives, may have an interim use of temporary value, or they may have no value at all.

The highest and best use analysis requires the employment of various categories of use-oriented decisions. To conclude that a given use is the highest and best use, the use must meet four criteria. The highest and best use must be:

- 1) Legally permissible;
- 2) Physically possible;
- 3) Financially feasible; and
- 4) Maximally profitable.

In sequential order, usually from the most general to the most specific, each criteria is considered in turn, thereby eliminating at each level, proposed uses that do not qualify.

This process stimulates the thought process of the rational and informed decision maker and helps the appraiser identify the most likely users and buyers for the subject property.

### **Highest and Best Use As Though Vacant and Available for Development**

Highest and best use of land or a site as though vacant is defined as the use of a property based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements.<sup>10</sup> Land value, as though vacant, is a fundamental concept of valuation theory and the basis for the Cost Approach.

The four factors of highest and best use, that is whether the use is legally permissible, physically possible, financially feasible, or maximally profitable will be developed for the property as though it were vacant and available for development.

The subject is a 0.26 acre basically level site zoned CP-2 Planned Commercial District on the southeast corner of South Atherton Street and Norma Street. It is rectangular in shape and has public utilities.

**Legally Permissible:** The subject property is zoned CP-2 Planned Commercial District by the State College Borough zoning ordinance. The permitted uses are a wide range and have been presented in the zoning section of this appraisal. CP-1 and CP-2 include professional office, limited motel use, limited automobile sales/service, personal service, and limited retail (books, confections, drugs, flowers, small household articles).

- Permitted uses of the CP-2 District include any use permitted in the CP-1 District.
- Permitted uses of the CP-1 District include any use permitted in the R-3 District.
- Permitted uses of the R-3 District include any use permitted in the R-2 District.
- Permitted uses of the R-2 District include any use permitted in the R-1 District.

**Physically Possible:** A detailed description of the subject's 0.26 acre site is presented in the Description of the Site section. The size of the subject limits the potential use. Due to the overlap of Districts it is difficult to quantify the amount of development permitted.

**Financially Feasible:** The area has a history of commercial/business use along South Atherton Street.

**Maximally Profitable:** Considering the four factors; legally permitted, physically possible, financially feasible and maximally productive, and applying the assumption of industrial use being permitted, it would appear that the highest and best use as if vacant for the subject is most likely for office/business use as the market dictates.

<sup>10</sup> *The Appraisal of Real Estate*. Appraisal Institute. 13th Edition, 2008. Page 281.

## Highest and Best Use as Improved

The highest and best use as improved is defined as the use that should be made of a property as it exists.<sup>11</sup> There are two reasons to analyze the highest and best use of a property as improved. The first is to identify the property use(s) that can be expected to produce the highest overall return for dollar of capital invested. The second reason is to help identify comparable properties in the Sales Comparison Approach.

As in the previous analysis, the four factors of highest and best use must be studied. These are legal, physical adaptability, financially feasible, and maximally profitable.

The subject improvements consist of a multi-story masonry office building zoned CP-2. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade. Land to building ratio for gross square footage is 0.91 to 1.

The subject was built in approximately 1964 and is considered to have many original components. The layout is multiple small rooms and hallways considered to be narrow by today's standards. It is considered to have a high degree of functional/physical obsolescence. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limiting on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space.

**Legally Permissible:** The subject property is zoned CP-2 Planned Commercial District. The current use appears to be legally permissible.

The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

**Physically Possible:** It is physically possible to continue the office use of the subject property. The subject was built in approximately 1964 and is considered to have many original components. The windows were recently replaced. On-site parking is limited to approximately 13 spaces.

The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The layout is multiple small rooms and hallways considered to be narrow by today's standards (functional/physical obsolescence).

<sup>11</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008, Page 287.

**Financially Feasible:** The area does have a history of business/office use. The functional/physical obsolescence is anticipated to affect the use and thus the sale price and/or rental rate of the subject property. Extensive internal and external renovations are anticipated for a new user/purchaser.

**Maximally Profitable:** The highest and best use is usually a long-term consideration, expected to remain on the site for the normal life of the improvements. It represents that use which results in the highest value. Highest and best use of the subject is considered to be business/office use recognizing a degree of functional and physical obsolescence and very limited on-site parking.

## THE APPROACHES TO VALUE

In estimating the market value of a given property, it is normal appraisal practice to assemble as much relevant data from the marketplace as possible. This data is then applied in the three recognized approaches to value: the Income Capitalization Approach, the Cost Approach, and the Sales Comparison Approach.

**In a Cost Approach**, first an estimate of the subject site's land value is obtained by comparing the subject site with other similar sites that have been recently sold. The subject site is valued in accordance with the conclusions reached in the Highest and Best Use - As Though Vacant section of the appraisal report. Based on the physical description presented in the report, the subject's replacement cost new is estimated based on comparative costs derived from the market and from *Marshall Valuation Service* estimates. Accrued depreciation from all observed sources is then subtracted from replacement cost new to yield depreciated replacement cost. An appropriate level of entrepreneurial incentive is also added. This sum is then added to the indicated land value to yield an estimate of value based on the Cost Approach. The Cost Approach was considered and not found applicable for this report. The age of the subject indicates estimating significant physical and functional obsolescence, reducing reliability of the conclusion.

**The Income Capitalization Approach** analysis is concerned with the present worth of anticipated future benefits derived from the ownership of the subject property, expressed in terms of potential rental income. The anticipated stabilized net operating income available from the property is then converted into a value estimate by means of the application of an appropriate capitalization rate derived from market observations. The income approach has been developed, however, the subject is considered most applicable to an owner/user.

**The Sales Comparison Approach** uses the sales of similar properties as the basis of an indication of value for the subject property. This comparison may be made on a square foot, cubic foot, front foot, or any other basis that is recognized in the marketplace and provides an adequate unit of measure of indicated market value. The Sales Comparison Approach has been developed.

## COST APPROACH

To develop the value of the subject property by the Cost Approach, the value of the land, as if vacant and available for development to its highest and best use, must first be addressed. Then, the depreciated replacement cost of the subject improvements, including developer's profit and entrepreneurial incentive, must be estimated. The summation of land value and depreciated replacement cost would then be the indicated market value by the Cost Approach. The Cost Approach was considered and was not found applicable for this report.

## THE INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach allows an analysis of the typical investor-buyer, analyzing the property's income potential and future marketability. The present value of cash flows and future sale proceeds is quantified based on the timing, duration, stability and risk of these components of investment return. The investor trades present dollars for the right to receive future dollars in anticipation of making a profit. This is the Principle of Anticipation that is fundamental to the Income Capitalization Approach.<sup>12</sup>

The process of capitalization converts this income stream into a single value indication. This process involves applying a capitalization rate deemed appropriate for the subject's indicated risk and return profile to the subject's net operating income (NOI).

There are several methods to develop a value based on capitalization rates. Two of the most common include direct capitalization and yield capitalization. Direct capitalization requires market-derived capitalization rates from similar properties and transactions and then applies them to the subject property's stabilized net operating income without explicit attention to "return on", and "return of" capital. Yield capitalization is more complex and requires interpreting expectations and attitudes into formulas designed to convert several years' net income into a present value estimate. The income approach has been developed, however, the subject is considered most applicable to an owner/user.

The subject improvements consist of a multi-story masonry office building. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade (500 SF assumed for mechanicals).

	Below Grade SF	First Floor SF	Second Floor SF	Leasable
Stairwell	336	336	336	
Floor Area	2,608	3,108	3,108	8,824
Mechanical	500			
Total (10,332SF)	3,444	3,444	3,444	

### **Direct Capitalization Analysis**

The discussion that follows is an analysis of the subject property on a direct capitalization basis. It is assumed that rent and expenses are stabilized at current, market based levels. The net operating income resulting from the subtraction of operating expenses from effective gross income (income after vacancy allowance) is capitalized at a rate appropriate for the type of property, risk of investment, and current market conditions.

<sup>12</sup> *The Dictionary of Real Estate Appraisal*, Appraisal Institute, Fifth Edition, Illinois, 2010.  
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*



### Yield Capitalization Analysis

Yield capitalization, also referred to as *Discounted Cash Flow Analysis*, is more complex and requires interpreting expectations and attitudes into formulas designed to convert several years of net income into a present value estimate. A discounted cash flow analysis has not been developed for the subject property.

### State College Office Buildings

Highland Office Center, 270 Walker Drive

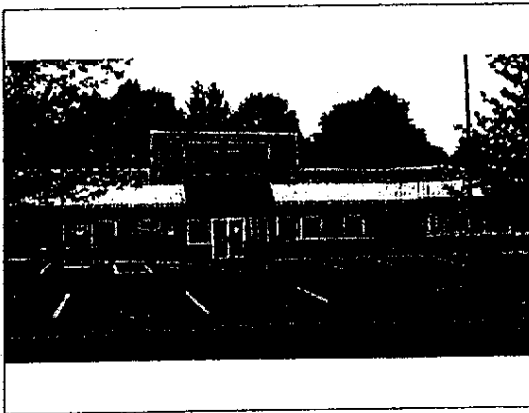
Leasable SF	Current Range of Lease Rates (Gross)	Current Range of Size (SF) of Units	Advertised Lease Rate	Estimated Net Income/SF	Estimated % expenses of EGI w/10% vacancy
38,517	\$12.40 - \$18.52	475 to 15,000	\$16.00	\$9.00	36%

Armenara Office Building, 111 Sowers Street

Leasable SF	Current Range of Lease Rates (Gross and Modified Gross)	Current Range of Size (SF) of Units	Advertised Lease Rate	Estimated Net Income/SF	Estimated % expenses of EGI w/10% vacancy
15,199	\$2.64 to \$17.18	373 to 2,500	\$15.00	\$5.60	53%

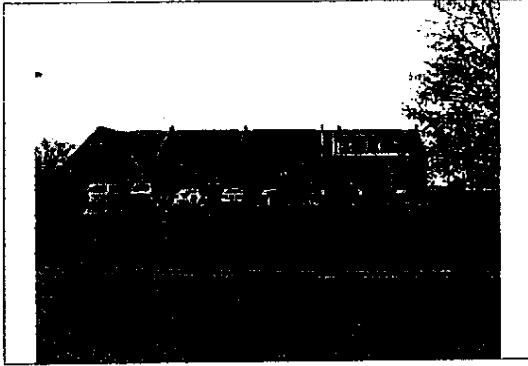
South Hills Office Centre, 1315 South Allen Street  
Current Range of Lease Rates: \$7.27 to \$15.10  
Expense Ratio: 50%

### For Lease in State College



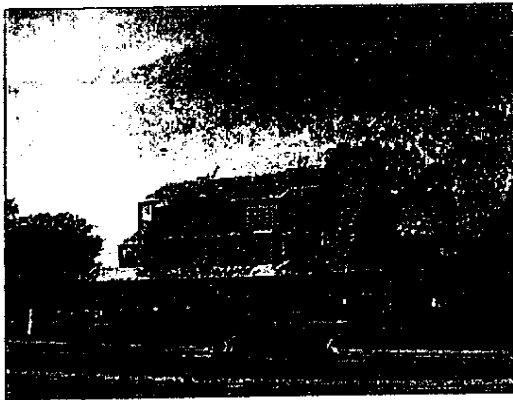
North Atherton, 110 Village Drive  
Space available: 1,924SF, \$12 NNN  
Ground level units with lots of parking

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*



**2029 Cato Avenue**

Space available: 1,000, 1,500, 2,000, 2,800 SF, \$12 Modified Gross  
Office and R&D, Ample parking, Max continuous 4,500SF



**PNC Building, 1631 South Atherton**

Space available: 2,000SF, \$15.20 Modified Net  
Utility fee for gas, electric, water, sewer, No CAM, on-site parking

The Income Approach was developed and the direct capitalization analysis was used in this report. The subject is currently owner occupied. For the purpose of this report, the income approach is developed as a single tenant with a triple net lease (tenant pays operating costs).

**Direct Capitalization Analysis**

The discussion that follows is an analysis of the subject property on a direct capitalization basis. The subject is currently owner occupied.

The Direct Capitalization Analysis is done as a NNN lease with the tenant paying the operating expenses. The net operating income resulting from the subtraction of operating expenses from effective gross income (income after vacancy allowance) is capitalized at a rate appropriate for the type of property, risk of investment, and current market conditions.

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

42

**weinstein appraisal group**

### Potential Gross Income

Potential Gross Income (PGI) is the sum of all achievable funds possible on an annual basis. The subject has 8,824 leasable SF.

### Vacancy and Collection Losses

There must be a subtraction from potential gross income to account for income lost due to periods when the property is not fully leased or when a tenant is unable to pay its rent in a timely manner. It should be noted that the vacancy losses noted here are not the same as rent loss due to absorption. Rather, vacancy and collection losses refer to losses sustained by the landlord during normal, stabilized occupancy. A vacancy is applicable for a single or multi-tenant user. Consideration was given to the size of the property, age and market vacancy indicated earlier in the report and the risk of credit loss. We have applied a 5% vacancy and credit loss factor.

### Effective Gross Income

Effective gross income results from the subtraction of vacancy and collection losses from all sources of potential gross income.

### Operating Expenses

Leases for the subject property would generally be on a triple-net basis with the tenant paying all expenses including insurance and real estate taxes. Under this triple-net lease scenario, the tenant would be responsible for all operating expenses associated with the property.

### Non-reimbursed Expenses

*Management/Leasing Fee:* This expense represents the non-reimbursable portion of the management fee and includes fees for advertising, office supplies, and professional fees. Competent management of the subject property is assumed. A management fee of 3% was applied to the effective gross income. Additionally, a leasing expense of 3% was applied to the effective gross income.

### Net Operating Income

Stabilized net operating income is the subtraction of stabilized operating expenses from stabilized effective gross income.

### Capitalization Rate Development

We have studied current and historical capitalization rates from Realty Rates to determine an appropriate capitalization rate.

### 4th Quarter 2011 Realty Rates

	Office - Suburban (OAR)	Office - All Types (OAR)
Minimum	5.86	5.86
Maximum	12.92	14.59
Average	8.74	9.12

### Capitalization of Net Operating Income

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

Applying the indicated overall capitalization rate of 10.0% to the stabilized net operating income is presented in the table below:

**Reconstructed Summary of Income and Expenses**

Potential Gross Income			\$61,768
	8.824SF @	\$7.00	\$ 61,768
Vacancy and Credit Loss		@ 5%	(\$3,088)
Effective Gross Income			\$58,680
Expenses:			
Management Fees		@ 3%	(\$1,760)
Leasing Fees		@ 3%	(\$1,760)
Net Operating Income			\$55,160
Capitalization Rate		10.0%	
Indicated Value			\$551,600
Rounded To			\$550,000

**Conclusion to the Income Approach**

The direct capitalization analysis was utilized to arrive at market value of the subject property.

**Indicated value of fee simple interest by the Income Approach  
as of December 13, 2011 is**

**\$550,000**

**Five Hundred Fifty Thousand Dollars**

Assumption of our value opinion is that the property is environmentally clean.  
Value opinion does not include furniture, fixtures, equipment or personal property.

## SALES COMPARISON APPROACH

In the Sales Comparison Approach, the appraiser develops an opinion of value by analyzing closed sales, listings, or pending sales of properties that are similar to the subject property. This approach is based on the Principal of Substitution, which states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution.<sup>13</sup> It is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant.

The Sales Comparison Approach is considered important to most appraisal problems since it indicates the price paid for similar properties by typically knowledgeable buyers in the open market. It is applicable to the appraisal of all properties for which there are a sufficient number of comparable sales. This approach is most reliable when the property type under analysis is bought and sold regularly.

This approach to value may be very helpful when a sufficient number of sales of comparable property have occurred in the area within a year or two. This approach relies on the theories of supply and demand, substitution, balance, and externalities. The definitions are from Appraisal Institute, *The Appraisal of Real Estate, 13<sup>th</sup> Edition*.

### SUPPLY & DEMAND

Property prices result from negotiations between buyers, sellers, and lenders. Buyers constitute market demand, and the properties offered for sale make up the supply. If the demand for a particular type of property is high, prices tend to increase; if demand is low, prices tend to decline. Shifts in the Supply of improved properties frequently lag behind shifts in demand because supply is created by time-consuming construction and reduced by conversion to other uses, while satisfiable demand can change rapidly. The analysis of real estate markets at a specific time may seem to focus on demand, but the supply of properties must also be considered. Proposed construction, conversion, and demolition may change the supply/demand relationship and affect prices. To estimate demand, appraisers consider the number of potential users of a particular type of property, their purchasing power, and their tastes and preferences. To analyze supply appraisers focus on existing unsold or vacant properties as well as properties that are being constructed, converted, or planned. Shifts in any of these factors may cause the prices of the subject property and comparable properties to vary. Lenders, whose terms can cause the market to accelerate, decelerate, grind to a halt, or shift elsewhere, also influence sales activity.

The tightening of the credit markets has reduced the number of qualified purchasers in the market.

<sup>13</sup> *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 5<sup>th</sup> Edition  
*The Appraisal of Real Estate*, Appraisal Institute, 13<sup>th</sup> Edition  
Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania

### SUBSTITUTION

The principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time. This principle implies that the reliability of the sales comparison approach is diminished if substitute properties are not available in the market.

### BALANCE

The forces of supply and demand tend toward equilibrium, or balance, in the market, but absolute equilibrium is almost never attained. The balance between supply and demand changes continually. Due to shifts in population, purchasing power, and consumer tastes and preferences, demand varies greatly over time. The construction of new buildings, conversion to other uses, and the demolition of old buildings cause supply to vary as well.

Another aspect of this principle holds that the relationship between land and improvements and the relationship between a property and its environment must both be in balance for a property to reflect its optimum market value. If, for example, a property has too much land in relation to its improvements or too many expensive amenities for its location, an imbalance is created. Appraisers must watch for imbalances in the market and within properties because they can cause the market to impute different prices to otherwise comparable properties. The ratio of land to building also affects such things as drainage, truck access, parking and traffic patterns for customers and vehicles.

### EXTERNALITIES

Positive and negative external forces affect all types of property. Periods of economic development and economic depression influence property values. An appraiser analyzes the neighborhood of the subject property to identify all significant external influences. To a great extent, these external forces are reflected in the adjustments made for property location. Two properties with identical physical characteristics may have quite different market values if one of the properties has less attractive surroundings. The condition and lighting of streets, the convenience of transportation facilities, the adequacy of police protection, the enforcement of municipal regulation, and the proximity to shopping and restaurant facilities vary with location.<sup>14</sup>

The State College area is not considered to be as negatively affected by the recessionary climate as some areas. Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

<sup>14</sup> Appraisal Institute, *The Appraisal of Real Estate, 13th Edition*  
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

Applying this approach is a systematic procedure where similar sales are researched and analyzed through the most relevant elements of comparison. Adjustments are made for differences in the sales that reflect market reaction. The following transactions have been selected from the area market as being most comparable to the subject property.

### Improved Industrial Sales in Centre County

There is a limited sales history in the State College area. It is not considered appropriate to consider surrounding counties.

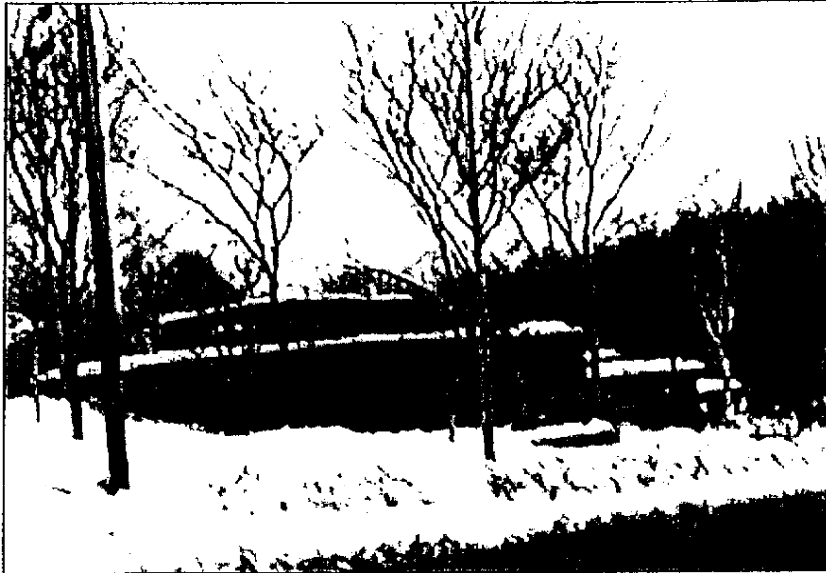
### COMPARABLE SALES

#	Property Location	Description Size	Sale Date	Sale Price	Price per SF
1	1001 University Drive Borough of State College Centre County	Office Building Built 1973 .60 Acres 7,320 SF	November 2007	\$550,000	\$75.14
2	325 W. Aaron Drive Ferguson Township Centre County	Office Building Built 1989, 0.53 Acres 6,094SF	February 2010	\$809,000	\$132.75
3	365 Science Park Road Ferguson Township Centre County	Office Building Built 1980, 2.28 Acres 8,508 SF	May 2007	\$900,000	\$106.00

Units of Comparison: An important step in the Sales Comparison Approach is the selection of an appropriate unit of comparison. In this analysis, the unit of comparison is deemed to be the price per square foot.

Elements of Comparison: Key value elements under scrutiny that may require adjustments are financing terms and condition of sale, time, location, and physical characteristics, (i.e., condition of improvements, quality of construction, size and the like).

COMPARABLE SALE #1



<b>Location:</b>	1001 University Drive, State College Borough, Centre County, PA
<b>Tax Identification:</b>	36-019-,176-,0000-
<b>Sale Information:</b>	
Grantor	Charles H. Smith, James B. Smith Family Limited Partnership
Grantee	George R. Sample and Marlene K. Sample
Sale Date	November 30, 2007
Sale Price	\$550,000
Unit Price per SF	\$75.14
Financing	Assumed cash to seller
Deed Book/Page	2001/0297
Verification	Public records, deed, assessment data
<b>Description:</b>	
Land Size	0.60 Acres
Building Type	Office Building
Year Built	1973
Building Size:	7,320 SF

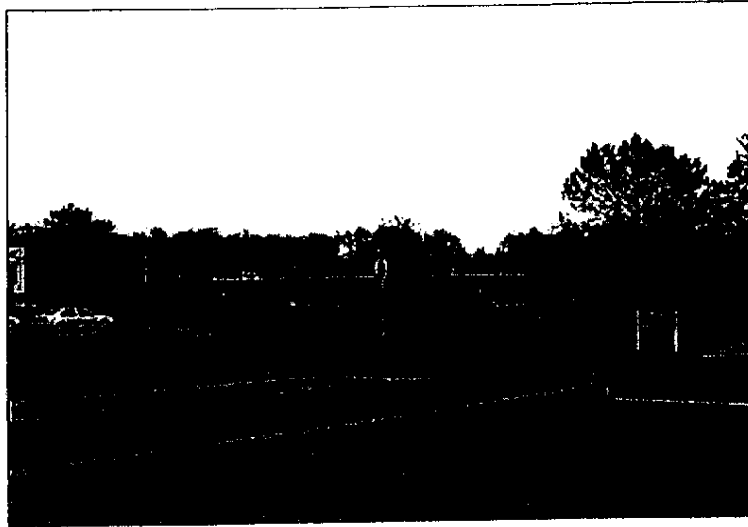


COMPARABLE SALE #2



Location:	325 W. Aaron Drive, State College, Ferguson Township, Centre County, PA
Tax Identification:	24-010-.012-.0000-
Sale Information:	
Grantor	Alan G. Hawbaker, Marie H. Devinney, Glenn O. Hawbaker, Jr. & Daniel R. Hawbaker, <i>1/d/b/a</i> Hawbaker Family Partnership
Grantee	Centre County Youth Service Bureau
Sale Date	February 25, 2010
Sale Price	\$809,000
Unit Price per SF	\$132.75
Financing	Assumed cash to seller
Deed Book/Page	2052 / 0520
Verification	Public records, deed, assessment data
Description:	
Land Size	0.53 Acres
Building Type	1 & 2 Story Frame
Year Built	1989
Building Size	6,094 SF

### COMPARABLE SALE #3



<b>Location:</b>	365 Science Park Road, Ferguson Township, Centre County, PA
<b>Tax Identification:</b>	24-004-.021P.0000-
<b>Sale Information:</b>	
Grantor	Chanob Investments
Grantee	Diciple Makers, Inc.
Sale Date	June 13, 2011
Sale Price	\$900,000
Unit Price per SF	\$106.00
Financing	Assumed cash to seller
Deed Book/Page	1990/0863
Verification	Public records, deed, assessment data
<b>Description:</b>	
Land Size	2.28 Acres
Building Type	1 Story Office Building
Year Built	1980
Building Size	8,508 SF

## GENERAL DISCUSSION OF THE ELEMENTS OF COMPARISON

In general there is an upward adjustment if the comparable is inferior to the subject for a given element of comparison and a downward adjustment where the comparable is superior to the subject for a given element of comparison.

### **Property Rights Conveyed**

Property rights conveyed relates to what type of interest was transferred. The normal type of transfer is fee simple interest. If something other than fee simple interest is conveyed, then it is marked accordingly and if appropriate an adjustment is made.

### **Financing Adjustments**

The comparable sales have been adjusted for financing terms, if necessary. The adjustment renders the sales price to cash equivalent terms where the seller makes favorable financing terms available. The present value of this difference represents an advantage to the comparable sale and warrants a negative adjustment. In addition, there is an adjustment necessary if there are any unusual circumstances surrounding the transaction such as foreclosures, bulk sales, related parties, assemblages and the like. The transaction price of a property may differ from the price of an identical property because of different financing arrangements.

### **Conditions of Sale**

Conditions of sale adjustments typically reflect the motivations of the buyer and seller. Sometimes related parties are involved in a transaction and it is not readily apparent. (i.e. father and daughter/son-in-law). Many times only a contact with the parties can verify that there were not un-apparent interests that would affect the transaction price.

### **Date of Sale (Time) Adjustments**

After adjusting all the comparable sales to a cash equivalent price the sales must be brought current by means of a time adjustment to account for changing market conditions from the date of each comparable sale to the effective date of this appraisal. Time adjustments are made if the market has changed in a calculable way since the sale of the comparable.

### **Location Adjustments (Demand)**

These are based on market factors. Some areas are known to have a better appeal based on infrastructure, other development and the overall economic climate of that area. Also considered is how close and convenient is the property to major highway routes, retail markets and jobs. Real estate tax rates or incentives can also have an impact.

**Zoning**

Zoning adjustments are made based on differences in permitted uses upon the property. Additionally, some districts are less strict with open space, setbacks, height limitations, etc. If a district openly allows more uses, it would be considered more valuable than a stringent zoning district (in many cases). However, some limitations are welcome to preserve neighboring property values and therefore are a welcome limitation. This adjustment factors in the zoning differences.

**Size Adjustments**

As a factor in land pricing, size was considered on the basis of acres. Due to economies of scale, larger sites typically sell for a lower price per unit, and smaller sites typically sell for a higher price per unit.

**Topography/Utility**

The topography of a particular site can have a significant impact on its appeal for building purposes. Typically, these adjustments take into account the differences in shape, amount and location of inclines, hills, and low-lying areas. Rock can also be a factor but many times is unknown until digging occurs. Some sites have areas that are not usable. This adjustment takes all these factors into consideration.

**Specific Discussion of the Improved Comparable Sales/Data**

There is not an active recent sales market of office properties in the State College Area. The sales located are considered superior to the subject in utility and land area. The subject has very limited on-site parking and is considered to have very extensive functional and physical obsolescence. Extensive internal and external renovations are anticipated for a new user/purchaser. The subject is considered to be significantly below the comparable sales.

It is the opinion of the appraisers that the subject property with improvements as of the effective date of December 13, 2011 would have a per square foot price of \$55 for a total value of \$568,260 rounded to \$570,000.

\$/SF		Total Square Feet		Indicated Value	Rounded
\$55	X	10,332	=	\$568,260	\$570,000

**Conclusion to the Sales Comparison Approach**

**Based on the Sales Comparison Approach market value of the fee simple interest of**

**the subject property as of the effective date of December 13, 2011 is:**

**\$570,000**

**Five Hundred Seventy Thousand Dollars**

Assumption of our value opinion is that the property is environmentally clean. Valuation does not include furniture, fixtures, equipment or personal property.

## RECONCILIATION AND CORRELATION

The accuracy of an appraisal depends on the appraiser's knowledge, experience and judgment. Equally important, are the quantity and quality of the available data that will be reconciled in the final value conclusion. We used the best data that was available to us to estimate value.

A judgment is made as to the validity and reliability of each of the value indications arrived from the three approaches to value. These indications are never merely averaged. To do so is substituting arithmetic for judgment. Rather, the appraiser reconciles the value indications, analyzing the alternatives and selecting from among them the indication of value that will be most defensible and truly representative of the property being appraised.

<b>Valuation effective date December 13, 2011:</b>	<b>Total</b>
Opinion of Value by the Income Capitalization Approach	\$550,000
Opinion of Value by the Cost Approach	Not Applicable
Opinion of Value by the Sales Comparison Approach	\$570,000
<b>Final Opinion of Market Value</b>	<b>\$560,000</b>

The three approaches were considered for this report: Sales Comparison, Income and Cost. The Cost Approach was not considered applicable to the valuation of the subject property due to the age and subjective depreciation. The Sales Comparison Approach and Income Approach were developed for this report.

The subject was built in approximately 1964 and is considered to have many original components. The interior configuration is considered to have a very high degree of functional/physical obsolescence. The layout is multiple small rooms and hallways considered to be narrow by today's standards. The restrooms and building as a whole is not ADA compliant. The market trend in office properties is an open physical layout. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system. Extensive internal and external renovations are anticipated for a new user/purchaser.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limited on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use. There is no formal parking agreement with the neighboring hotel property.

The land to building ratio for gross square footage is 0.91 to 1. There are factors indicating the possibility of nonconforming use by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

Therefore, in terms of the subject located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania, it is concluded that the market value of the fee simple interests of the subject, as of the effective date of December 13, 2011 subject to assumptions and limited conditions as outlined throughout this report is estimated to be **\$560,000 (Five Hundred Sixty Thousand Dollars)**.

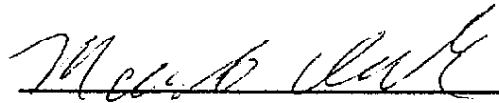
## CERTIFICATION

Elliott W. Weinstein, MAI and Marion A. Oberdick, certify that, to the best of our knowledge and belief, except as otherwise noted in this report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, 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 no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction 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.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. We have made a personal inspection of the property that is the subject of this report.
9. No one provided significant professional assistance to the person(s) signing this report.
10. 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 the Standards of Professional Appraisal Practice of the Appraisal Institute.
11. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Elliott W. Weinstein, MAI has completed the requirements of the continuing education program of the Appraisal Institute.



Elliott W. Weinstein, MAI, MRICS  
PA Certified General  
Real Estate Appraiser  
#GA-000063-L



Marion A. Oberdick  
PA Certified General  
Real Estate Appraiser  
#GA-003782

**weinstein appraisal group**

## STATEMENTS OF ASSUMPTIONS AND LIMITING CONDITIONS

“Appraisal” means the appraisal report and opinion of value stated therein, or the letter opinion of value, to which these Assumptions and Limiting Conditions are annexed.

“Property” means the subject of the Appraisal.

“WRA” means Weinstein Realty Advisors or its subsidiary which issued the Appraisal.

“Appraiser(s)” means the employee(s) of Weinstein Realty Advisors who prepared and signed the Appraisal.

The Appraisal has been made subject to the following assumptions and limiting conditions:

No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters which are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

The information contained in the Appraisal or upon which the Appraisal is based has been gathered from sources the Appraiser assumes to be reliable and accurate. Some of such information may have been provided by the owner of the Property. Neither the Appraiser nor Weinstein Realty Advisors shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters.

The opinion of value is only as of the date stated in the Appraisal. Changes since that date in external and market factors or in the Property itself can significantly affect property value.

The Appraisal is to be used in whole and not in part. No part of the Appraisal shall be used in conjunction with any other appraisal. Publication of the Appraisal or any portion thereof without the prior written consent of Weinstein Realty Advisors is prohibited. Except as may be otherwise stated in the letter of engagement, the Appraisal may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Appraisal shall be conveyed to the public through advertising, or used in any sales or promotional material without Weinstein Realty Advisors' prior written consent. Reference to the Appraisal Institute is prohibited.

Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.

The Appraisal assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Appraisal; (d) unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective; and (e) all required licenses, certificates of occupancy and



other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the Appraisal is based.

It is assumed that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition; and that all electrical components and the roofing are in good condition.

If the client has any questions regarding these items, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise needed to make such inspections. The appraiser assumes no responsibility for these items.

The forecasted potential gross income referred to in the Appraisal may be based on lease summaries provided by the owner or third parties. The Appraiser has reviewed lease documents and assumes no responsibility for the authenticity or completeness of lease information provided by others. Weinstein Realty Advisors recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and Weinstein Realty Advisors make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Appraisal, envisages for the future in terms of rental rates, expenses, supply and demand.

Unless otherwise stated in the Appraisal, the existence of potentially hazardous or toxic materials which may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Weinstein Realty Advisors recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

Unless otherwise stated in the Appraisal, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the property. Weinstein Realty Advisors recommends that an expert in this field be employed.

**ELLIOTT W. WEINSTEIN**

[www.weinsteinrealty.com](http://www.weinsteinrealty.com)

**Curricula Vitae**

**MEMBERSHIP:**

*Appraisal Institute* - MAI designation (Certificate #6594), awarded 1983.  
*Royal Institute of Chartered Surveyors (RICS)* – MRICS designation (#1296728), awarded 2010.

**EXPERIENCE:**

*Weinstein Appraisal Group/Weinstein Realty Advisors* (1989 to Present): Principal of regional appraisal company.  
*Weinstein Israel Real Estate Group* (1994-1997): Principal of international real estate brokerage company  
*Weinstein-Hirsh Appraisal Group* (1984 to 1988): Partner of regional appraisal company.  
*Orberg-Brenneman Appraisal Company* (1982-1983): Associate in appraisal company.  
*H. G. Rotz Associates, Inc.* (1977-1982): Sales and appraising for industrial/commercial realtors  
*Laventhal and Horwath* (1975-1976): International public accounting firm.

**LICENSEE:**

*State Certified Appraiser, Commonwealth of Pennsylvania* (1991) (GA-000063-L)  
*Reciprocity - State Certified Appraiser, Maryland* (1994) (#10445)  
*Reciprocity - State Certified Appraiser, Delaware* (2000) (#0000331)  
*Real Estate Broker, Commonwealth of Pennsylvania* (1979) (RM-042897-C).  
*Real Estate Broker of Record, Commonwealth of Pennsylvania* (1983) (RB-048080-C).

**EDUCATION:**

*Pennsylvania State University:*  
Master of Science in Business Administration (1974)  
Bachelor of Science in Business Administration (1973)

**REAL ESTATE ACTIVITIES:**

*Currently general partner, co-owner and/or developer of:*  
12,000 sq. ft. historical restoration of an office building in downtown York  
Vacant land in Zichron Yaacov, Israel  
*Formerly general partner, co-owner and/or developer:*  
Land in Kiryat Atta and Beersheva, Israel  
Apartment in Tel Aviv, Israel  
15,000-sq. ft. new, first class office building in Harrisburg;  
9,000 sq. ft. commercial rehabilitation in downtown York  
18,000 sq. ft. suburban shopping center in suburban York  
10 historical rehabilitated dwelling units in York  
2,500-sq. ft. office building in York, leased to a county agency.  
10,000 sq.ft. suburban office building in Lancaster County

**TEACHING ACTIVITIES**

- *Advanced Real Estate Appraising*, Pennsylvania State Continuing Education, 1988, 1990 and 1993.
- Various seminars regarding real estate tax assessment and understanding real estate appraising, presented to numerous banks and financial institutions, realtors' boards, VALUE RETAIL NEWS (re: outlet shopping centers), bar associations, Pennsylvania Chamber of Commerce, and professional organizations
- *Approval by PA State Board of Accountancy* to become a program sponsor continuing professional education (CPE) courses for accountants.

ELLIOTT W. WEINSTEIN, *Curricula Vitae, continued*

**PUBLICATIONS AND ARTICLES:**

Provider of monthly articles on appraisal topics for TRI-STATE REAL ESTATE JOURNAL, June 1999-April 2000  
*The Need for Appraisal Company Standards*, THE APPRAISAL JOURNAL, July, 1997  
*The Art of Testimony: The Real Estate Appraiser, The Appraisal and the Expertise of the Expert Witness*, ABI JOURNAL (American Bankruptcy Institute), October, 1996  
*Synthesizing Marketing and Management of an Appraisal Company: A Creative Approach*, THE APPRAISAL JOURNAL, October, 1995  
*Appraising Outlet Shopping Centers*, VALUE RETAIL NEWS, October, 1994  
*Real Estate Investments in Israel, Israel Resource Directory*, THE PHILADELPHIA-ISRAEL CHAMBER OF COMMERCE, 1994  
*A New Bridge Across the Atlantic for the Appraisal Institute*, THE APPRAISAL JOURNAL, January, 1994  
*Personal Profile*, ISRAEL BUSINESS TODAY - ISRAEL'S ECONOMIC NEWSLETTER, June 11, 1993  
*Understanding Real Estate Taxes in Pennsylvania*, CENTRAL PENNSYLVANIA BUSINESS JOURNAL, Real Estate Guide, Fall, 1991  
*Appraisers Adjust to Demands of Government Regulations*, TRI-STATE REAL ESTATE JOURNAL, June 7, 1991

**WRITING AWARDS**

2002 RMA (Risk Management Association) South Central Pennsylvania Chapter writing award winner  
1996 Robert H. Armstrong Honorable Mention Award by The Appraisal Institute, to honor the best original article: for the article published in the October, 1995, THE APPRAISAL JOURNAL.

**TESTIMONY:**

*U. S. Bankruptcy Court* (Harrisburg, Wilkes-Barre), New Jersey  
*U. S. District Court* (Harrisburg, Lancaster)  
*Board of Assessment Appeals (Pennsylvania)*: Over half of 69 counties in Pennsylvania  
*Board of Assessment Appeals (Other States)*: California, Illinois, Maryland  
*Board of View*: Berks, Centre, Lancaster and York Counties  
*Court of Common Pleas*: Berks, Bucks, Centre, Cumberland, Dauphin, Lancaster, Lebanon, Luzerne, Schuylkill And York Counties  
*City Council*: City of Harrisburg  
*Other*: Approved Expert Witness for Cmwlth. of PA, Bureau of Professional and Occupational Affairs (2002-03)

**PROFESSIONAL AFFILIATIONS: (Current or Past):**

*The Appraisal Institute*  
*National Association of Property Taxation*  
*National Association of Industrial and Office Parks (NAIOP)*  
*International Council of Shopping Centers (ICSC)*  
*Institute of Property Taxation (IPT)*  
*National Association of Corporate Officers of Real Estate (NACORE)*  
*National Association of Industrial and Office Parks (NAIOP)*  
*Philadelphia-Israel Chamber of Commerce*  
*Lancaster, York, Harrisburg Board of Realtors*  
*Various local Chamber of Commerces*

**GEOGRAPHICAL AREAS SERVED:**

*Provided appraisals/consulting services in the following states (individually, or by Weinstein Realty Advisors):*  
California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, Ohio, Pennsylvania, Virginia  
*Provided real estate investment advice in the following countries: Canada, Israel*

**ELLIOTT W. WEINSTEIN, Curricula Vitae, continued**

**OTHER:**

- *Commonwealth of Pennsylvania - Department of State, Bureau of Professional and Occupational Affairs - Approved Expert Witness - 2002/2003*
- *Keynote speaker - Shared keynote speaking with Congressman Adam Schiff (CA) and Todd Platts (PA) for Israel solidarity rally, June 5, 2001.*

**COMMUNITY AND PROFESSIONAL ACTIVITIES:**

- Rotary - Membership (2006-current)
- Susan P. Bynres Health Education Center - Advisory Board (2006-current)
- United Jewish Communities - National Trustee (2006-current)
- Penn State University *Hillel* - Board of Directors (2003 to present); Board Vice Chair (2006-current)
- Betty Dressner Award for Community Service to the York Community (2005)
- United Jewish Communities Network of Independent Jewish Communities - State Chair (2003 to 2006)
- National Chair: *Partnership 2000* in Dimona and Yerucham, Israel (2001-2003) representing over 400 American communities
- Finalist: *Selected to be 6 of 120 applicants for position on Appraisal Standards Board (ASB) and/or Appraisal Qualifications Board (AQB) of The Appraisal Foundation (2001 and 2002)*
- Volunteer: *2000 York County Cultural Alliance.*
- Ambassadorship: *Appointed The Appraisal Institute's Ambassador to Israel (2000-02)*
- Volunteer: *1999 United Way Campaign (fund raising division responsible for \$1.0m campaign)*
- Member: *York 250<sup>th</sup> Anniversary Commission (1998-1999)*
- President-elect: *The National Council of Property Tax Consultants (1998)*
- National Chair: Economic division for *Partnership 2000* in Dimona and Yerucham, Israel (1998-present)
- Vice President: *The National Council of Property Tax Consultants (1997-1998)*
- Board of Governors: *The National Council of Property Tax Consultants (1996-1997)*
- Member - *York County Industrial Development Authority (YCIDA) (1995-1996)*
- Member - *Better York, Inc. (1995-present)*
- President - *The Jewish Day School (1993-1995)*
- Board of Directors - *Philadelphia-Israel Chamber of Commerce (1994 to 1997)*
- Supporter - *Donating 1st floor of 4 story building to ARTS CENTER OF YORK to provide the hub of-a downtown York Arts District (1993)*
- Member - *Appraisal Institute, International Relations Committee (1992 to 1995)*
- United Way Ad Hoc Planning Committee (1991)
- President- *Ohev Sholom Congregation (1990-1992)*
- President-*York Council Jewish Charities (1988 to 1989)*
- Penn Laurel Girl Scout Ad Hoc Planning Committee (1988)
- Board Member-*York Jewish Community Center (1979 to 1990)*
- Vice-President-*York Jewish Community Center (1981-1984)*
- Membership Committee-*Philadelphia Chapter American Institute of Real Estate Appraisers (1985 to 1986, 1991)*
- Nominated-*Young Advisory Council of Society of Real Estate Appraisers (November, 1986)*
- Chairman- *Realtors Division, United Way (1985)*
- Panel Member- *United Way (1982 to 1984)*
- York City Zoning Hearing Board (1980-1982)
- President-*York Bicycle Club (1979)*
- President - *AELI Fraternity, Penn State (1973)*

**MARION A. OBERDICK**  
[www.moberdick@weinsteinrealty.com](http://www.moberdick@weinsteinrealty.com)  
**Curriculum Vitae**

**Membership**

Appraisal Institute – Associate Member  
Rotary Club of York, Rotary International District 7390

**Experience**

Weinstein Appraisal Group (2006 to 2009) Assistant to State Certified Real Estate Appraiser  
Pennsylvania Certified General Appraiser, 2009  
GMAC Mortgage (2005-2006) Loan Officer  
Sovereign Bank (aka Harris Savings Bank & Waypoint Bank) (1996-2005) Loan Officer  
Morgan Collins, Inc; O'Connor, Piper & Flynn; Strickland Thompson Real Estate (1987-1996)  
Real Estate Sales, Management and Training  
Olde York Homes (1980-1987) Partner Construction Firm

**License**

Real Estate Salesperson, Commonwealth of Pennsylvania (1987) RS163381A  
State Certified General Appraiser, Commonwealth of Pennsylvania, (2009) GA003782

**Education**

Real Estate Sales  
Real Estate Law  
Real Estate Brokerage  
Property Management  
Basic Real Estate Appraisal  
Basic Income Approach to Appraisal  
Advance Income Approach to Appraisal  
Sales Comparison Approach to Appraisal  
Fundamentals of Income Approach to Appraisal  
USPAP (Uniform Standards of Professional Appraisal Practice), update 1/2010  
Understanding Commercial Real Estate Investments & 1031 Tax Free Exchange  
Business Practices and Ethics  
Apartment Appraisal  
General Market Analysis and Highest & Best Use  
Condemnation Appraising: Basic Principles & Applications  
Attacking & Defending an Appraisal in Litigation  
Real Estate Finance Statistics and Valuation Modeling  
Subdivision Valuation  
Review of PA Appraisers Certification Act  
Introduction to Eminent Domain  
Uniform Appraisal Standards for Federal Land Acquisitions  
Real Estate Brokerage Management Council; People Management: Recruit, Train and Retain  
Real Estate Associates and Increase Productivity  
Certified New Home Sales Professional; Homebuilders Association of Maryland

**Education continued**

Prudential Real Estate Affiliates

Transition to Management

Growth in a Down Market

Relocation specialist for Home Finding

Relocation Specialist for Home Marketing

**Community and Professional Activities**

Rotary Club of York (2009)

Housing Alliance of York Board of Directors (2009-present)

Housing Initiates Community Development Corporation Board of Directors (2006- present)

Housing Authority of the City of York, Commissioner (2006-present) Chair 2009

Historic York, Inc. Board of Directors (1996-2002)(2008-present) Board Secretary 2009

Healthy York County Housing Task Force

Housing Council of York Board of Directors-past President

York County Association of Realtors – Vice-President 1994, President 1995

Affordable Housing Endeavors – President Board of Directors

Central York School Board (1992-1996)

Planned Parenthood of Central Pennsylvania Board of Directors-President (1991-1993)

Leadership York Graduate

YWCA Board of Directors

Displaced Homemakers Board of Directors

Instructor: HUD Approved Homebuyer Education Class

# **EXHIBIT “V”**

BK 1356PG0842

Kirk

5-2  
29.00  
1685.  
1685.  
# 2265  
2399.00

ENTERED FOR RECORD  
JOSEPH L. DAVIDSON  
RECORDER OF DEEDS  
CENTRE COUNTY

'02 APR 24 PM 1 03

COMMONWEALTH OF PENNSYLVANIA )  
COUNTY OF CENTRE )

On this, the day of APR 24 2002 I hereby

1356 CERTIFY that this document is Recorded in Record Book 85 Pages 2265 in the Recorder of Deeds Office of Centre County, Pennsylvania.  
IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

001995

THIS INSTRUMENT WAS PREPARED BY:  
DAVID M. WEXEL, ESQUIRE  
MCQUAIDE BLASKO  
811 UNIVERSITY DRIVE  
STATE COLLEGE, PA 16801



*Joseph L. Davidson*  
Joseph L. Davidson  
Centre County  
Recorder of Deeds

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

### THIS DEED

MADE this 23<sup>RD</sup> day of APRIL, 2002, between THE PENNSYLVANIA STATE UNIVERSITY, a nonprofit corporation and an instrumentality of the Commonwealth of Pennsylvania, with its principal office at University Park, Centre County, Pennsylvania, (hereinafter referred to as "Grantor"),

- AND -

THE SECOND MILE, a non-profit corporation, with its office and principal place of business at 1402 South Atherton Street, State College, Centre County, Pennsylvania, hereinafter referred to as "Grantee".

WITNESSETH, that in consideration of ONE HUNDRED SIXTY-EIGHT THOUSAND FIVE HUNDRED and 00/100 (\$168,500.00) DOLLARS, in hand paid, the receipt whereof is hereby acknowledged, the said Grantor does hereby grant and convey to the said Grantee, its successors and assigns,

ALL that certain parcel of land situated in Patton Township, Centre County, Pennsylvania, being a southern portion of lands now or formerly of Bernard E. Crust, et ux., and being more particularly bounded and described as follows:

BEGINNING at an iron pin set in the northerly right of way line of Fox Hill Road (also known as Legislative Route Number 14016, a 40-foot wide right of way) at the common southwesterly corner of the herein described parcel and southeasterly corner of lands now

	C.C.B.O.A.	Pol #5102
	Registry.	4-23-02
18-2/29D		
Uniform Parcel Identifier		



or formerly of John and Della Loesch; thence along said lands of Loesch North 33 degrees 21 minutes 55 seconds West, a distance of 339.31 feet to an existing iron pin; thence along lands now or formerly of David C. and Mary Sue Kradel the following three (3) courses and distances: (1) North 33 degrees 01 minutes 09 seconds West, a distance of 781.96 feet to a point; thence (2) North 31 degrees 00 minutes 45 seconds West, a distance of 537.21 feet to a point; thence (3) North 32 degrees 37 minutes 08 seconds West, a distance of 195.76 feet to a point at the southwesterly corner of lands now or formerly of The Second Mile and the northwestern corner of the herein-described parcel; thence along said lands of The Second Mile North 55 degrees 38 minutes 55 seconds East, a distance of 1076.47 feet to a point in the westerly right of way line of Bernel Road (also known as Legislative Route No. 14016, a 33-foot wide right of way at the common southeastern corner of lands of The Second Mile and the northeastern corner of the herein-described parcel; thence along the said westerly right of way line of Bernel Road (33-foot wide right of way) the following four (4) courses and distances: (1) South 38 degrees 59 minutes 52 seconds East, a distance of 253.367 feet to a point; thence (2) South 34 degrees 23 minutes 11 seconds East, a distance of 77.47 feet to a point; thence (3) along an irregular curve to the right having a chord bearing of South 22 degrees 13 minutes 14 seconds East, a chord distance of 113.47 feet to a point; thence (4) South 18 degrees 08 minutes 35 seconds East, a distance of 550.00 feet to a point where the right of way line jogs from 33 feet in width to 40 feet in width; thence along said jog in the right of way line South 17 degrees 51 minutes 25 seconds West, a distance of 3.50 feet to a point in the westerly 40-foot wide right of way line of Bernel Road; thence along the said westerly 40-foot wide right of way of Bernel Road the following three (3) courses and distances: (1) South 18 degrees 08 minutes 35 seconds East, a distance of 408.48 feet to a point; thence (2) South 18 degrees 16 minutes 47 seconds East, a distance of 445.81 feet to a point, said point being a point of curvature; thence (3) by the arc of a curve to the right having a radius of 98.31 feet, central angle of 74 degrees 32 minutes 14 seconds, chord bearing of South 18 degrees 59 minutes 20 seconds West, chord of 119.06 feet, an arc length of 127.89 feet to a point in the northerly right of way line of the above-mentioned Fox Hill Road right of way; thence along the northerly right of way line of Fox Hill Road South 56 degrees 15 minutes 27 seconds West, a distance of 644.63 feet to the point or place of beginning; containing ~~40.686~~ acres of land.

BEING the same premises granted and conveyed unto The Pennsylvania State University, a non-profit corporation and an instrumentality of the Commonwealth of Pennsylvania, by Deed of Mark Bookman and Marsha Bookman, husband and wife and The Richard King Mellon Foundation dated August 25, 1999 and recorded August 31, 1999 in Centre County Record Book 1111, Page 1036 and by Deed from Mark Bookman and Marsha Bookman, husband and wife, and Mason Walsh, Jr. as agent for the participants in the Real Estate Account No. 1 created by Memorandum of Agreement dated as of June 1, 1988 dated August 25, 1999 and recorded August 31, 1999 in Centre County Record Book 1111, Page 1042.

ALSO KNOWN as Centre County Uniform Parcel Identifier Tax Parcel Number 18-2/29D.

**UNDER AND SUBJECT** to a right of first option to be retained by Grantor as follows:

(i) should Grantee not make any improvements on the above described property (hereinafter the "Property") consistent with Grantee's Mission Statement, Grantee shall not sell, transfer, assign, lease for more than 30 years or otherwise dispose of the Property unless Grantee shall have first offered to the Grantor the opportunity to repurchase the Property for the purchase price of \$168,500; (ii) should Grantee make any improvements on the Property consistent with Grantee's Mission Statement (the "Improvements") and should Grantee wish to sell the Property along with said Improvements, Grantor shall reserve the right to purchase the Property and Improvements at a purchase price equal to the appraised value of said Property and Improvements at the time Grantee wishes to sell the Property. The appraisal shall be completed by an appraiser licensed in the Commonwealth of Pennsylvania of Grantee's choice. Said appraisal shall be delivered to the Office of Finance and Business, University Park, Pennsylvania, by certified mail. Grantor shall have 30 days from the date of receipt of the appraisal to accept the appraised value as the purchase price. Should Grantor decline to purchase the Property and Improvements at the appraised value within the prescribed time, thereafter Grantor's right of first option shall become void and Grantee shall be free to market and sell the Property and Improvements free of any encumbrances that may arise from this provision; and (iii) the right of first option shall extend to the 20.00 acre property owned by Grantee adjoining the Property which is more fully described in the Deed of Winston Corporation to Grantee dated March 12, 1981, recorded in Centre County Deed Book 400, Page 960 (hereinafter the "Second Mile Parcel"), only if Grantee should wish to sell the Second Mile Parcel in conjunction with and/or as part of the Property. This right of first option is subject to the same terms and conditions as above described. Grantee further agrees that Grantee shall not sell only the Second Mile Parcel, while retaining ownership of the Property, for a period of ten (10) years from the date of settlement. Grantor and Grantee acknowledge that this restriction on sale of the Second Mile Parcel provision shall be enforceable by Grantor by means of an action at law for legal damages or an action at equity to rescind the sale of the Second Mile Parcel, and that this provision of the Deed shall survive settlement.

**UNDER AND SUBJECT, NEVERTHELESS**, to all existing easements, conditions, restrictions and covenants of record.

**TOGETHER** with all and singular the buildings, and improvements, ways, streets, alley, driveways, passages, waters, water-courses, rights, liberties, privileges, hereditaments and

BK 1356PG0845

appurtenances, whatsoever unto the hereby granted premises belonging, or in any wise appertaining, and the reversions and remainders, rents, issues, and profits thereof; and all the estate, right, title interest, property claim and demand whatsoever of them, the said Grantor as well as in equity, of, in, and to the same.

**TO HAVE AND HOLD**, the said premises, with all the buildings and improvements thereon erected, hereditaments and premises hereby granted or mentioned and intended so to be, with the appurtenances, unto the said Grantee, its successors and assigns to and for the only proper use and behoof of said Grantee, its successors and assigns forever.

**AND** the said Grantor will **SPECIALLY WARRANT AND FOREVER DEFEND** the property hereby conveyed.

**IN WITNESS WHEREOF**, said Grantor has hereunto set its hand and seal, the day and year first above written.

**WITNESS/ATTEST:**

*See Exhibits*

*Daniel W. Sieminski* (SEAL)  
Daniel W. Sieminski  
Assistant Vice President for Finance and Business

# **EXHIBIT “W”**

**Appraisal of  
60 Acres / 2400 Bernel Road**

Located at  
2400 Bernel Road  
State College, PA  
Patton Twp  
Centre County

**Prepared For**

Authorized Signature  
Second Mile  
1402 South Atherton Street  
State College, PA

**Date of Report  
January 12, 2012**

**Date of Valuation and Inspection Date  
December 13, 2011**

**File #: 14 11 009**

# weinstein realty advisors

15 North Cherry Lane - P.O. Box 5007  
York, Pennsylvania 17405-0005

voice: 717.848.6777 - fax: 717.843.5520  
Internet: <http://www.weinsteinrealty.com>

January 12, 2012

Alec J. Pringle, Sr. Vice President  
Commercial Real Estate  
Keystone Real Estate Group, LP  
444 East College Avenue, Suite 560  
State College, PA 16801

*Re: 60.68 acres/2400 Bernel Road  
Patton Township  
Centre County, Pennsylvania*

Dear Mr. Pringle:

We are transmitting the appraisal report that you requested on the subject property located at 2400 Bernel Road, Patton Township, Centre County, Pennsylvania. It is identified in the Centre County tax records as 18-002-,029E,0000. The subject is 60.68 acres of land with one (1) detached residential dwelling. The effective date of the report is December 13, 2011. The intended user is identified as The Second Mile and the intended use will be for internal management.

The subject is a consolidation of two (2) adjacent parcels purchased separately. One parcel was transferred with a recorded first option to repurchase by the grantor. The effect of the consolidation of parcels on the first option retained by the grantor is not known. Thus, an assumption is made that the grantor does not exercise the option.

The subject property has an approved plan for development. It is our understanding the plan was being executed, earth had been moved on the site and work has now stopped. It is also our understanding there are requirements to undo earth and grading work to comply with regulatory requirements of erosion and sediment control and stormwater management. There may be additional requirements the appraisers are not aware of.

It is recognized that time and funds are involved in completing an approved plan. As the proposed use of the subject is considered specific and not likely to be transferred or adopted by an alternate user, the presence of a plan is not considered in valuation.

The highest and best use of the subject as improved with one (1) residential dwelling is not considered quantifiably different than the highest and best use as vacant as the value is considered to be in the land. Single family detached use is not permitted per zoning. Subdivision of the subject requires a minimum of 20 acres per zoning. A 20 acre development plan is likely to not include an older residential dwelling. The residential dwelling is not considered in valuation.

Although there are a wide range of legally permitted uses for the subject property it is anticipated that other areas of Patton Township and the State College area are likely to experience growth due to market demand prior to the area of the subject. The Centre Regional Planning Agency's 2010 Centre Region Growth Management Report projects the majority of the growth in the area of the subject at a time frame of 2020 and beyond.

Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

The three approaches to value, Income Capitalization, Cost, and Sales Comparison, have been considered for this report. As land, the Sales comparison Approach was considered applicable and developed.

Highest and best use of the subject is considered to be an interim use of agricultural or open space. By definition an interim use is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use. It is anticipated that a purchaser would consider the eventual alternate use of the subject within an unknown time frame. For the subject property as agricultural and/or open space \$15,000 per acre is applied. This results in a conclusion of \$910,000.

As a checks and balance, consideration can be given to the eventual residential (multi-family) and/or non-residential use with the application of a discount factor for time. The Centre Regional Planning Agency's 2010 Centre Region Growth Management Report projects the majority of the growth in the area of the subject at a time frame of 2020 and beyond. The subject is not anticipated to be utilized for a highly commercial use. The application of \$40,000 per acre to the subject property at a discount factor of 10% at the 10<sup>th</sup> year results in a conclusion of \$935,790.

Market value is partially defined as the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale. The enclosed report provides the market data and analysis supporting the opinion of this market value of fee simple interest as of the effective date of December 13, 2011 which is concluded as:

~~\$910,000~~

Nine Hundred Ten Thousand Dollars

- Assumption that Pennsylvania State University does not exercise the recorded first option. (The effect of the consolidation of parcels on the first option retained by the grantor is not known.)
- The development plan approval is not considered in valuation.
- Valuation is not adjusted for items required for compliance of any municipal and/or regulatory requirements. (Not limited to compliance of erosion and sedimentation control and stormwater management control.)
- Assumption of our value opinion is that the property is environmentally clean

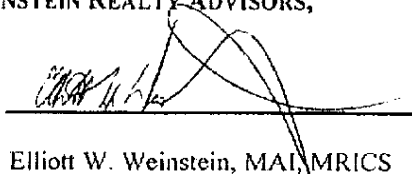
*The use of extraordinary assumptions might have affected the assignment results.*

Certain definitions, limiting conditions, and certifications that are set forth within the attached report qualify the appraised values.

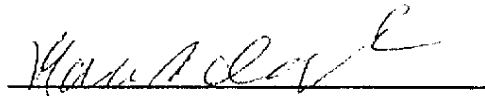
This report has been completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. This appraisal has also been completed in conformity with the Code of Ethics and Standards of Professional Practice of the Appraisal Institute.

We expect you find the details of this analysis relevant to your decisions, and we would be pleased to answer any questions you might have.

Respectfully Submitted,  
WEINSTEIN APPRAISAL GROUP A DIVISION OF  
WEINSTEIN REALTY ADVISORS,



Elliott W. Weinstein, MAI, MRICS  
PA Certified General  
Real Estate Appraiser  
#GA-000063-L

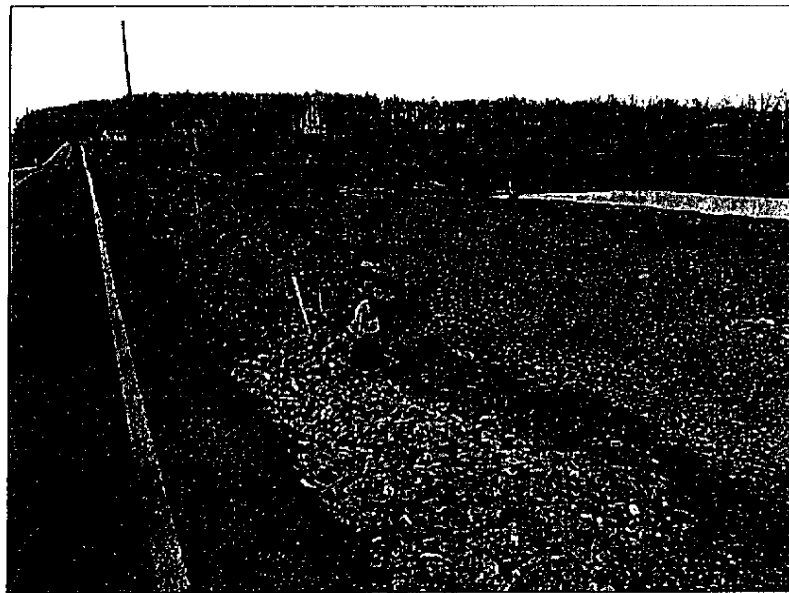
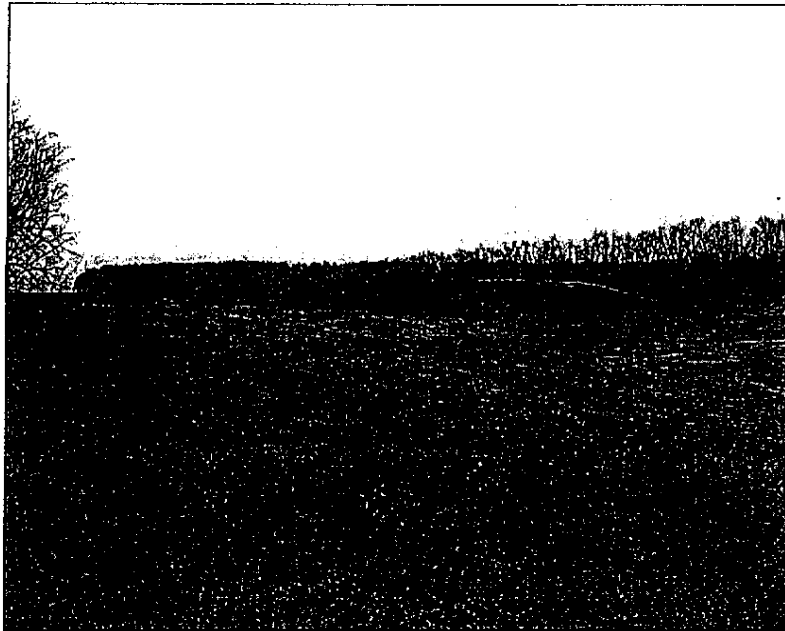


Marion A. Oberdick  
PA Certified General  
Real Estate Appraiser  
#GA-003782

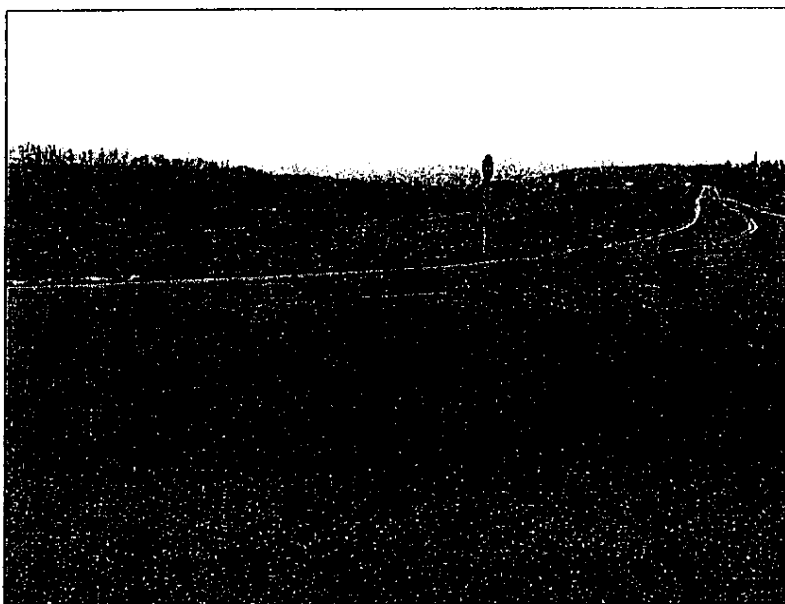
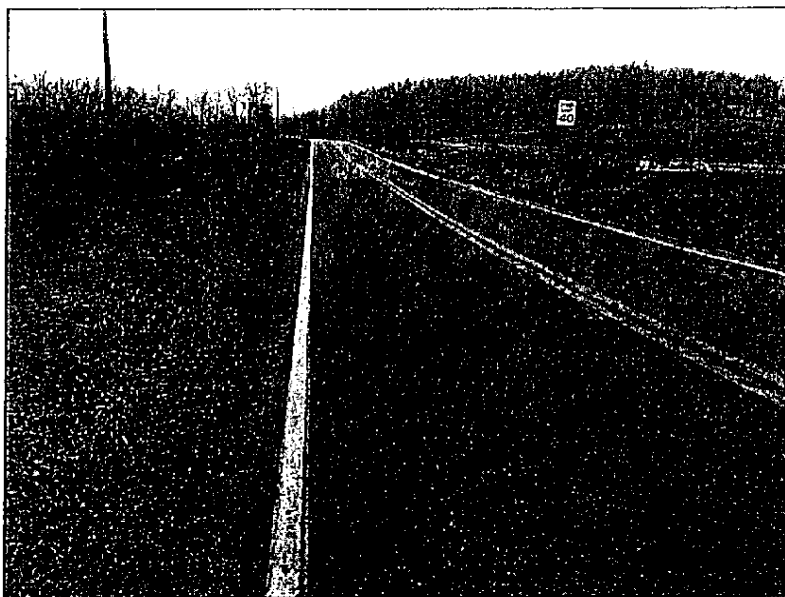


**SUBJECT PHOTOS**

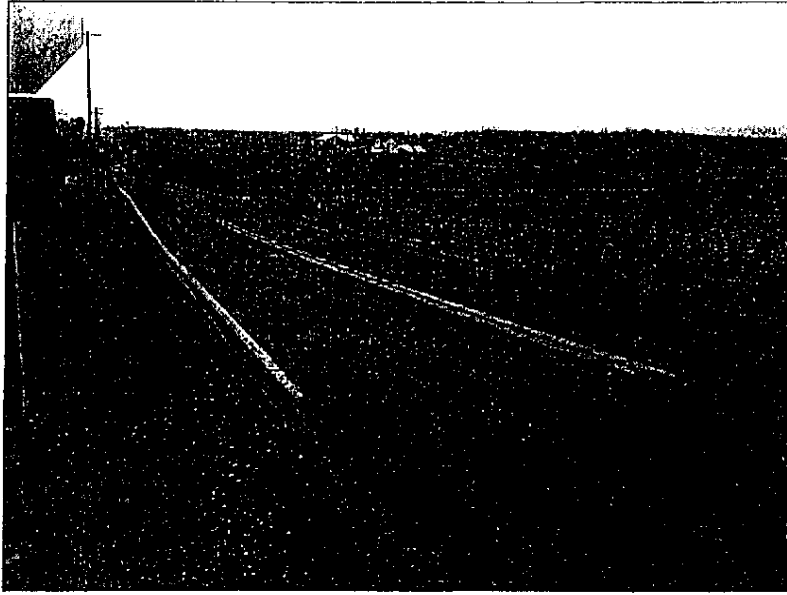
View of the Site



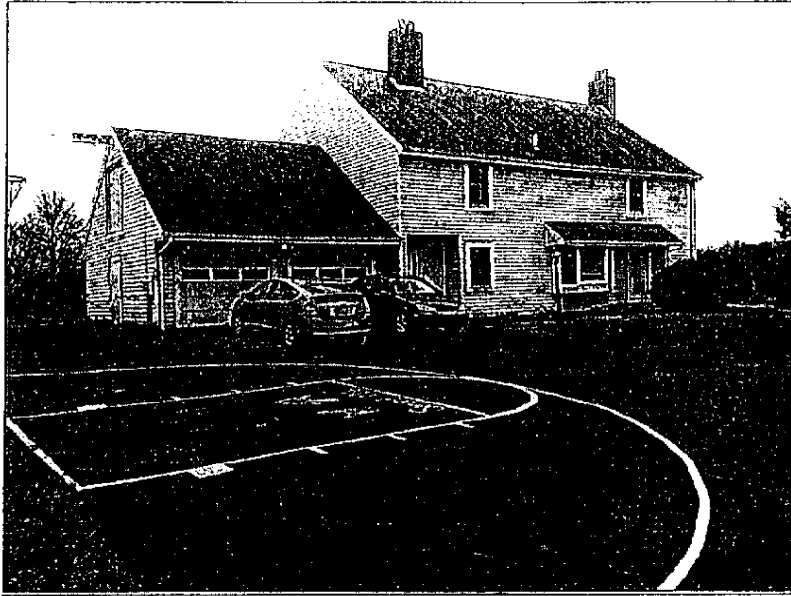
Street Scenes Surrounding the Site



Street Scenes Surrounding the Site



Exterior Photos of House



**TABLE OF CONTENTS**

LETTER OF TRANSMITTAL

SUBJECT PHOTOS

EXECUTIVE SUMMARY ..... 1

MARKET VALUE ..... 4

EXPOSURE AND MARKETING PERIOD ..... 9

REGIONAL MAP ..... 15

MARKET AREA ANALYSIS ..... 16

NEIGHBORHOOD ANALYSIS ..... 23

SITE DESCRIPTION ..... 30

ZONING ..... 32

REAL ESTATE ASSESSMENT ANALYSIS ..... 36

HIGHEST AND BEST USE ..... 37

THE APPROACHES TO VALUE ..... 43

COST APPROACH ..... 44

INCOME CAPITALIZATION APPROACH ..... 45

SALES COMPARISON APPROACH ..... 46

RECONCILIATION AND CORRELATION ..... 63

CERTIFICATION

ADDENDA

This appraisal was prepared solely for our client's use. Third parties who receive this appraisal properly from our client may use it for evaluating the property or properties to which it relates for our client. The unpublished appraisal contains confidential information owned by Weinstein Realty Advisors. And is protected under the United States Copyright Law. All unauthorized use is prohibited without the prior consent of Weinstein Realty Advisors

## EXECUTIVE SUMMARY

**Type of Property:** The subject is one (1) 60.68 acre parcel of land. There is a detached residential dwelling on the property.

**Address and Identification of Subject Property:** The property consists of one (1) parcel identified by the Centre County Tax Assessment office as 18-002-029E.0000.

Assessment data records the address as 2400 Bernel Road, State College, Patton Township, Centre County, Pennsylvania.

**Property Rights Appraised:** The property rights appraised in this report are the fee simple interests. Fee simple interest is defined as:

Absolute ownership interest 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.<sup>1</sup>

**Ownership and History:** The most recent deed dated August 31, 2009 is a deed of consolidation. It records a transfer from The Second Mile (grantor) to The Second Mile for a consideration of \$1 as referenced in Deed Book 2043 Page 0233 as recorded in the Centre County Recorder of Deeds. The subject is a consolidation of two (2) separate transfers of adjacent parcels.

1. Approximately 40.68 acres was transferred by a deed dated April 23, 2002 recording the transfer of tax parcel 18-2/29D from The Pennsylvania State University, a nonprofit corporation and an instrumentality of the Commonwealth of Pennsylvania (grantor) to The Second Mile, a nonprofit corporation (grantee) for the sum of \$168,500, recorded in Deed Book 1356 Page 0842.

This deed contains a first option retained by the grantor (Pennsylvania State University) to repurchase the property for the purchase price of \$168,500. The conditions are outlined on the deed found in the addenda of the report. The effect to the option of the consolidation of parcels on the first option retained by the grantor is not known.

2. By a deed dated March 12, 1981 approximately 20 acres was transferred from the Winston Corporation (grantor) and The Second Mile, a nonprofit corporation (grantee) for the sum of \$64,000, recorded in Deed Book 400 Page 961.

Plat Book 82 Page 85 as recorded in the Centre County Recorder of Deeds is the Lot Consolidation of tax parcels 18-2 29D and 18-2-29E. It is a site plan by Penn Terra Engineering, Inc. dated February 17, 2009, Project No 07083.

<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010.

To the best of our knowledge, the subject has not been made available for sale or lease in the past three (3) years. A copy of the deed has been included in the Addenda of this report.

**Purpose of the Appraisal:** The purpose of this appraisal is to provide an as-is market value of fee simple interest for the subject as described herein as of the effective date of December 13, 2011.

**Intended Use of the Appraisal:** This report is to be used solely by the client and designated third parties for internal management purposes.

**Intended User of the Appraisal:** The intended user of this report is the client, The Second Mile, and it is to be used solely by the Client and designated third parties.

**Effective Date of Valuation:** The effective date of this analysis is December 13, 2011.

**Date of Report:** January 12, 2012.

**Site:** The subject is one (1) parcel of 60.68 acres per assessment data. It is a basically level site on the northwest corner of the intersection of Fox Hill Road and Bernel Road. Public utilities are available.

**Improvement Description:** There is a final land development plan approval for the phased development of The Second Mile Center For Excellence for the subject property.

There is two-story frame detached residential dwelling on the subject site built approximately 1982 per assessment data. The residential dwelling is located on the northeast corner of the property.

**Current Use:** The subject is open space and one (1) residential dwelling. The subject was approved for phased development of The Second Mile Center For Excellence.

**Zoning:** The subject property is located in the Patton Township zoning district identified as Planned Airport District (PAD). The subject is further designated as two (2) separate areas within the Planned Airport District: non-residential and mixed use.

As the site plan does not quantify the amount of acreage in each area there is an assumption that approximately 15 acres are in the non-residential area and approximately 45 acres in the mixed use area.

**Highest and Best Use "As if Vacant and Available for Development":** Considering the four factors; legally permitted, physically possible, financially feasible and maximally productive, the highest and best use of the subject as vacant is considered to be an interim use of agricultural or open space.

The subject and the area were considered useful for an institutional type use (The Second Mile and Hope For Kids), however there is not considered to be a sufficient level of demand to be considered highest and best use alone.

Although there are a wide range of legally permitted uses it is considered unlikely the entire property will be utilized for the same use. The 79 +/- acres of vacant land in Patton Township zoned Planned Community is expected to experience any growth/demand in the market prior to an area of the subject. The time frame for the absorption of 79 +/- acres is not able to be predicted beyond being considered significant. There are other areas of Patton Township and the State College area anticipated to experience growth from market demand prior to the subject.

The Centre Regional Planning Agency's 2010 Centre Region Growth Management Report projects the majority of the growth in the area of the subject at a time frame of 2020 and beyond.

**Highest and Best Use "As Improved":** The highest and best use of the subject as improved with one (1) residential dwelling is not considered quantifiably different than the highest and best use as vacant as the value is considered to be in the land. Single family detached use is not permitted per zoning. Subdivision of the subject requires a minimum of 20 acres per zoning. A 20 acre development plan is likely to not include an older residential dwelling.

**Most Likely Buyer:** The most likely purchaser is considered to be a local investor(s).

**Valuation Issues:** The subject is a consolidation of two (2) adjacent parcels purchased separately. One parcel was transferred with a recorded first option to repurchase by the grantor. The effect of the consolidation of parcels on the first option retained by the grantor is not known. Thus, an assumption is made that the grantor does not exercise the option.

The subject property has an approved plan for development. It is our understanding the plan was being executed, earth had been moved on the site and work has now stopped. It is also our understanding there are requirements to undo earth and grading work to comply with regulatory requirements of erosion and sediment control and stormwater management. There may be additional requirements the appraisers are not aware of.

As there is an unknown cost for these items, valuation is not adjusted for items required for compliance of any municipal and/or regulatory requirements. (Not limited to compliance of erosion and sedimentation control and stormwater management control.)

It is recognized that time and funds are involved in completing an approved plan. As the proposed use of the subject is considered specific and not likely to be transferred or adopted by an alternate user, the presence of a plan is not considered in valuation.



There is an older detached residential dwelling on the subject property. As subdivision requires a 20 acre master plan it is considered not likely to include an older residential dwelling. Single family detached use is not permitted per zoning. The residential dwelling is not considered in valuation.

Highest and best use of the subject is considered to be an interim use of agricultural or open space. By definition an interim use is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use.

Although there are a wide range of legally permitted uses for the subject property it is anticipated that other areas of Patton Township and the State College area are likely to experience growth due to market demand prior to the area of the subject. For example, the 79 +/- acres of vacant land in Patton Township zoned Planned Community (Tofrees and Gray's Woods) is expected to experience any growth/demand in the market prior to the area of the subject.

The time frame for the absorption of 79 +/- acres is not able to be predicted beyond being considered significant. There are other areas of Patton Township and the State College area anticipated to experience growth from market demand prior to the subject.

- Assumption that Pennsylvania State University does not exercise the recorded first option. (The effect of the consolidation of parcels on the first option retained by the grantor is not known.)
- The development plan approval is not considered in valuation.
- Valuation is not adjusted for items required for compliance of any municipal and/or regulatory requirements. (Not limited to compliance of erosion and sedimentation control and stormwater management control.)
- Assumption of our value opinion is that the property is environmentally clean

*The use of extraordinary assumptions might have affected the assignment results.*

**Valuation Summary Table**

<b>Indications As of the Effective Date of December 13, 2011</b>	<b>Value</b>
Indicated Market Value By the Cost Approach	N/A
Indicated Market Value By the Income Capitalization Approach	N/A
Indicated Market Value By the Sales Comparison Approach	\$910,000
Final Market Value	\$910,000

## SCOPE OF WORK

In order to form an opinion of market value of the subject, appraisers made a personal inspection of the property. Data pertaining to the subject, zoning, tax, and general location were obtained and reviewed.

Information was obtained on the comparables and the subject from public records, multiple listing services, government agencies, including data retrieved from the Internet, and discussions with local brokers. Information was also obtained from the census bureau on population and demographics. A section is included specifying assumptions and limiting conditions. When possible, verification of appropriate information with buyers, sellers, brokers, and/or with other knowledgeable sources.

The scope of this summary appraisal includes:

- 1) an on-site inspection of the subject site;
- 2) research and collection of data on comparable land sales for other comparable properties;
- 3) verification of all information with buyers, sellers, brokers, public records, and/or with other knowledgeable sources;
- 4) analysis of market conditions, location factors, physical attributes, unit sizes and other pertinent factors;
- 5) consideration of the three recognized approaches to value, namely the Income Capitalization Approach, Cost Approach, and Sales Comparison Approach, with development of the Sales Comparison Approach ; and
- 6) reconciliation of a final "value as is" for the subject property

The purpose of this appraisal report is to develop an opinion of market value of fee simple interest for the subject property. The three approaches: Income, Cost and Sales Comparison were considered for this report. The Income Approach and Cost Approach were not considered applicable. The Sales Comparison Approach was developed for the subject property as land. The residential dwelling is not considered in valuation. Representatives of The Second Mile supplied information for this report.

If client has concerns in the area of ADA, a professional with expertise in ADA, engineering, or architecture should be consulted.

Appraisers are not qualified to assess environmental issues and assume no responsibility, expertise, or knowledge for any environmental hazards. Neither a survey, title search, nor environmental study was completed for this appraisal report.

## HISTORY OF OWNERSHIP AND SALES

The most recent deed dated August 31, 2009 is a deed of consolidation. It records a transfer from The Second Mile (grantor) to The Second Mile for a consideration of \$1 as referenced in Deed Book 2043 Page 0233 as recorded in the Centre County Recorder of Deeds. The subject is a consolidation of two (2) separate transfers of adjacent parcels.

1. Approximately 40.68 acres was transferred by a deed dated April 23, 2002 recording the transfer of tax parcel 18-2/29D from The Pennsylvania State University, a nonprofit corporation and an instrumentality of the Commonwealth of Pennsylvania (grantor) to The Second Mile, a nonprofit corporation (grantee) for the sum of \$168,500, recorded in Deed Book 1356 Page 0842.

This deed contains a first option retained by the grantor (Pennsylvania State University) to repurchase the property for the purchase price of \$168,500. The conditions are outlined on the deed found in the addenda of the report. The effect of the consolidation on the first option retained by the grantor is not known.

2. By a deed dated March 12, 1981 approximately 20 acres was transferred from the Winston Corporation (grantor) and The Second Mile, a nonprofit corporation (grantee) for the sum of \$64,000, recorded in Deed Book 400 Page 961.

Approved Plans as recorded in Centre County Recorder of Deeds.

- Plat Book 82 Page 85 as recorded in the Centre County Recorder of Deeds is the Lot Consolidation of tax parcels 18-2 29D and 18-2-29E. It is a site plan by Penn Terra Engineering, Inc. dated February 17, 2009, Project No 07083.
- Preliminary/Final Land Development Plan The Second Mile Center For Excellence – Phase 1, Plat Book 83 Page 199.
- Plat Book 83 Page 129, Plan for the site as identified as Youth Development and Activity Center, recorded September 28, 2010 and noted as superseding The Second Mile Master Plan, Plat Book 83 Page 86 August 20, 2009.

## DEFINITIONS

### MARKET VALUE:

Many definitions of market value, both legal and economic, have been developed and refined over the years. The definition of market value most widely used by agencies that regulate federally insured financial institutions in the United States is defined as follows:

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

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

### INTEREST APPRAISED

This report has been produced to estimate the value of the owner's fee simple interest in the subject property.

**Fee simple estate** is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>3</sup>

<sup>2</sup> 12 C.F.R. Part 34.42 (g) .55 Federal Register 34696, August 24, 1990; as amended at 57 Federal Register 12202, April 9, 1992, 59 Federal Register 29499, June 7, 1994; also quoted in *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Illinois, 2010.

<sup>3</sup> Appraisal Institute. *The Dictionary of Real Estate Appraisal*. Fifth Edition. Illinois, 2010.

**EXTRAORDINARY ASSUMPTION:**

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: 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 an analysis.<sup>4</sup>

**HYPOTHETICAL CONDITION:**

That which is contrary to what exists but is supposed for the purpose of analysis.

Comment: 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.<sup>5</sup>

**INTERIM USE:**

By definition an interim use is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use.<sup>6</sup>

<sup>4</sup> The Appraisal Standards Board (ASB) of the Appraisal Foundation, 2010 USPAP, Definitions

<sup>5</sup> The Appraisal Standards Board (ASB) of the Appraisal Foundation, 2010 USPAP, Definitions

<sup>6</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Illinois, 2010.

## EXPOSURE AND MARKETING TIME

### Exposure Time

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time is defined as:

1. The time a property remains on the market.
2. 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 on an analysis of past events assuming a competitive and open market.<sup>7</sup>

Exposure time is different for various types of real estate properties and under various market conditions. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component. The estimate may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on the market
- Information gathered through sales verification
- Interviews with market participants

Based on the information presented in the body of the report which follows, a reasonable exposure time for the subject property at the indicated market value is approximately twelve (12) to twenty-four (24) months. [The reader should note that exposure time is different than marketing time in that exposure time is always presumed to precede the effective date of an appraisal, whereas marketing time is a time period immediately subsequent to the date of the appraisal.]

---

<sup>7</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Fifth Edition, Illinois, 2010.

## Marketing Period

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.<sup>8</sup>

The estimate of marketing time uses some of the same data analyzed in the process of estimating reasonable exposure time as part of the appraisal process and is not intended to be a prediction of a date of sale. The estimate may be expressed as a range and can be based on one or more of the following:

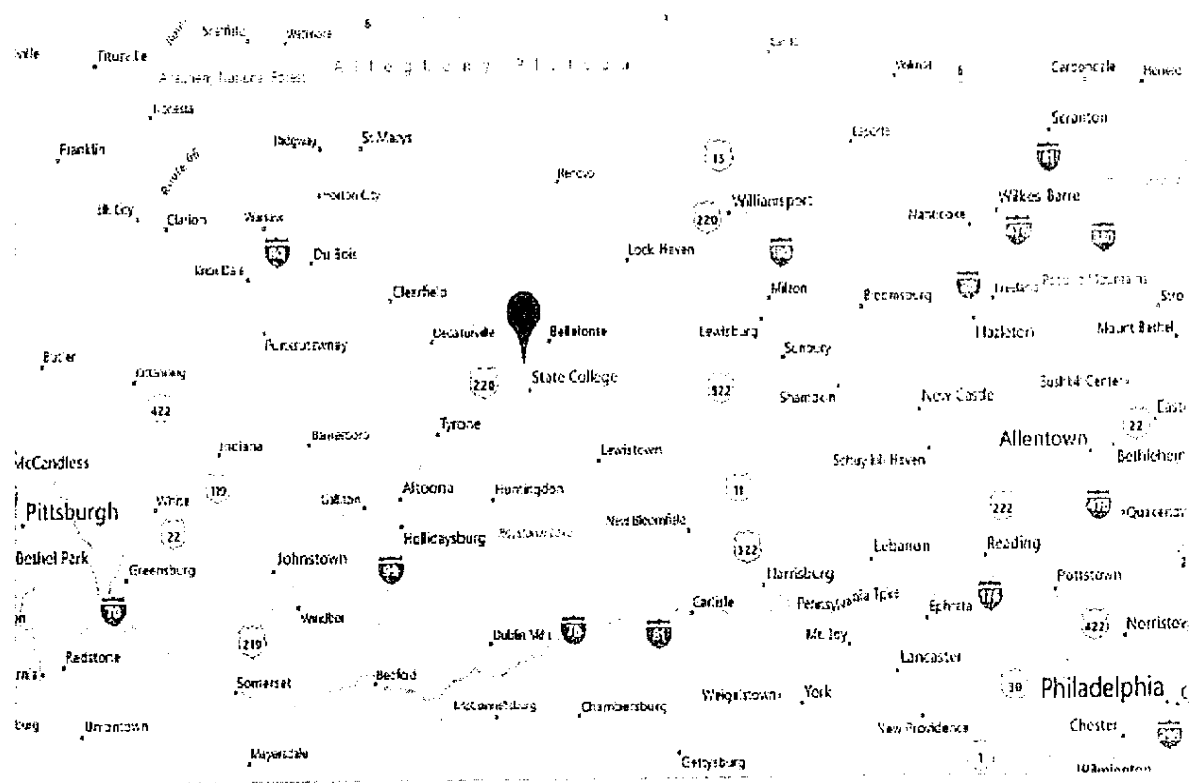
- Statistical information about days on market;
- Information gathered through sales verification;
- Interviews with market participants; and/or
- Anticipated changes in market conditions.

Considering the information presented regarding market activity and the orientation of the appraisal, a reasonable estimate of marketing time for the subject property at the appraised market value is approximately twelve (12) to twenty-four (24) months.

---

<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Fifth Edition, Illinois, 2010.

# REGIONAL MAP



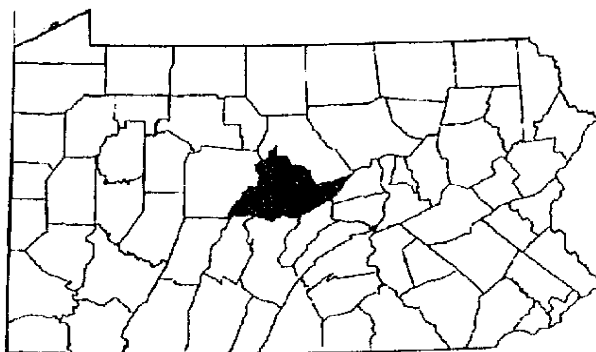


## MARKET AREA ANALYSIS

The motivation of buyers and sellers within a given market area are directly impacted by the ever changing basic forces of the area. The forces are classified into four main categories:

- Social standards and ideas
- Economic conditions
- Government controls and standards
- Environmental conditions

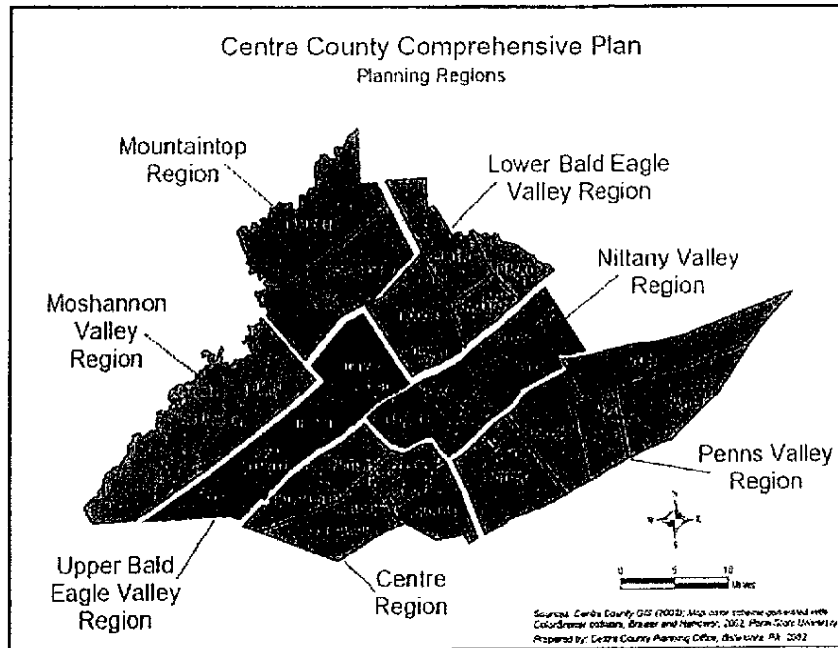
The following is the general analysis that outlines the general economic conditions and future outlook and trends of the subject's market area.



Centre County within Pennsylvania

### **CENTRE COUNTY, PENNSYLVANIA**

Centre County is located centrally in Pennsylvania. It covers a total area of 1,112 square miles. To the north of Centre County is Clinton County; to the west is Clearfield County, to the south are Blair and Huntingdon Counties; and to the east are Mifflin and Union Counties. Centre County was founded in 1800. Thirty-six municipalities are contained within the county, which includes 25 townships and 11 boroughs. For planning purposes, Centre County is divided into seven (7) regions. The county seat is Bellefonte.



Patton Township is in the Centre Planning Region

The Centre County Planning and Community Development office compiles building permit activity for the region. The building permit activity for new construction for 2010 in Centre County is as follows:

Residential Permit Type	# of Permits	Average Value
Single Family	267	\$195,398
Duplex	17	\$124,353
Multi-family	23	\$129,931
Townhouse	33	\$106,558
Mobile Home	20	\$31,152

Commercial Permit Type	# of Permits	Total Square Feet	Average Value
New	32	120,433	\$921,453
Additions	30	19,270	\$91,988

#### Travel

Main routes in the area include Route 322, 220, Interstate 80, Route 550, 150, and 144. Route 322 travels east west connecting the State College area to Meadville to the west and Harrisburg to the east. Route 220 runs north south connecting the Milesburg area to the north of State College to Altoona to the south. Interstate 80 runs east west and connects to Ohio State to the west and New Jersey to the east. Route 550 runs north south connecting Bellefonte to the north to Warriors Mark to the south. Route 150 runs north south connecting Bellefonte to the north to State College to the south. Finally, Route 144 runs north south and bypasses State College to the east eventually meeting into Route 322.

Centre Area Transit Authority (CATA) provides public bus transportation service throughout the State College area and surrounding areas. According to the comprehensive plan for Centre County, the Centre County Office of Transportation provides transportation service throughout all of the regions of the county. It is a shared ride program available to the general public for a small fee, free for senior citizens and clients of Centre County's Human Service Agencies.

Air transportation in the area is the University Park Airport. University Park Airport provides commuter service to larger airports such as Pittsburgh, PA, Philadelphia, PA, Detroit, Michigan and Washington D. C.

#### **Employment and Income**

Centre County's unemployment rate for October, 2011 was 4.7%, compared with 7.2% for Pennsylvania, according to the U.S. Department of Labor, Bureau of Statistics. In October 2010 the unemployment rate was 5.4% with Pennsylvania's being 9.0% at the time. The comprehensive plan for Centre County notes that income statistics in the county are skewed due to the large number of college students living in the area, however, per capita income is still higher than in the surrounding counties.

#### **Estimates of Median Household Income**

<b>County</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Pennsylvania	\$48,562	\$50,702	\$49,501	\$49,245
Centre	\$44,968	\$47,843	\$47,966	\$45,154
Clinton	\$36,983	\$37,494	\$36,302	\$38,423
Cameron	\$37,781	\$37,583	\$36,536	\$36,278
Clearfield	\$36,666	\$37,324	\$37,330	\$37,025
Cambria	\$37,260	\$37,927	\$38,205	\$40,494
Blair	\$41,646	\$40,135	\$38,354	\$41,095
Huntingdon	\$39,886	\$41,568	\$40,322	\$40,947
Mifflin	\$37,143	\$38,571	\$38,310	\$37,163
Union	\$43,629	\$45,545	\$46,264	\$44,997

\*SAIPE-Census.gov

From the table it is apparent that Centre County is slightly below average for median household income as compared to Pennsylvania. However, overall Centre County is above average for median household income as compared to nearby surrounding counties.

The unemployment rate published by the U.S. Department of Labor – Bureau of Labor Statistics for National, Pennsylvania and for Centre and the surrounding counties are as follows:

Area	August 2010	August 2011
National	9.5%	9.1%
Pennsylvania	8.5%	8.5%
Centre County	6.2%	6.6%
Clearfield County	9.3%	8.8%
Clinton County	8.9%	8.3%
Union County	9.0%	8.6%
Mifflin County	9.4%	8.8%
Huntingdon County	9.7%	9.5%
Blair County	7.3%	7.3%

*Counties Not Seasonally Adjusted*

As noted above, Centre County benefits from a lower unemployment rate, however, the county did see an increase in August of 2011 versus the same period last year. The comprehensive plan for Centre County notes that income statistics in the county are skewed due to the large number of college students living in the area, however, per capita income is still higher than in the surrounding counties. The reported median household income for Centre County for (2009, last reported) is \$47,966, which is 96.9% of the State Median Household Income.

The PA Department of Labor and Industry reported the top major employers in Centre County in the third quarter of 2010 (*most recent release publicized*) as follows:

Employer	Industry Sector
Pennsylvania State University	Educational Services
State College Area School District	Educational Services
Mount Nittany Medical Center	Health Care and Social Assistance
County of Centre	Public Administration
Wal-Mart Associates Inc	Retail Trade
Glenn O. Hawbaker Inc.	Construction
Weis Markets Inc	Retail Trade
HRI Inc	Manufacturing
Raytheon Company	Professional and Technical Services

### Industry

The Centre Region Council of Governments published a report in June 2010 of an Economic Development Assessment of the Centre Region. There is an analysis of the share of an industry the local economy has captured.

<b>Location Quotient - Centre County vs. Pennsylvania (2010-Q3)</b>			
<b>Industry/4-digit SIC Code</b>	<b>Centre County</b>	<b>Pennsylvania</b>	<b>LQ</b>
3812 Search and Navigation Equipment	401	449	53.37
3675 Electronic Capacitors	257	386	39.79
3274 Lime	60	149	24.06
3911 Jewelry, Precious Metal	402	1,034	23.23
3172 Personal Leather Goods, Nec	9	30	17.93
3663 Radio and T.v. Communications Equipment	671	2,920	13.73
3631 Household Cooking Equipment	14	62	13.49
2673 Bags: Plastic, Laminated, and Coated	122	545	13.38
3676 Electronic Resistors	103	487	13.25
8221 Colleges and Universities	23,186	107,665	12.87
<b>Total</b>	<b>85,136</b>	<b>5,087,592</b>	<b>1.00</b>

Comparing Centre County to the state of Pennsylvania, Centre County is considered to be more specialized in industries such as search and navigation equipment, electronics capacitors, lime, precious metal jewelry, electronic resistors, and colleges and universities.

Rapid growing industries in Centre County include paper and allied products, furniture and fixtures, and rubber. Other growth areas include agricultural services, transportation, amusement and recreation, and healthcare.

Most workers are employed in the area of education, health and social services. Other industries with high employment levels include manufacturing, retail trade, and arts, entertainment, recreation and food services. The comprehensive plan has published employment projections for Centre County:

<b>2000 Total Employment</b>	<b>2030 Total Employment</b>	<b>% Change</b>
48,012	61,211	21.6%

#### **Population**

Total population in Centre County according to the year 2010 census is 153,990 up 3.4% from the 2000 census count of 135,748. The population of Centre County is expected to grow over the next 30 years due mainly to the convenient location near the University, according to the comprehensive plan.

<b>2000 Total Population</b>	<b>2030 Total Population</b>	<b>% Change</b>
135,758	166,148	22.4%

Although the County's population continues to grow, average family size is on the decline. This may be attributed to residents having fewer children and a growing retiree population, which in turn affects enrollment in local school districts. Average age is 22.0 years<sup>9</sup>, partially due to a large college age population.

### **Education**

The County includes seven public school districts including Bald Eagle Area, Bellefonte Area, Keystone Central, Penns Valley Area, Philipsburg-Osceola Area, State College Area, and Tyrone Area. As of the 2000 census, 88.2% of the population over the age of 25 is a high school graduate. Of the graduates, 36.3% have a bachelor's degree or higher. Penn State University has a positive impact on the area that includes access to higher education for the residents as well as a positive economic impact. It provides opportunities for employment and draws people to sporting events and cultural activities.

### **Housing**

An adequate and diverse housing stock is critical to the County's long-range development potential. Centre County's housing market varies considerably by planning region. The Centre Region has experienced growth while some of the outlying areas lack infrastructure to support growth. The Planned Community areas are expected to experience new growth prior to other areas.

### **Recreation**

Centre County has a wide range of outdoor and indoor activities. Some of the recreational areas and attractions in Centre County include: Bald Eagle State Park, Black Mashannon State Park, McCall Dam, Penn Roosevelt State Park, Poe Paddy State Park, and Poe Valley State Park. There are sporting events, cultural activities and historical events as well. A sampling includes, Penn State Football Games, Bryce Jordan Center, Bellefonte Historic Railroad, Pavilion Theatre and various museums.

### **Health Care**

Medical facilities in the market area include the Mount Nittany Medical Center and Centre Community Hospital.

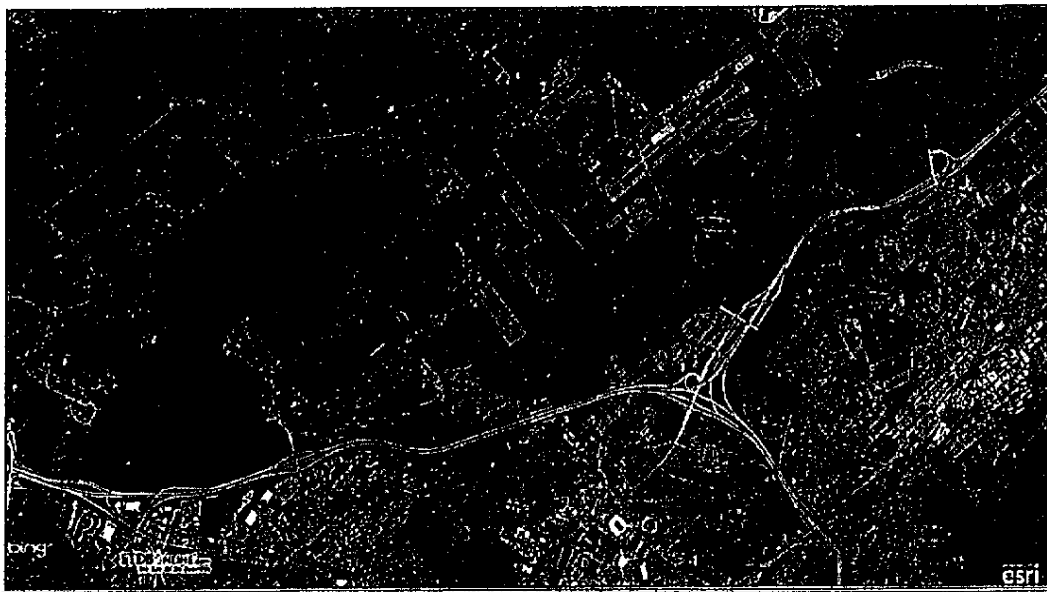
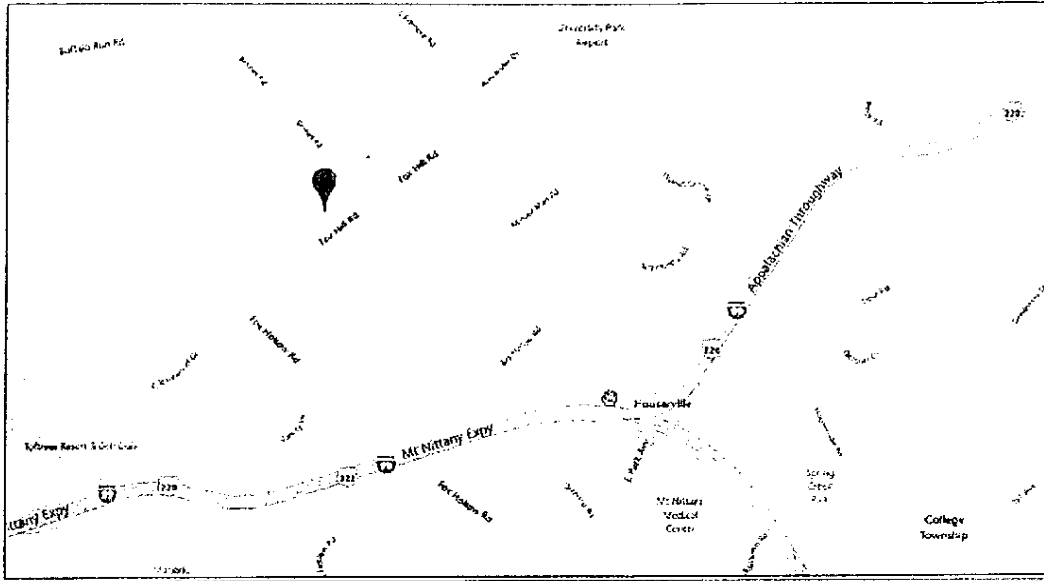
### **Summary**

With the presence of The Pennsylvania State University, the area has become a major destination location, increasing traffic to the area. Overall, Centre County had the largest increase in the state in the number of housing units (19%) according to the 2010 census. Most recently, the region has seen the construction of Interstate 99, which will provide improved access between I-80 and the Pennsylvania Turnpike. The subject is in a good location in close proximity to several major routes with central access to the larger markets. Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

---

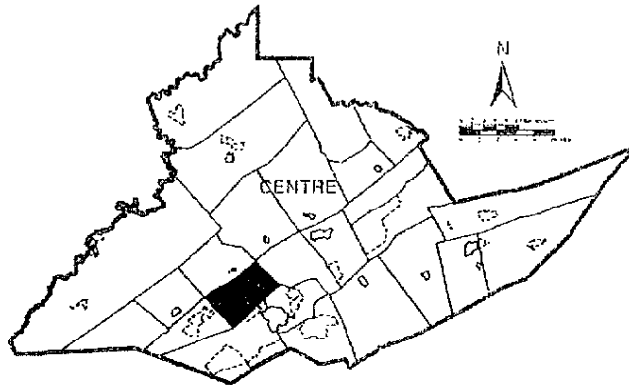
<sup>9</sup> U. S. Census, 2005-2009.

## NEIGHBORHOOD MAP



## NEIGHBORHOOD ANALYSIS

The Neighborhood Analysis provides a bridge between the Market Area Analysis and the study of the subject property. As in the Market Area Analysis, the goal of the Neighborhood Analysis is to determine how the operations of social, economic, governmental and environmental factors influence the value of real estate. The focus is on how these factors interact in the immediate vicinity of the subject property.



Patton Township within Centre County

Patton Township was established in 1794. It was the first township formed in the Centre Region and was part of Cumberland County prior to the establishment of Centre County in 1800. Patton Township has a land area of 24.8 square miles with the 2000 Census reported population of 11,420. Within the Centre County Comprehensive Plan are identified Planning Regions. Patton Township is in the Centre Region along with Ferguson Township, Half Moon Township, College Township, Harris Township and the Borough of State College.

### **Geographic Boundaries**

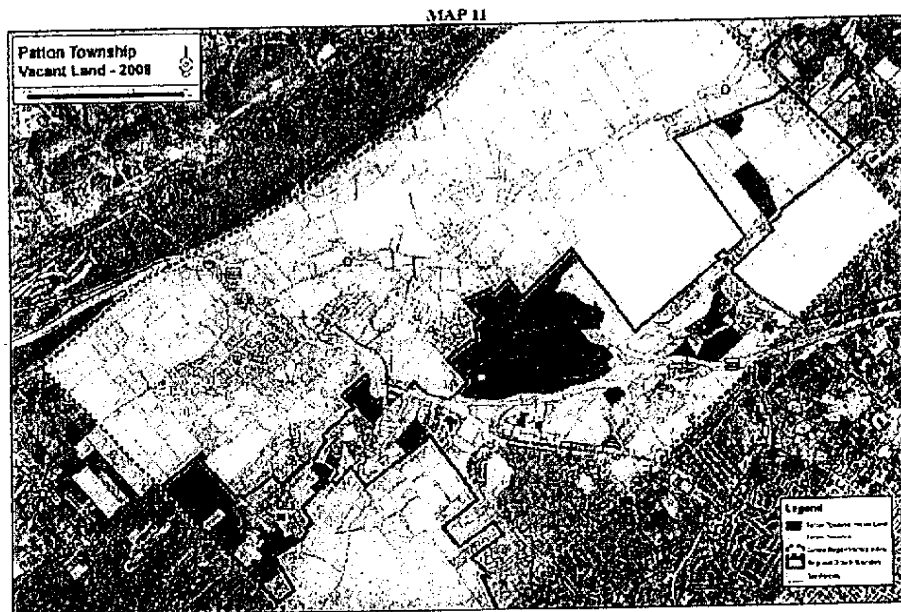
The subject property is located on the northwest corner of the intersection of Fox Hill Road and Bernel Road. The site is bounded on the southeast by Interstate 99/Route 322 and on the northwest by Route 550/Bufalo Road. Much of the area is open space.



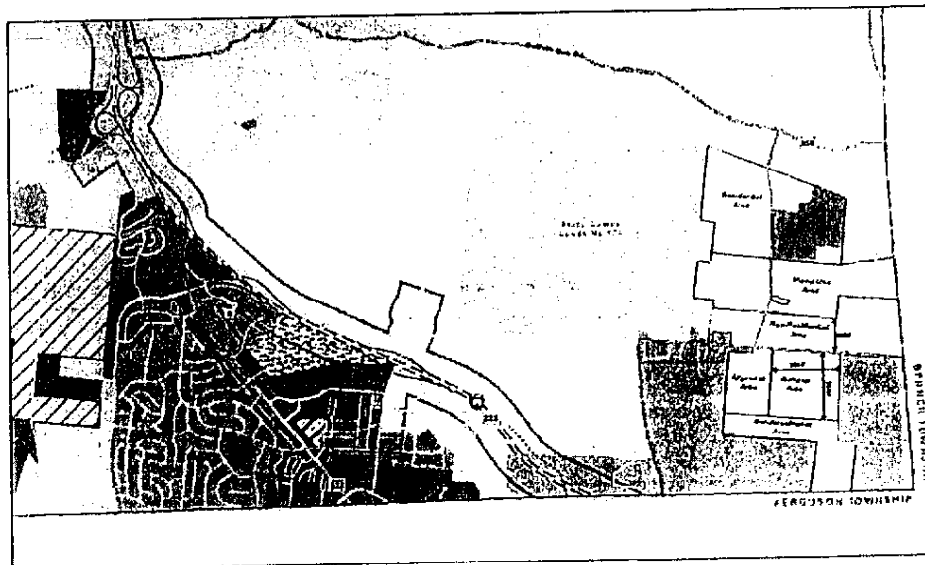
## 2010 Centre Region Growth Management Report

The Centre Regional Planning Agency completed the 2010 Centre Region Growth Management Report. It incorporates vacant land information collected in late 2009 combined with other data to forecast growth of the Center Region through 2040.

### 2010 CENTRE REGION GROWTH MANAGEMENT REPORT



The above illustration indicates the subject to be within the Regional Growth Boundary. The majority of vacant land of Patton Township is zoned Planned Community as referenced on the zoning map below.



Patton Township has the most vacant land within the Regional Growth Boundary. This is the area of Toftrees Planned Community and Gray's Woods Planned Community. Both of these have approved master plans.

**TABLE 10  
PATTON TOWNSHIP GROWTH FORECAST<sup>1</sup>**

YEAR	DWELLING UNITS	RETAIL	RETAIL-HOTEL	OFFICE/LIGHT INDUSTRIAL	HEAVY INDUSTRIAL	PUBLIC/SEMI-PUBLIC
2009-2020	853	204,800	193,600	104,600	0	91,400
2021-2030	775	204,900	0	114,400	0	65,300
2031-2040	776	204,800	0	135,000	0	38,400
<b>TOTAL (2009-2040)</b>	<b>2,404</b>	<b>614,500</b>	<b>193,600</b>	<b>354,000</b>	<b>0</b>	<b>195,100</b>

Source: 2009 Centre County Growth Forecast 2010

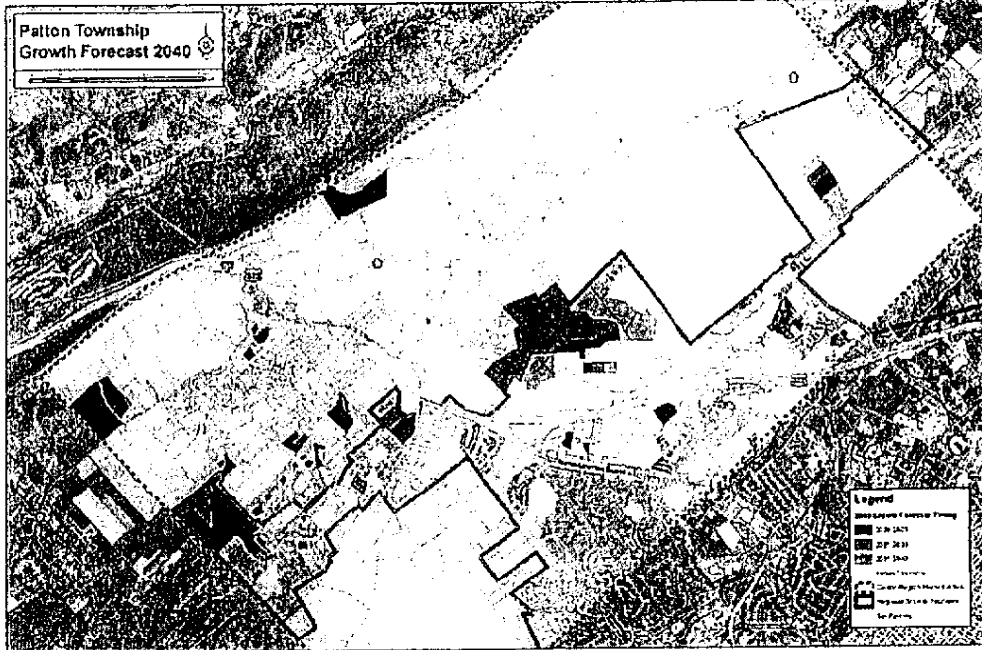
Footnote: 1—All numbers are in square feet except Dwelling Units

**TABLE 9  
2009 PATTON TOWNSHIP VACANT LAND BY ZONING DISTRICT**

ZONING DISTRICT	VACANT ACRES	PERCENTAGE OF VACANT LAND	GENERALIZED CLASSIFICATION
COMMERCIAL TRANSITIONAL (C-T)	10	1	COMMERCIAL
INDUSTRIAL (I-1)	7	1	INDUSTRIAL
LOW DENSITY RESIDENCE (R-2)	5	<1	LOW DENSITY RESIDENTIAL
MANUFACTURED HOME PARK (R-MHP)	5	<1	LOW DENSITY RESIDENTIAL
MANUFACTURED HOME RESIDENCE (R-M)	2	<1	LOW DENSITY RESIDENTIAL
MEDIUM DENSITY RESIDENCE (R-3)	1	<1	MEDIUM/HIGH DENSITY RESIDENTIAL
OFFICE BUFFER (OB)	3	<1	COMMERCIAL
OFFICE BUFFER DISTRICT 2 (OBD2)	52	4	COMMERCIAL
PLANNED AIRPORT (PAD)	84	6	MIXED USE COMMUNITY
PLANNED COMMERCIAL (C-2)	16	1	COMMERCIAL
PLANNED COMMUNITY (PC)	1,082	79	MIXED USE COMMUNITY
RURAL (A-1)	55	4	LOW DENSITY RESIDENTIAL
RURAL RESIDENCE (R-1)	36	3	LOW DENSITY RESIDENTIAL
UNIVERSITY PLANNED DISTRICT (UD)	10	1	UNIVERSITY
<b>TOTAL</b>	<b>1,367</b>	<b>100</b>	

Source: 2009 Centre Regional Planning Agency

MAP 13



Source: Centre Regional Planning Agency—2009

The area of the subject is anticipated to see growth in the later time frame of 2021 to 2040.

**Summary of Development**

The Centre County Planning and Community Development office compiles building permit activity for the region. The building permit activity for new construction in Patton Township is recorded as follows:

Residential Permit Type Patton Township	# Permits 2008	# Permits 2009	# Permits 2010
Single Family	53	48	29
Duplex	8	2	2
Multi-family	2	0	12
Townhouse	6	11	17
Mobile Home	0	0	0

Commercial Permit Type Patton Township	# Permits 2008	# Permits 2009	# Permits 2010
New	0	0	0
Additions	0	0	0

**Residential:** The immediate area of the subject is low density residential use. The areas of Patton Township zoned Planned Community are anticipated to see future growth.

Office/Industrial/R&D: There is an industrial park east of the subject in the area of High Tech Road. This area has a limited amount of older industrial use and has not experienced new demand.

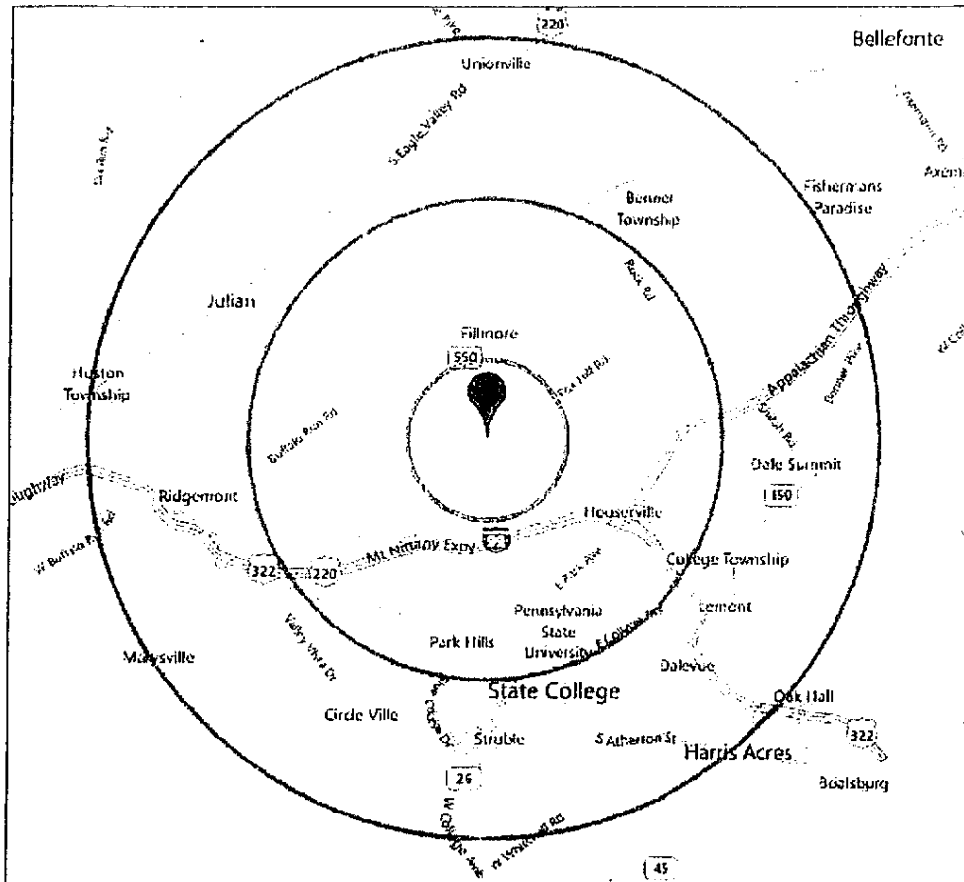
An area of Patton Township was rezoned for the Geisinger Medical Center. Much of the area is single family homes that are anticipated to redevelop into office use as the market dictates.

Commercial: The immediate area is more rural and not commercially developed. The majority of commercial development in Patton Township has been in the North Atherton area including the Collonnade and North Atherton Place. There is also new development in this area known as Trader Joe's Plaza. The areas of Patton Township zoned Planned Community are anticipated to also see future growth.

Neighborhood Dominant Influence: The dominant neighborhood influence is the airport. Much of the area surrounding the subject is open space. We did not find plans for significant growth at the airport.

### Site-To-Do-Business

The research tool Site-To-Do-Business provides demographic data to specific geographic areas. The following map illustrates the geographic area of one (1), three (3) and five (5) mile radius of the subject property.



	One Mile	Three Miles	Five Miles
<b>Population</b>			
2000	196	27,465	70,831
2010	235	30,474	77,415
2015	248	30,920	78,894
<b>Households</b>			
2000	75	7,744	24,881
2010	92	8,575	27,338
2015	98	8,825	28,111

	One Mile	Three Miles	Five Miles
<b>Population Annual Rate</b>			
2000-2010	1.79%	1.02%	0.87%
2010-2015	1.08%	0.29%	0.38%
<b>Households Annual Rate</b>			
2000-2010	2.01%	1%	0.92%
2010-2015	1.27%	0.58%	0.56%

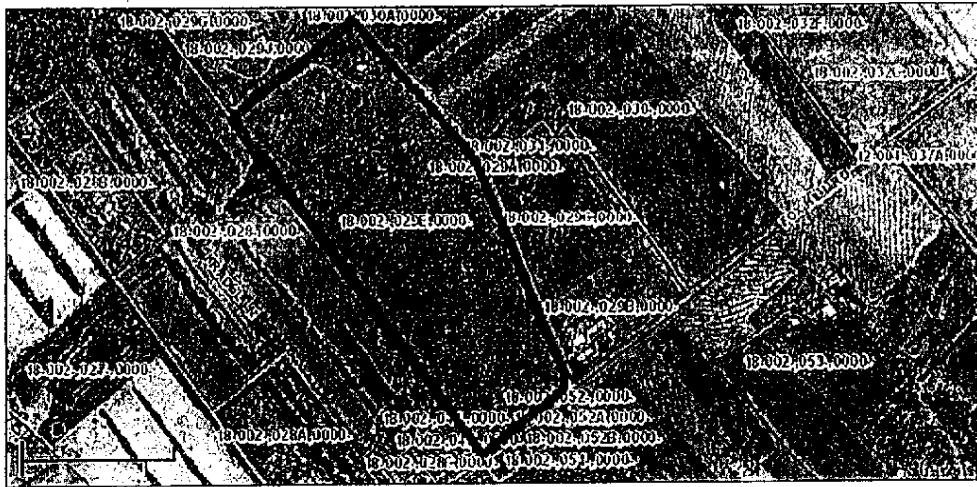
The area within the one (1) and three (3) radius is not densely populated and the rate of growth for 2010 to 2015 is expected to decrease for population and households in the total area.

**Conclusions**

The future growth of Patton Township is anticipated to be within the Planned Communities. If conditions are not favorable for development to occur within these areas, the township is expected to experience a lull in development activity. The area of the subject is not anticipated to experience demand or growth in the near future.

## SITE DESCRIPTION

The subject property is northwest corner of the intersection of Bernel Road and Fox Hill Road, Patton Township, Centre County Pennsylvania.



**Size and relative conformity to adjacent sites:** The subject site consists of approximately 60.68 acres. The site is irregular in shape.

The area surrounding the subject is a combination of Planned Airport District (mixed use, Non-Residential, and Residential). Beyond the immediate area the north is primarily Agricultural zoned and there are State Game Lands to the west. To the south is the Airport facility and the University District zoning. The area along I-99 and south of I-99 is zoned Planned Community and some General Commercial.

**Frontage and Visibility:** The site has frontage and visibility along Bernel Road and Fox Hill Road.

**Access and Circulation:** There is currently access from Bernel Road in the area of the residential dwelling.

**Topography, Soils & Drainage:** No apparent drainage problems were noted but it should be noted that the scope of this appraisal does not include specific tests for adequacy. Similarly, soils have not been tested but are believed to be adequate for this type development. The topography is generally level.

**Flood Plain:** According to Floodsource Floodscape Map Number 42027C0610F effective May 4, 2009, the subject property does not appear to be located in a flood hazard area.

**Utilities:** Public utilities are available. It is located in the Regional Growth Boundary.

**Site Improvements:** There is an older residential dwelling on the site.

**Easements and Encroachments:** No easements or encroachments were noted on the subject site that would inhibit full use of the site.

**Nuisance Factors:** No nuisance factors were noted on the subject site.

**Environmental Concerns:** No environmental concerns are known to the appraisers; however, the reader of this report should be aware of the typical environmental concerns that go along with similar use properties in this area. We are not qualified for testing of hazardous substances. No responsibility, expertise or knowledge is assumed for any environmental hazards.

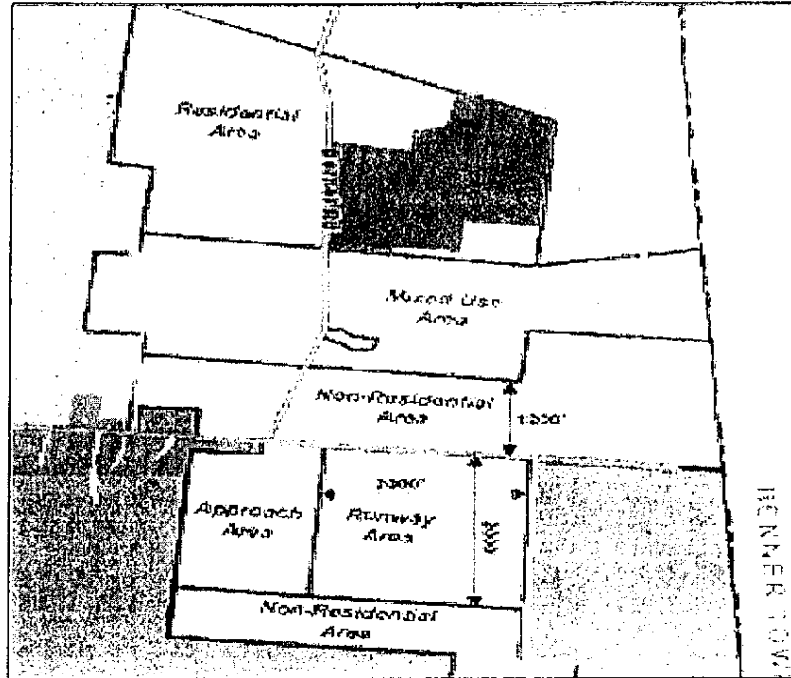
**Comments:** The area of the subject has some low density residential use and the airport facility nearby. The zoning, State Game Lands and the airport are considered limiting factors to the amount of demand land in the area will experience.

Patton Township has a significant amount of vacant land zone Planned Community. There are many other areas anticipated to experience growth from market demand prior to the subject.

There does not appear to be any adverse easements or encroachments that would affect the full utilization of the site. As in the case of all real estate, the ownership of the subject property is advised to have a complete understanding of the environmental issues surrounding the subject site.



## ZONING



The subject property is located in Patton Township, Centre County in the zoning district identified as (PAD) Planned Airport District.

Intent: The Planned Airport District is designed to minimize airport hazards related to development of lands surrounding the University Park Airport and to minimize the potential for contamination of the potential well field located within the district.

The subject property's PAD zoning is split into a Mixed-Use area covering approximately 45 acres of the northern portion of the subject, and a Non-Residential area covering approximately 15 acres of the southern portion of the subject. A full copy of the zoning ordinance is located in the addenda of this report.

Zoning	Approximate Size/Acres	Description
Mixed-Use Area	45	Road frontage on Bernel Road
Non-Residential Area	15	Corner of Fox Hill Road & Bernel Road

Procedure for master plan approval: All development within the Planned Airport District must be done pursuant to approval of a master plan. The minimum area for a master plan is 20 acres.

## Mixed Use Area

### Residential

- Duplexes
- Manufactured home parks
- Multifamily dwellings?
- Parks

### Commercial uses

- Eating and drinking establishments
- Neighborhood shopping centers (not to exceed 75,000 SF)
- Retail trade

### General airport area uses

- Art gallery
- Business/professional office
- Church
- Community center
- Day-care center
- Golf course
- Government service
- Library
- Museum
- Private club
- Public utility
- Radio/television studio
- Riding stables
- Music/performing arts studio
- Youth development activity center

## Non-residential Area

### Commercial uses

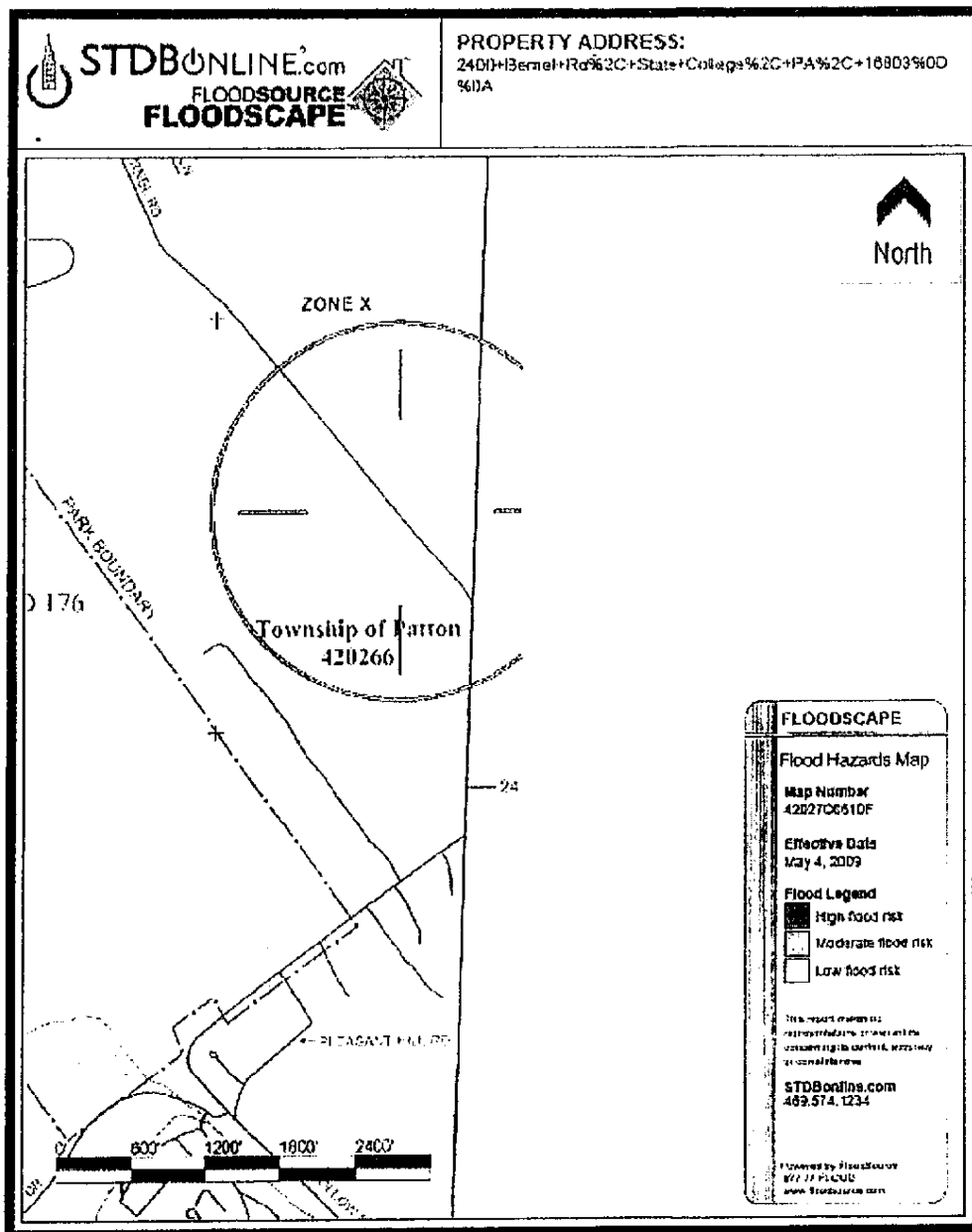
- Amusement enterprises
- Business services
- Eating and drinking establishments
- Neighborhood shopping centers (not to exceed 75,000 SF)
- Retail trade

### General airport area uses

- Art gallery
- Business/professional office
- Commercial parking lots
- Community center
- Day-care center
- Golf course
- Government service
- Library
- Museum
- Newspaper publishing
- Optical instrument development
- Photographic studio
- Plastic assembly
- Private club
- Public utility
- Radio/television studio
- Research, engineering, testing labs
- Riding stable
- Music/performing arts studio
- Taxi/limousine service
- Wholesale distribution
- Youth development activity center

## FLOOD MAP

According to Floodsource Floodscape Map Number 42027C0610F, effective May 4, 2009, the subject is located in Zone X.



### REAL ESTATE ASSESSMENT ANALYSIS

The subject property is one (1) tax parcel located in Patton Township, Centre County, Pennsylvania. The subject is noted as being enrolled in Clean and Green.

The basis for the real estate tax assessment is made up of two parts, the assessment and the millage rate. The assessed value is multiplied by the millage rate to arrive at the tax liability. The assessment is set by the county assessment.

The breakdown is as follows:

<b>Assessment</b>	
Account #:	18-002- .0029E,0000-
Total Assessed Value C&G:	<b>\$ 109,335</b>
<b>Millage 2011-2012</b>	
Municipal	8.700
County	7.840
School	36.8500
Total	<b>53.3900</b>
<b>Total Taxes</b>	
	<b>\$5,837</b>

Legislation passed in 1982 empowered the Pennsylvania State Tax Equalization Board (STEB) to establish a Common Level Ratio for each county in the Commonwealth. The PA State Equalization Board has published a rate of 28.1% as of July 1, 2010 for Centre County.

The assessment without the adjustment for Clean and Green is indicated as \$173,970. This is an implied value of \$619,110.

## HIGHEST AND BEST USE<sup>10</sup>

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

Highest and best use may be defined as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value."

Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the land or site as though vacant and available to be put to its highest and best use, or for the property as improved.

The first determination reflects that land value is derived from potential land use. Land has limited value unless there is a present or anticipated use for it. The amount of value depends on the nature of the land's anticipated use according to the concept of surplus productivity. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use of the land as though vacant. This is the "classic" definition of a land residual analysis.

The highest and best use of a property as improved refers to the optimal use that could be made of the property including all existing structures. The implication is that the existing improvement should be renovated or retained so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

The determination of the highest and best use of land as though vacant is useful for land or site valuation. Determining the highest and best use of an improved property provides a decision regarding continued use or demolition of the property. [The reader should note that demolition is indicated when the land as though vacant has more value than the parcel as presently improved.]

The relationship between the supply of, and demand for, land adaptable to a particular use is significant in determining highest and best use. A site or improved property may be placed under an interim use until demand is sufficient to support its highest and best use. If a more profitable use must be delayed due to insufficient present demand, the interim use will continue until the value of the land as though vacant, minus the cost of demolishing the existing improvements, exceeds the total value of the improved property at its current use.

<sup>10</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008.

When properties are devoted to temporary, interim uses, the concept of consistent use must be addressed. Consistent use is the concept that land cannot be valued on the basis of one use while the improvements are valued on the basis of another. Improvements that do not represent the land's highest and best use, but do have substantial remaining physical lives, may have an interim use of temporary value, or they may have no value at all.

The highest and best use analysis requires the employment of various categories of use-oriented decisions. To conclude that a given use is the highest and best use, the use must meet four criteria. The highest and best use must be:

- 1) Legally permissible;
- 2) Physically possible;
- 3) Financially feasible; and
- 4) Maximally profitable.

In sequential order, usually from the most general to the most specific, each criteria is considered in turn, thereby eliminating at each level, proposed uses that do not qualify. This process stimulates the thought process of the rational and informed decision maker and helps the appraiser identify the most likely users and buyers for the subject property.

### Highest and Best Use As Though Vacant and Available for Development

Highest and best use of land or a site as though vacant is defined as the use of a property based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements.<sup>11</sup> Land value, as though vacant, is a fundamental concept of valuation theory and the basis for the Cost Approach.

The four factors of highest and best use, that is whether the use is legally permissible, physically possible, financially feasible, or maximally profitable will be developed for the property as though it were vacant and available for development.

### Subject Property

The subject is one (1) parcel of land estimated at 60.68 acres zoned (PAD) Planned Airport District. It is partially a Mixed Use Area and partially a Non-Residential Area. It is on the corner of the intersection of Bernel Road and Fox Hill Road, is basically level and has access to public utilities.

**Legally Permissible:** The subject property is located in the (PAD) Planned Airport District of Patton Township. The permitted uses have been presented in the zoning section of this appraisal. Development of the subject property requires a master plan of a minimum of a 20 acre site. The permitted uses are a wide range.

### Commercial

Mixed Use Area	Eating and drinking establishments, neighborhood shopping centers, and retail trade.
Non-Residential Area	Amusement enterprises, business services, eating and drinking establishments, neighborhood shopping centers, and retail trade.

### General Airport Area

Mixed Use Area	Art gallery, business/professional office, church, community or day-care center, government, library, museum, public utility, riding stables, performing arts, youth development activity center.
Non-Residential Area	Art gallery, business/professional office, church, community or day-care center, government, library, museum, public utility, riding stables, performing arts, youth development activity center, newspaper publishing, plastic assembly, research, engineering, testing labs, taxi service, wholesale distribution.

<sup>11</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008.



**Residential**

Mixed Use Area	Duplexes, manufactured home parks, multifamily dwellings, parks.
Non-Residential Area	None

**Physically Possible:** A description of the subject is presented in the Description of the Site section of this report. Many of the permitted uses are physically possible on the subject site. Many of the permitted uses do not need a site as large as 60.68 acres. It is likely the subject will eventually have multiple uses. It is physically possible to subdivide the subject.

**Financially Feasible:** The use of the area surrounding the subject is limited. It is a combination of Planned Airport District (Mixed Use and Non-Residential). Beyond the immediate area the north is primarily Agricultural zoned and there are State Game Lands to the west. To the south is the Airport facility and the University District zoning. The subject is located in the Growth Boundary Area.

The overall area has had very limited growth. The demographics of the one (1) and three (3) mile radius have limited residential use or growth projected. There has not been residential growth or demand for business use. Within the categories of the permitted uses:

- Commercial: The area is not considered to have commercial or business demand. The surrounding permitted uses limit growth.
- Residential: Residential use is low density. There has not been residential demand. The surrounding permitted uses limit growth.
- General: There has not been demand for business use.

The area received attention from two (2) uses considered more institutional, The Second Mile and Hope For Kids. It is not unusual to see institutional type use in areas of low demand.

Patton Township has approximately 79 +/- acres of vacant land zoned Planned Community in the area of Toftrees and Gray's Woods. These areas are predicted to see growth prior to other areas. There is also an area around the Geisinger facility predicted to evolve to office use as the result of a zoning change. The time frame of market demand resulting in development of the subject for residential, commercial or business use is considered to be lengthy.

The Centre Regional Planning Agency's 2010 Centre Region Growth Management Report projects the majority of the growth in the area of the subject at a time frame of 2020 and beyond.

**Maximally Profitable:** Considering the four factors; legally permitted, physically possible, financially feasible and maximally productive, the highest and best use of the subject as vacant is considered to be an interim use of agricultural or open space.

The subject and the area were considered useful for an institutional type use (The Second Mile and Hope For Kids), however there is not considered to be a sufficient level of demand to be considered highest and best use alone.

Although there are a wide range of legally permitted uses it is considered unlikely the entire property will be utilized for the same use. The 79 +/- acres of vacant land in Patton Township zoned Planned Community is expected to experience any growth/demand in the market prior to an area of the subject. The time frame for the absorption of 79 +/- acres is not able to be predicted beyond being considered significant. There are other areas of Patton Township and the State College area anticipated to experience growth from market demand prior to the subject.

### **Highest and Best Use as Improved**

The highest and best use as improved is defined as the use that should be made of a property as it exists.<sup>12</sup> There are two reasons to analyze the highest and best use of a property as improved. The first is to identify the property use(s) that can be expected to produce the highest overall return for each dollar of capital invested. The second reason is to help identify comparable properties in the Sales Comparison and the Income Capitalization Approach sections of this analysis.

The highest and best use of the subject as improved with one (1) residential dwelling is not considered quantifiably different than the highest and best use as vacant as the value is considered to be in the land. Single family detached use is not permitted per zoning. Subdivision of the subject requires a minimum of 20 acres per zoning. A 20 acre development plan is likely to not include an older residential dwelling.

---

<sup>12</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008.

## THE APPROACHES TO VALUE

In estimating the market value of a given property, it is normal appraisal practice to assemble as much relevant data from the marketplace as possible. This data is then applied in the three recognized approaches to value: the Income Capitalization Approach, the Cost Approach, and the Sales Comparison Approach.

**In a Cost Approach**, first an estimate of the subject site's land value is obtained by comparing the subject site with other similar sites that have been recently sold. The subject site is valued in accordance with the conclusions reached in the Highest and Best Use - As Though Vacant section of the appraisal report. Based on the physical description presented in the report, the subject's replacement cost new is estimated based on comparative costs derived from the market and from *Marshall Valuation Service* estimates. Accrued depreciation from all observed sources is then subtracted from replacement cost new to yield depreciated replacement cost. An appropriate level of entrepreneurial incentive is also added. This sum is then added to the indicated land value to yield an estimate of value based on the Cost Approach.

As land, the Cost Approach was not considered applicable.

**The Income Capitalization Approach** analysis is concerned with the present worth of anticipated future benefits derived from the ownership of the subject property, expressed in terms of potential rental income. The anticipated stabilized net operating income available from the property is then converted into a value estimate by means of the application of an appropriate capitalization rate derived from market observations.

As land, the Income Approach was not considered applicable.

**The Sales Comparison Approach** uses the sales of similar properties as the basis of an indication of value for the subject property. This comparison may be made on a square foot, cubic foot, front foot, or any other basis that is recognized in the marketplace and provides an adequate unit of measure of indicated market value. The Sales Comparison Approach is essential to almost every appraisal of real property. This approach best mirrors the actions of buyers in the marketplace for similar-type properties.

The Sales Comparison Approach has been developed for this report.

## COST APPROACH

To develop the value of the subject property by the Cost Approach, the value of the land, as if vacant and available for development to its highest and best use, must first be addressed. Then, the depreciated replacement cost of the subject improvements, including developer's profit and entrepreneurial incentive, must be estimated. The summation of land value and depreciated replacement cost would then be the indicated market value by the Cost Approach.

The Cost Approach was not considered applicable for the subject as land.

## THE INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach allows an analysis of the typical investor-buyer, analyzing the property's income potential and future marketability. The present value of cash flows and future sale proceeds is quantified based on the timing, duration, stability and risk of these components of investment return. The investor trades present dollars for the right to receive future dollars in anticipation of making a profit. This is the Principle of Anticipation that is fundamental to the Income Capitalization Approach.<sup>13</sup>

The process of capitalization converts this income stream into a single value indication. This process involves applying a capitalization rate deemed appropriate for the subject's indicated risk and return profile to the subject's net operating income (NOI).

There are several methods to develop a value based on capitalization rates. Two of the most common include direct capitalization and yield capitalization. Direct capitalization requires market-derived capitalization rates from similar properties and transactions and then applies them to the subject property's stabilized net operating income without explicit attention to "return on", and "return of" capital. Yield capitalization is more complex and requires interpreting expectations and attitudes into formulas designed to convert several years' net income into a present value estimate.

The Income Approach was not considered applicable to this report.

---

<sup>13</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010.

## SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of estimating market value where the subject property is compared to similar properties that have been sold. This approach is based on the Principal of Substitution, which states that if several competing commodities, goods, or services are available then the one with the lowest price will attract the greatest demand and receive the widest distribution.<sup>14</sup> It is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant.

The Sales Comparison Approach is considered important to most appraisal problems since it indicates the price paid for similar properties by typically knowledgeable buyers in the open market. It is applicable to the appraisal of all properties for which there are a sufficient number of comparable sales. This approach is most reliable when the property type under analysis is bought and sold regularly.

Applying this approach is a systematic procedure where similar sales are researched and analyzed through the most relevant elements of comparison. Adjustments are made for differences in the sales that reflect market reaction.

This approach to value may be very helpful when a sufficient number of sales of comparable property have occurred in the area within a year or two. This approach relies on the theories of supply and demand, substitution, balance, and externalities. The definitions are from Appraisal Institute, *The Appraisal of Real Estate, Thirteenth Edition*.

### **SUPPLY & DEMAND**

Property prices result from negotiations between buyers, sellers, and lenders. Buyers constitute market demand, and the properties offered for sale make up the supply. If the demand for a particular type of property is high, prices tend to increase; if demand is low, prices tend to decline. Shifts in the Supply of improved properties frequently lag behind shifts in demand because supply is created by time-consuming construction and reduced by conversion to other uses, while satisfiable demand can change rapidly. The analysis of real estate markets at a specific time may seem to focus on demand, but the supply of properties must also be considered. Proposed construction, conversion, and demolition may change the supply/demand relationship and affect prices. To estimate demand, appraisers consider the number of potential users of a particular type of property, their purchasing power, and their tastes and preferences. To analyze supply appraisers focus on existing unsold or vacant properties as well as properties that are being constructed, converted, or planned.

<sup>14</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010

Shifts in any of these factors may cause the prices of the subject property and comparable properties to vary. Lenders, whose terms can cause the market to accelerate, decelerate, grind to a halt, or shift elsewhere, also influence sales activity.

Supply and demand appear to be in balance in the general market.

### **SUBSTITUTION**

The principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time. This principle implies that the reliability of the sales comparison approach is diminished if substitute properties are not available in the market.

### **BALANCE**

The forces of supply and demand tend toward equilibrium, or balance, in the market, but absolute equilibrium is almost never attained. The balance between supply and demand changes continually. Due to shifts in population, purchasing power, and consumer tastes and preferences, demand varies greatly over time. The construction of new buildings, conversion to other uses, and the demolition of old buildings cause supply to vary as well.

Another aspect of this principle holds that the relationship between land and improvements and the relationship between a property and its environment must both be in balance for a property to reflect its optimum market value. If, for example, a property has too much land in relation to its improvements or too many expensive amenities for its location, an imbalance is created. Appraisers must watch for imbalances in the market and within properties because they can cause the market to impute different prices to otherwise comparable properties. The ratio of land to building also affects such things as drainage, truck access, parking and traffic patterns for customers and vehicles.

The State College market appears to basically be in balance.

### **EXTERNALITIES**

Positive and negative external forces affect all types of property. Periods of economic development and economic depression influence property values. An appraiser analyzes the neighborhood of the subject property to identify all significant external influences. To a great extent, these external forces are reflected in the adjustments made for property location. Two properties with identical physical characteristics may have quite different market values if one of the properties has less attractive surroundings. The condition and lighting of streets, the convenience of transportation facilities, the adequacy of police protection, the enforcement of municipal regulation, and the proximity to shopping and restaurant facilities vary with location.<sup>15</sup>

---

<sup>15</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010



### Comparable Sales

The area researched for this report is Centre County. It is not considered appropriate to consider a greater geographic area. There is no active sales history of land considered similar to the subject in Centre County. Land sales in general have not had an active sales market in the several years.

The potential use of the subject is a wide range of residential and non-residential use noting that the anticipated time frame of market demand resulting in the development of the subject is considered lengthy. Multi-family residential use is permitted by zoning. The Centre Regional Planning Agency's 2010 Centre Region Growth Management Report projects the majority of the growth in the area of the subject at a time frame of 2020 and beyond. The subject is not anticipated to be utilized for a highly commercial use.

Highest and best use of the subject is considered to be an interim use of agricultural or open space. By definition, an interim use is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use.

### SUMMARY OF COMPARABLE RESIDENTIAL SALES

#	ADDRESS	ACRES	SALE DATE	SALE PRICE	PRICE PER ACRE
1	Rosewood Cove Centre County, PA	16.35	06/2010	\$900,000	\$55,045
2	170 Exeter Lane Centre County, PA	22.85	09/2004	\$1,200,000	\$52,516
3	Halfmoon Valley Rd Centre County, PA	57.19	06/2006	\$2,901,100	\$50,727
4	Earlstown Road Centre County, PA	82.03	05/2006	\$4,350,000	\$53,029
5	Rhodes Lane College Township	37.85	07/2008	\$1,100,000	\$29,062

Units of Comparison: An important step in the Sales Comparison Approach is the selection of an appropriate unit of comparison. In this analysis, the unit of comparison is deemed to be per acre, since, based on sales similar to the subject, it appears that this is the unit of comparison in which the market participants place the most weight.

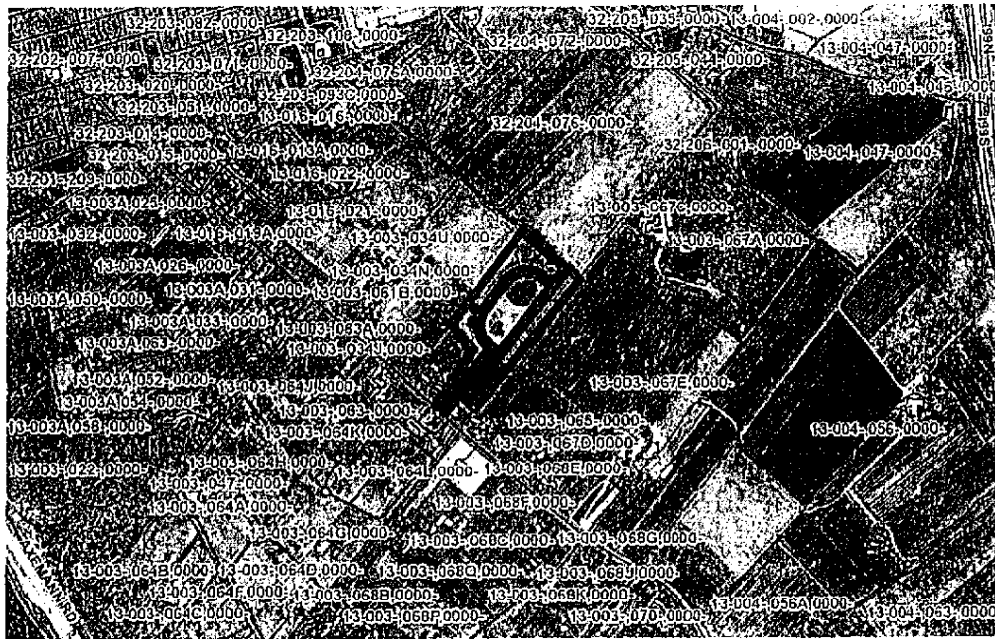
Elements of Comparison: Key value elements under scrutiny that may require adjustments are financing terms and condition of sale, time, location, and physical characteristics, (i.e., condition of improvements, quality of construction, size and the like).

The following pages contain outline profiles of the comparable sales used in this analysis of the subject property, via the Sales Comparison Approach.

## COMPARABLE RESIDENTIAL LAND SALE #1

<p><b>LOCATION:</b>                  Address: Rosewood Cove                  Municipality: Spring Township                  County, State: Centre County, PA                  Tax Identification: 13-003-.034U,0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: 06/24/2010</p> <p>Grantor: Land Holding LLC                  Grantee: Koltay Homes Inc                  Property Rights: Fee Simple</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$900,000                  Unit Price: \$55,045                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data and appraiser)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 16.35 acres                  Utilities: Public water and sewer                  Zoning: R4</p> <p><b>PHYSICAL DATA:</b>                  Topography: Lightly rolling                  Shape: Irregular                  Access: Good</p> <p><b>COMMENTS:</b>                  The site is under construction with multi-family residences</p>
--	---

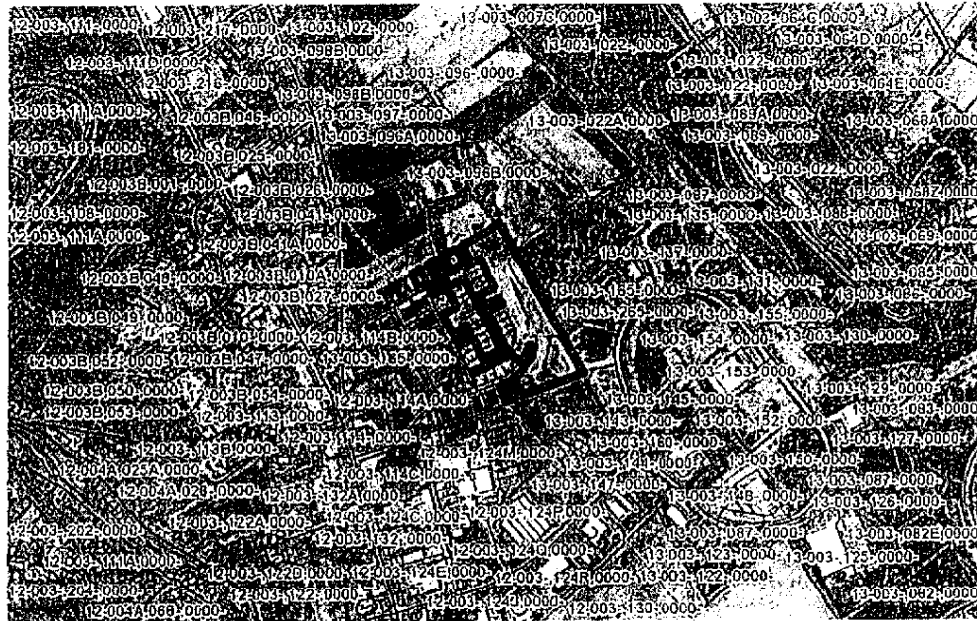
**MAP:**




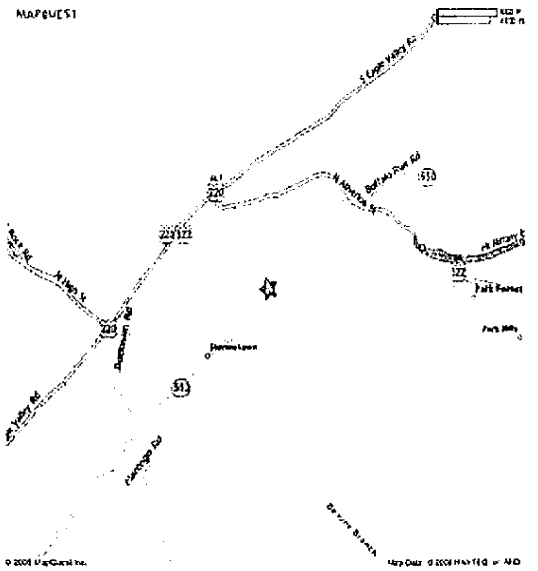
## COMPARABLE RESIDENTIAL LAND SALE #2

<p><b>LOCATION:</b>                  Address: 170 Exeter Lane                  Municipality: Spring Township                  County, State: Centre County, PA                  Tax Identification: 13-003-165-0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: 09/24/2004</p> <p>Grantor: Jodon, Larry E                  Grantee: Amberleigh LP                  Property Rights: Fee Simple</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$1,200,000                  Unit Price: \$52,516                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data and appraiser)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 22.85 acres                  Utilities: Public water and sewer                  Zoning: R4</p> <p><b>PHYSICAL DATA:</b>                  Topography: Lightly rolling                  Shape: Irregular                  Access: Good</p> <p><b>COMMENTS:</b>                  This is the parent tract of the subject and has been developed with single family homes with many under construction.</p>
---	---

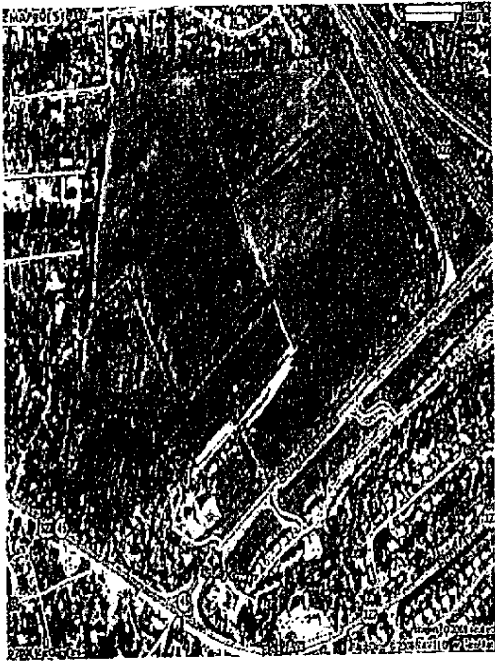
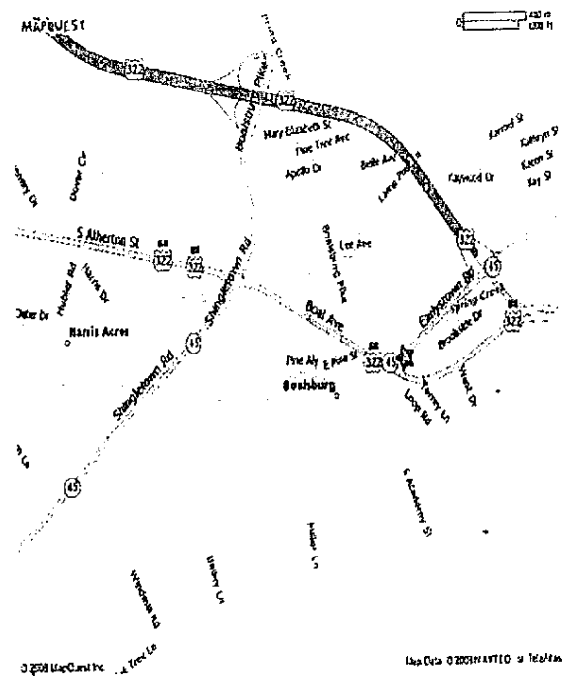
**MAP:**



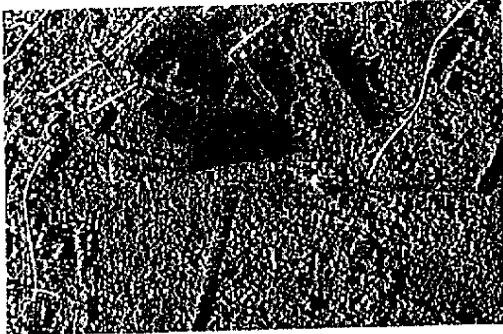
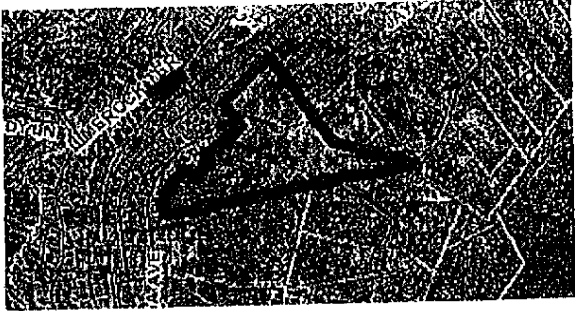
### COMPARABLE RESIDENTIAL LAND SALE # 3

<p><b>LOCATION:</b>                  Address: Halfmoon Valley Road                  Municipality: Halfmoon Township                  County, State: Centre County, PA                  Tax Identification: 17-001-005</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: June 2006                  Liber/Folio: Deed book 1963, pg. 0081                  Grantor: Richard and Darlene Graham                  Grantee: Robert S. Barr</p> <p>Property Rights: Fee simple</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$2,901,100                  Unit Price: \$50,727 per acre                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 57.19 acres                  Utilities: Public water, private sewer                  Landscaping:                  Zoning: R-1 and Village</p> <p><b>PHYSICAL DATA:</b>                  Topography: Gently Rolling                  Shape: Irregular                  Access: Good</p> <p><b>COMMENTS:</b>                  This is the sale of a site on the south side of Route 550 to the northwest of State College. The village zoning allows lots as ¼ acre despite the lack of public sewer.</p>
<p><b>PICTURE:</b></p> 	<p><b>MAP:</b></p> 

## COMPARABLE RESIDENTIAL LAND SALE #4

<p><b>LOCATION:</b>                  Address: Earlystown Road                  Municipality: Harris Township                  County, State: Centre County, PA                  Tax Identification: 25-004-,057-,0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: May 2006</p> <p>Grantor: Russell Harpster                  Grantee: TOA                  Property Rights: Fee Simple</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$4,350,000                  Unit Price: \$53,029                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data and appraiser)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 82.03 acres                  Utilities: Public water and sewer                  Zoning: R-1</p> <p><b>PHYSICAL DATA:</b>                  Topography: Lightly rolling                  Shape: Irregular                  Access: Good</p> <p><b>COMMENTS:</b>                  The site will include 282 condo units. 139 single family homes, 52 semi-detached, 12 triplexes, and 76 quadplexes</p>
<p><b>PICTURE:</b></p> 	<p><b>MAP:</b></p> 

## COMPARABLE RESIDENTIAL LAND SALE #5

<p><b>LOCATION:</b>                  Address: Rhodes Lane                  Municipality: College Township                  County, State: Centre County, PA                  Tax Identification: 19-004-.071-.0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: July 2008</p> <p>Grantor: Beamer and Harman, Inc                  Grantee: Mount Nittany Manor LP                  Property Rights: Fee Simple</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$1,100,000                  Unit Price: \$29,062                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data and appraiser)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 37.85 acres                  Utilities: Public water and sewer                  Zoning: R-2 and Forest</p> <p><b>PHYSICAL DATA:</b>                  Topography:                  Shape: Irregular                  Access:</p> <p><b>COMMENTS:</b> Assessment indicates vacant land. R-2 area has some development potential.</p>
<p><b>PICTURE:</b></p> 	<p><b>MAP:</b></p> 

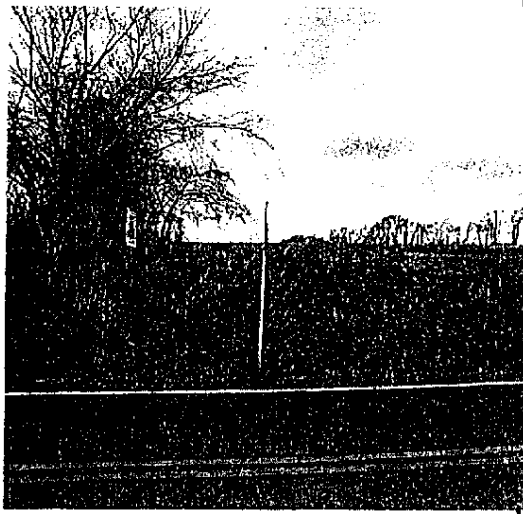

### Summary of Comparable Agricultural Sales

	Property Location	Size/Acres	Sale Date	Sale Price	\$/Acre	Comments
1	W Pine Grove Road Ferguson Township Centre County 24-008-.009A.0000	47.46	5/09	\$253,000	\$5,331	Rural Agricultural
2	Armagast Rd Benner Township Centre County 12-002-.019-.0000-	12.98	6/10	\$155,000	\$11,941	Conservation Wooded, old outbuildings
3	Brush Valley Rd College Township Centre County 19-004-.095A.0000	49.05	12/09	\$245,250	\$5,000	Purchaser owns adjacent property Deed contained ROW
4	3795 W College Ave Ferguson Township Centre County 24-004-.096-.0000-	26.71	10/08	\$427,500	\$16,005	Rural Agricultural

Units of Comparison: An important step in the Sales Comparison Approach is the selection of an appropriate unit of comparison. In this analysis, the unit of comparison is deemed to be the price per acre.


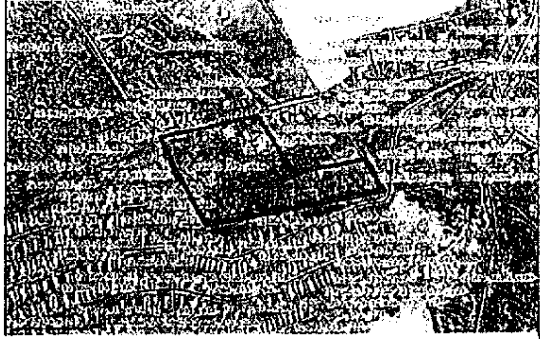
Elements of Comparison: Key value elements under scrutiny that may require adjustments are financing terms and condition of sale, time, location, and physical characteristics, (i.e., condition of improvements, quality of construction, size and the like

### COMPARABLE LAND SALE #1

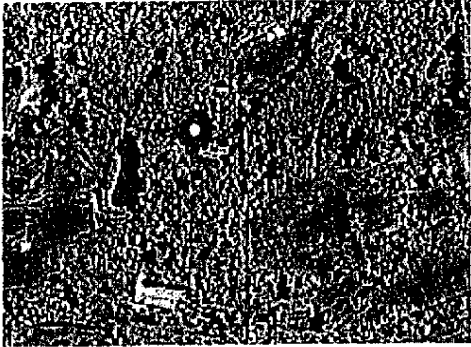
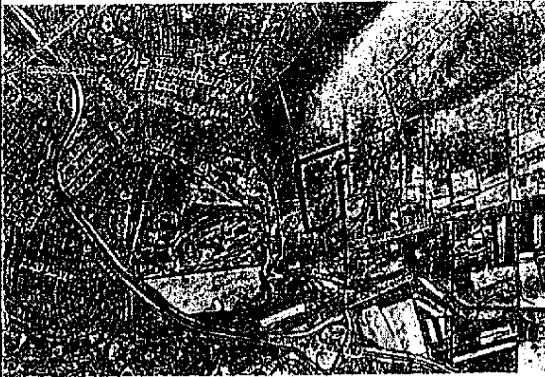
<p><b>LOCATION:</b>                  Address: W Pine Grove Rd                  Municipality: Ferguson Township                  County, State: Centre, Pennsylvania                  Parcel Number: 24-008-,009A,0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: May 26, 2009                  Liber/Folio: 20037/098 I                  Grantor: Estate of Bertha O. Reish</p> <p>Grantee: Breezy Farms</p> <p>Property Rights: Fee simple</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$253,000                  Unit Price: \$5,331 per acre                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 47.46 acres                  Zoning: Rural Agricultural</p> <p>Utilities:                  Landscaping:</p> <p><b>PHYSICAL DATA:</b>                  Topography: Basically level                  Shape: Irregular                  Access: Fair                  Road Frontage: W Whitehall Rd                  W Pine Grove Rd</p> <p><b>COMMENTS:</b>                  There appear to be crops on the property</p>
<p><b>PICTURE:</b></p> 	<p><b>MAP:</b></p> 



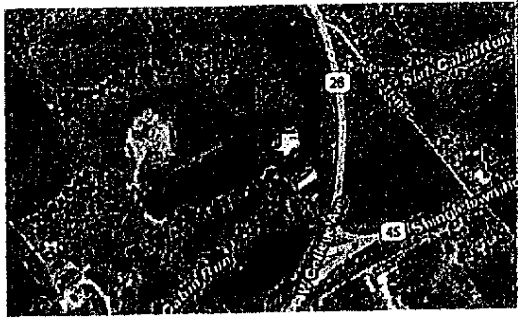

**COMPARABLE LAND SALE #2**

<p><b>LOCATION:</b>                  Address: Armagast Rd                  Municipality: Benner Township                  County, State: Centre, Pennsylvania                  Parcel Number: 12-002-019-0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: June 7, 2010                  Libor/Folio: 2058/0621                  Grantor: Estate of Howard H. Armagast                  Grantee: Jeffrey C. Corcelius</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$155,000                  Unit Price: \$11,941 per acre                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 12.98 acres                  Zoning: Conservation                  Utilities:</p> <p><b>PHYSICAL DATA:</b>                  Topography: Generally level to sloping                  Shape: L shaped                  Access: Good                  Corner Lot: No                  Road Frontage: Armagast Rd</p> <p><b>COMMENTS:</b>                  Site is wooded. Contained outbuildings</p>
<p><b>PICTURE:</b></p> 	<p><b>MAP:</b></p> 

### COMPARABLE LAND SALE #3

<p><b>LOCATION:</b>                  Address: Brush Valley Road                  Municipality: College Township                  County, State: Centre, Pennsylvania                  Parcel Number: 19-004-,095A,0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: December 28, 2009                  Liber/Folio: 2049/0909                  Grantor: ARWCO Corporation                  Grantee: Thomas O. Mincemoyer</p> <p>Property rights: Fee simple</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$245,250                  Unit Price: \$5,000 per acre                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 49.05 acres                  Zoning: Forest                  Utilities:                  Landscaping:</p> <p><b>PHYSICAL DATA:</b>                  Topography: Rolling                  Shape: L shaped                  Access: ROW                  Road Frontage: Brush Valley Road</p> <p><b>COMMENTS:</b>                  Site is wooded. Purchaser owns adjacent property.                  Landlocked with recorded ROW</p>
<p><b>PICTURE:</b></p> 	<p><b>MAP:</b></p> 

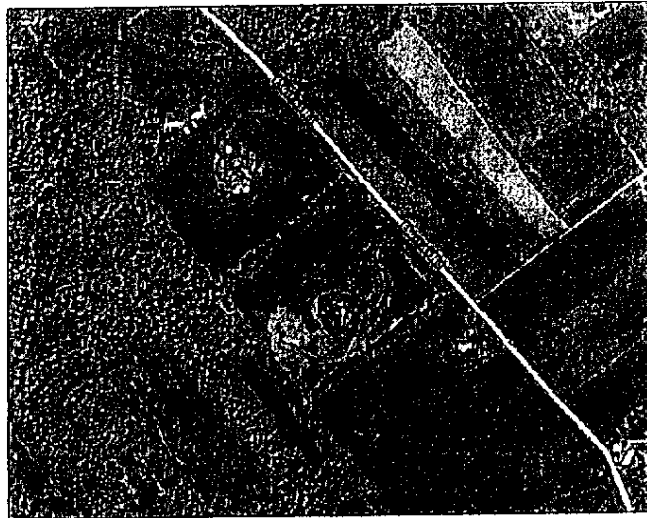
## COMPARABLE LAND SALE #4

<p><b>LOCATION:</b>                  Address: 3795 W College Ave                  Municipality: Ferguson Township                  County, State: Centre, Pennsylvania                  Parcel Number: 24-004-.096-.0000-</p> <p><b>LEGAL INFORMATION:</b>                  Sale Date: October 15, 2008                  Libor/Folio: 2022/0205                  Grantor: Joseph D. Dionisio                  Grantee: Jennifer C. McCauley</p> <p><b>CONSIDERATION:</b>                  Contract Price: \$427,500                  Unit Price: \$16,005 per acre                  Financing: Assumed cash to seller                  Verified: Public record (deed and tax assessment data)</p>	<p><b>SITE DESCRIPTION:</b>                  Site Size: 26.71 acres                  Utilities:                  Landscaping:                  Zoning: Rural Agricultural</p> <p><b>PHYSICAL DATA:</b>                  Topography: Rolling                  Shape: Irregular                  Access: Good                  Road Frontage: W College Ave</p> <p><b>COMMENTS:</b>                  Contained barn</p>
<p><b>PICTURE:</b></p> 	<p><b>MAP:</b></p> 

### Additional Land Sales

The following is market activity in the area of the subject not necessarily considered comparable sales. Single family residential use is not a permitted use of the subject.

	Property Location	Size/Acres	Sale Date	Sale Price	\$/Acre	Comments
1	2432 Bernel Rd Patton Township	13.37	05/08	\$425,000	\$31,787	Planned Airport District Residential Area
2	2496 Bernell Rd Patton Township	10.18	01/06	\$239,000	\$23,477	Planned Airport District Residential Area



2496 and 2432 Bernel Road

### Geisinger Office Land

An example of the sale of land for office use is 52 acres of ground purchased by Geisinger in Patton Township. The township staff indicated the property was rezoned for office use as a conditional of sale and the process took approximately two (2) years. The 52 acres transferred December 2004 for \$58,654 per acre.

## **General Discussion of Elements of Comparison**

In general there is an upward adjustment if the comparable is inferior to the subject for a given element of comparison and a downward adjustment where the comparable is superior to the subject for a given element of comparison.

**Property Rights Conveyed:** This adjustment normally attempts to equate differentials associated with investor versus owner purchases as well as the positive and negative effects of leasehold interests on a property. Adjustments are necessary only when the comparable presented represents something other than the exchange of fee simple interests.

**Financing:** The comparable sales have been adjusted for financing terms if thought to be necessary. This adjustment renders the sales price to cash equivalent terms where the seller makes favorable financing terms available. In addition, there is an adjustment necessary if there are any unusual circumstances surrounding the transaction such as foreclosures, bulk sales, related parties, assemblages and the like. The transaction price of a property may differ from the price of an identical property because of different financing arrangements.

**Condition of Sale:** Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale significantly affect transaction prices; these are not considered arm's-length transactions.

**Expenditures Immediately After Sale:** A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. These may include deferred maintenance, costs to demolish and remove improvements, costs of zoning changes, remediate environmental contamination, and similar items.

**Market Conditions (time):** After adjusting all the comparables to a cash equivalent price the sales must be brought current by means of a time adjustment to account for changing market conditions from the date of each comparable sale to the effective date of this appraisal. Time adjustments are made if the market has changed in a calculable way since the sale of the comparable. The type of property appraised also impacts this decision as some properties are more closely tied to their use and thus greatly impacted by that industry.

**Location:** These are based on the relative strength of the surrounding land uses and accessibility to major activity centers and access ways. This adjustment is based on each comparable's location relative to the subject. Location also reflects things such as traffic count, type of location, and visibility.

**Physical Characteristics:** Physical differences include differences in site size and shape, attractiveness, and amenities. On-site environmental conditions may also be considered. The value added or lost by the presence or absence of an item in a comparable property may not equal the cost of installing or removing the item. Buyers may be unwilling to pay a higher sale price that includes the extra cost of adding an amenity. Conversely, the addition of an amenity sometimes adds more value to a property than its cost, or there may be no adjustment to value for the existence of or lack of an item.

**Economic Characteristics:** These include all the attributes of a property that directly affect its income. This element of comparison is usually applied to income-producing properties. Characteristics that affect a property's income include operating expenses, quality of management, tenant mix, rent concessions, lease terms, lease expiration dates, and renewal options.

**Use/Zoning:** Any difference in the current use or the highest and best use of a potential comparable sale and the subject property must be addressed. The appraiser must recognize the difference and determine if the sale is an appropriate comparable and, if so, whether and adjustment is required.

**Non-Realty Components:** This includes personality, business concerns, and other items that do not constitute real property but were part of the sale.

**Specific Analysis and Adjustments of the Comparable Sales**

Highest and best use of the subject is considered to be an interim use of agricultural or open space. By definition, an interim use is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use. Some of the land sales of agricultural use became home sites as well. The subject is not permitted as single family detached use. It is anticipated that a purchaser would consider the eventual alternate use of the subject within an unknown time frame. For the subject property a value of \$15,000 is applied.

# Acres		\$/Acre		Valuation	Rounded
60.68	X	\$15,000	=	\$910,200	\$910,000

Also, in the consideration of an eventual residential (multi-family) and/or non-residential use, an application of a discount factor for time can be considered. The Centre Regional Planning Agency's 2010 Centre Region Growth Management Report projects the majority of the growth in the area of the subject at a time frame of 2020 and beyond. The subject is not anticipated to be utilized for a highly commercial use. The application of \$40,000 per acre to the subject property at a discount factor of 10% at the 10<sup>th</sup> year results in a conclusion of \$935,790.

# Acres		\$/Acre		10%/10 <sup>th</sup> year	Valuation
60.68	X	\$40,000	x	0.385543	\$935,790

## **Conclusion and Summary to the Sales Comparison Approach**

**Based on this analysis of the subject property by the Sales Comparison Approach,  
the indicated Market Value of fee simple interest,  
effective date December 13, 2011 is:  
\$910,000**

- Assumption that Pennsylvania State University does not exercise the recorded first option. (The effect of the consolidation of parcels on the first option retained by the grantor is not known.)
- The development plan approval is not considered in valuation.
- Valuation is not adjusted for items required for compliance of any municipal and/or regulatory requirements. (Not limited to compliance of erosion and sedimentation control and stormwater management control.)
- Assumption of our value opinion is that the property is environmentally clean

*The use of extraordinary assumptions might have affected the assignment results.*

## RECONCILIATION AND CORRELATION

The accuracy of an appraisal depends on the appraiser's knowledge, experience and judgment. Equally important, are the quantity and quality of the available data that will be reconciled in the final value conclusion. We used the best data that was available to us to estimate value.

A judgment is made as to the validity and reliability of each of the value indications arrived from the three approaches to value. These indications are never merely averaged. To do so is substituting arithmetic for judgment. Rather, the appraiser reconciles the value indications, analyzing the alternatives and selecting from among them the indication of value that will be most defensible and truly representative of the property being appraised.

<b>Indications As of the Effective Date of December 13, 2011</b>	<b>Value</b>
Indicated Market Value By the Cost Approach	N/A
Indicated Market Value By the Income Capitalization Approach	N/A
Indicated Market Value By the Sales Comparison Approach	\$910,000
Final Market Value	\$910,000

- Assumption that Pennsylvania State University does not exercise the recorded first option. (The effect of the consolidation of parcels on the first option retained by the grantor is not known.)
- The development plan approval is not considered in valuation.
- Valuation is not adjusted for items required for compliance of any municipal and/or regulatory requirements. (Not limited to compliance of erosion and sedimentation control and stormwater management control.)
- Assumption of our value opinion is that the property is environmentally clean

*The use of extraordinary assumptions might have affected the assignment results.*

Highest and best use of the subject is considered to be an interim use of agricultural or open space. By definition an interim use is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use.

The subject is a consolidation of two (2) adjacent parcels purchased separately. One parcel was transferred with a recorded first option to repurchase by the grantor. The effect of the consolidation of parcels on the first option retained by the grantor is not known. Thus, an assumption is made that the grantor does not exercise the option.



Although there are a wide range of legally permitted uses for the subject property it is anticipated that other areas of Patton Township and the State College area are likely to experience growth due to market demand prior to the area of the subject. For example, the 79 +/- acres of vacant land in Patton Township zoned Planned Community (Toftrees and Gray's Woods) is expected to experience any growth/demand in the market prior to the area of the subject. The Centre Regional Planning Agency's 2010 Centre Region Growth Management Report projects the majority of the growth in the area of the subject at a time frame of 2020 and beyond.

The time frame for the absorption of 79 +/- acres is not able to be predicted beyond being considered significant. There are other areas of Patton Township and the State College area anticipated to experience growth from market demand prior to the subject.

The subject is a consolidation of two (2) adjacent parcels purchased separately. One parcel was transferred with a recorded first option to repurchase by the grantor. The effect of the consolidation of parcels on the first option retained by the grantor is not known. Thus, an assumption is made that the grantor does not exercise the option.

The subject property has an approved plan for development. It is our understanding the plan was being executed, earth had been moved on the site and work has now stopped. It is also our understanding there are requirements to undo earth and grading work to comply with regulatory requirements of erosion and sediment control and stormwater management. There may be additional requirements the appraisers are not aware of.

As there is an unknown cost for these items, valuation is not adjusted for items required for compliance of any municipal and/or regulatory requirements. (Not limited to compliance of erosion and sedimentation control and stormwater management control.)

It is recognized that time and funds are involved in completing an approved plan. As the proposed use of the subject is considered specific and not likely to be transferred or adopted by an alternate user, the presence of a plan is not considered in valuation.

There is an older detached residential dwelling on the subject property. As subdivision requires a 20 acre master plan it is considered not likely to include an older residential dwelling. Single family detached use is not permitted per zoning. The residential dwelling is not considered in valuation.

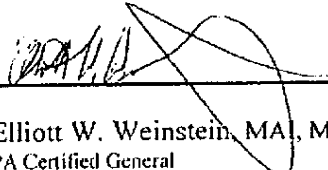
The three approaches to value, Income Capitalization, Cost, and Sales Comparison, have been considered for this report. As land, the Sales comparison Approach was considered applicable and developed.


In summary, the market value of fee simple interest of the subject property as of the effective date of December 13, 2011 with the assumptions, limitations and hypothetical conditions outlined throughout this report is concluded as \$910,000.

## CERTIFICATION

Elliott W. Weinstein, MAI and Marion A. Oberdick, certify that, to the best of our knowledge and belief, except as otherwise noted in this report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, 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 no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction 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.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. We have made a personal inspection of the property that is the subject of this report.
9. No one provided significant professional assistance to the person(s) signing this report.
10. 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 the Standards of Professional Appraisal Practice of the Appraisal Institute.
11. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Elliott W. Weinstein, MAI has completed the requirements of the continuing education program of the Appraisal Institute.

  
Elliott W. Weinstein, MAI, MRICS  
PA Certified General  
Real Estate Appraiser  
#GA-000063-L

  
Marion A. Oberdick  
PA Certified General  
Real Estate Appraiser  
#GA-003782

## STATEMENTS OF ASSUMPTIONS AND LIMITING CONDITIONS

“Appraisal” means the appraisal report and opinion of value stated therein, or the letter opinion of value, to which these Assumptions and Limiting Conditions are annexed.

“Property” means the subject of the Appraisal.

“WRA” means Weinstein Realty Advisors or its subsidiary which issued the Appraisal.

“Appraiser(s)” means the employee(s) of Weinstein Realty Advisors who prepared and signed the Appraisal.

The Appraisal has been made subject to the following assumptions and limiting conditions:

No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters which are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

The information contained in the Appraisal or upon which the Appraisal is based has been gathered from sources the Appraiser assumes to be reliable and accurate. Some of such information may have been provided by the owner of the Property. Neither the Appraiser nor Weinstein Realty Advisors shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters.

The opinion of value is only as of the date stated in the Appraisal. Changes since that date in external and market factors or in the Property itself can significantly affect property value.

The Appraisal is to be used in whole and not in part. No part of the Appraisal shall be used in conjunction with any other appraisal. Publication of the Appraisal or any portion thereof without the prior written consent of Weinstein Realty Advisors is prohibited. Except as may be otherwise stated in the letter of engagement, the Appraisal may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Appraisal shall be conveyed to the public through advertising, or used in any sales or promotional material without Weinstein Realty Advisors' prior written consent. Reference to the Appraisal Institute is prohibited.

Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.

The Appraisal assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Appraisal; (d) unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective; and (e) all required licenses, certificates of occupancy and

other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the Appraisal is based.

It is assumed that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition; and that all electrical components and the roofing are in good condition.

If the client has any questions regarding these items, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise needed to make such inspections. The appraiser assumes no responsibility for these items.

The forecasted potential gross income referred to in the Appraisal may be based on lease summaries provided by the owner or third parties. The Appraiser has reviewed lease documents and assumes no responsibility for the authenticity or completeness of lease information provided by others. Weinstein Realty Advisors recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and Weinstein Realty Advisors make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Appraisal, envisages for the future in terms of rental rates, expenses, supply and demand.

Unless otherwise stated in the Appraisal, the existence of potentially hazardous or toxic materials which may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Weinstein Realty Advisors recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

Unless otherwise stated in the Appraisal, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the property. Weinstein Realty Advisors recommends that an expert in this field be employed.

**ELLIOTT W. WEINSTEIN**

[www.weinsteinrealty.com](http://www.weinsteinrealty.com)

**Curricula Vitae**

**MEMBERSHIP:**

*Appraisal Institute* - MAI designation (Certificate #6591), awarded 1983.  
*Royal Institute of Chartered Surveyors (RICS)* - MRICS designation (#1296728), awarded 2010.

**EXPERIENCE:**

*Weinstein Appraisal Group/Weinstein Realty Advisors* (1989 to Present): Principal of regional appraisal company.  
*Weinstein Israel Real Estate Group* (1994-1997): Principal of international real estate brokerage company  
*Weinstein-Hirsh Appraisal Group* (1984 to 1988): Partner of regional appraisal company.  
*Orberg-Brenneman Appraisal Company* (1982-1983): Associate in appraisal company.  
*H. G. Rotz Associates, Inc.* (1977-1982): Sales and appraising for industrial/commercial realtors  
*Laventhol and Horvath* (1975-1976): International public accounting firm.

**LICENSEE:**

*State Certified Appraiser, Commonwealth of Pennsylvania* (1991) (GA-000063-L)  
*Reciprocity - State Certified Appraiser, Maryland* (1994) (#10445)  
*Reciprocity - State Certified Appraiser, Delaware* (2000) (#0000331)  
*Real Estate Broker, Commonwealth of Pennsylvania* (1979) (RM-042897-C).  
*Real Estate Broker of Record, Commonwealth of Pennsylvania* (1983) (RB-048080-C).

**EDUCATION:**

*Pennsylvania State University:*  
Master of Science in Business Administration (1974)  
Bachelor of Science in Business Administration (1973)

**REAL ESTATE ACTIVITIES:**

*Currently general partner, co-owner and/or developer of:*  
12,000 sq. ft. historical restoration of an office building in downtown York  
Vacant land in Zichron Yaacov, Israel  
*Formerly general partner, co-owner and/or developer:*  
Land in Kiryat Atta and Beersheva, Israel  
Apartment in Tel Aviv, Israel  
15,000-sq. ft. new, first class office building in Harrisburg;  
9,000 sq. ft. commercial rehabilitation in downtown York  
18,000 sq. ft. suburban shopping center in suburban York  
10 historical rehabilitated dwelling units in York  
2,500-sq. ft. office building in York, leased to a county agency.  
10,000 sq.ft. suburban office building in Lancaster County

**TEACHING ACTIVITIES**

- *Advanced Real Estate Appraising*, Pennsylvania State Continuing Education, 1988, 1990 and 1993.
- Various seminars regarding real estate tax assessment and understanding real estate appraising, presented to numerous banks and financial institutions, realtors' boards, VALUE RETAIL NEWS (re: outlet shopping centers), bar associations, Pennsylvania Chamber of Commerce, and professional organizations
- *Approval by PA State Board of Accountancy* to become a program sponsor continuing professional education (CPE) courses for accountants.

**ELLIOTT W. WEINSTEIN, Curricula Vitae, continued**

**PUBLICATIONS AND ARTICLES:**

Provider of monthly articles on appraisal topics for TRI-STATE REAL ESTATE JOURNAL, June 1999-April 2000  
*The Need for Appraisal Company Standards*, THE APPRAISAL JOURNAL, July, 1997  
*The Art of Testimony: The Real Estate Appraiser, The Appraisal and the Expertise of the Expert Witness*, ABI JOURNAL (American Bankruptcy Institute), October, 1996  
*Synthesizing Marketing and Management of an Appraisal Company: A Creative Approach*, THE APPRAISAL JOURNAL, October, 1995  
*Appraising Outlet Shopping Centers*, VALUE RETAIL NEWS, October, 1994  
*Real Estate Investments in Israel, Israel Resource Directory*, THE PHILADELPHIA-ISRAEL CHAMBER OF COMMERCE, 1994  
*A New Bridge Across the Atlantic for the Appraisal Institute*, THE APPRAISAL JOURNAL, January, 1994  
*Personal Profile*, ISRAEL BUSINESS TODAY - ISRAEL'S ECONOMIC NEWSLETTER, June 11, 1993  
*Understanding Real Estate Taxes in Pennsylvania*, CENTRAL PENNSYLVANIA BUSINESS JOURNAL, Real Estate Guide, Fall, 1991  
*Appraisers Adjust to Demands of Government Regulations*, TRI-STATE REAL ESTATE JOURNAL, June 7, 1991

**WRITING AWARDS**

2002 RMA (Risk Management Association) South Central Pennsylvania Chapter writing award winner  
1996 Robert H. Armstrong Honorable Mention Award by The Appraisal Institute, to honor the best original article; for the article published in the October, 1995, THE APPRAISAL JOURNAL

**TESTIMONY:**

U. S. Bankruptcy Court (Harrisburg, Wilkes-Barre), New Jersey  
U. S. District Court (Harrisburg, Lancaster)  
Board of Assessment Appeals (Pennsylvania): Over half of 69 counties in Pennsylvania  
Board of Assessment Appeals (Other States): California, Illinois, Maryland  
Board of View: Berks, Centre, Lancaster and York Counties  
Court of Common Pleas: Berks, Bucks, Centre, Cumberland, Dauphin, Lancaster, Lebanon, Luzerne, Schuylkill And York Counties  
City Council: City of Harrisburg  
Other: Approved Expert Witness for Cmwlth. of PA, Bureau of Professional and Occupational Affairs (2002-03)

**PROFESSIONAL AFFILIATIONS: (Current or Past):**

*The Appraisal Institute*  
*National Association of Property Taxation*  
*National Association of Industrial and Office Parks (NAIOP)*  
*International Council of Shopping Centers (ICSC)*  
*Institute of Property Taxation (IPT)*  
*National Association of Corporate Officers of Real Estate (NACORE)*  
*National Association of Industrial and Office Parks (NAIOP)*  
*Philadelphia-Israel Chamber of Commerce*  
*Lancaster, York, Harrisburg Board of Realtors*  
*Various local Chamber of Commerces*

**GEOGRAPHICAL AREAS SERVED:**

*Provided appraisals/consulting services in the following states (individually, or by Weinstein Realty Advisors):*  
California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, Ohio, Pennsylvania, Virginia  
*Provided real estate investment advice in the following countries: Canada, Israel*

ELLIOTT W. WEINSTEIN, Curricula Vitae, *continued*

OTHER:

- *Commonwealth of Pennsylvania - Department of State*; Bureau of Professional and Occupational Affairs – Approved Expert Witness – 2002/2003
- *Keynote speaker* – Shared keynote speaking with Congressman Adam Schiff (CA) and Todd Platts (PA) for Israel solidarity rally, June 5, 2001.

COMMUNITY AND PROFESSIONAL ACTIVITIES:

- Rotary – Membership (2006-current)
- Susan P. Bynres Health Education Center – Advisory Board (2006-current)
- United Jewish Communities – National Trustee (2006-current)
- Penn State University *Hillel* – Board of Directors (2003 to present); Board Vice Chair (2006-current)
- Betty Dressner Award for Community Service to the York Community (2005)
- United Jewish Communities Network of Independent Jewish Communities – State Chair (2003 to 2006)
- National Chair: *Partnership 2000* in Dimona and Yerucham, Israel (2001-2003) representing over 400 American communities
- *Finalist: Selected to be 6 of 120 applicants for position on Appraisal Standards Board (ASB) and/or Appraisal Qualifications Board (AQB) of The Appraisal Foundation (2001 and 2002)*
- Volunteer: *2000 York County Cultural Alliance*.
- Ambassadorship: *Appointed The Appraisal Institute's Ambassador to Israel (2000-02)*
- Volunteer: *1999 United Way Campaign (fund raising division responsible for \$1.0m campaign)*
- Member: *York 250<sup>th</sup> Anniversary Commission (1998-1999)*
- President-elect: *The National Council of Property Tax Consultants (1998)*
- National Chair: Economic division for *Partnership 2000* in Dimona and Yerucham, Israel (1998-present)
- Vice President: *The National Council of Property Tax Consultants (1997-1998)*
- Board of Governors: *The National Council of Property Tax Consultants (1996-1997)*
- Member - *York County Industrial Development Authority (YCIDA) (1995-1996)*
- Member - *Better York, Inc. (1995-present)*
- President - *The Jewish Day School (1993-1995)*
- Board of Directors - *Philadelphia-Israel Chamber of Commerce (1994 to 1997)*
- Supporter - Donating 1st floor of 4 story building to ARTS CENTER OF YORK to provide the hub of a downtown York Arts District (1993)
- Member - *Appraisal Institute, International Relations Committee (1992 to 1995)*
- United Way Ad Hoc Planning Committee (1991)
- President- *Ohev Sholom Congregation (1990-1992)*
- President-*York Council Jewish Charities (1988 to 1989)*
- Penn Laurel Girl Scout Ad Hoc Planning Committee (1988)
- Board Member-*York Jewish Community Center (1979 to 1990)*
- Vice-President-*York Jewish Community Center (1981-1984)*
- Membership Committee-*Philadelphia Chapter American Institute of Real Estate Appraisers (1985 to 1986, 1991)*
- Nominated-*Young Advisory Council of Society of Real Estate Appraisers (November, 1986)*
- Chairman- *Realtors Division, United Way (1985)*
- Panel Member- *United Way (1982 to 1984)*
- York City Zoning Hearing Board (1980-1982)
- President-*York Bicycle Club (1979)*
- President - *AEII Fraternity, Penn State (1973)*

**MARION A. OBERDICK**  
[www.moberdick@weinsteinrealty.com](http://www.moberdick@weinsteinrealty.com)

**Curriculum Vitae**

**Membership**

Appraisal Institute – Associate Member  
Rotary Club of York, Rotary International District 7390

**Experience**

Weinstein Appraisal Group (2006 to 2009) Assistant to State Certified Real Estate Appraiser  
Pennsylvania Certified General Appraiser, 2009  
GMAC Mortgage (2005-2006) Loan Officer  
Sovereign Bank (aka Harris Savings Bank & Waypoint Bank) (1996-2005) Loan Officer  
Morgan Collins, Inc; O'Connor, Piper & Flynn; Strickland Thompson Real Estate (1987-1996)  
Real Estate Sales, Management and Training  
Olde York Homes (1980-1987) Partner Construction Firm

**License**

Real Estate Salesperson, Commonwealth of Pennsylvania (1987) RS163381A  
State Certified General Appraiser, Commonwealth of Pennsylvania, (2009) GA003782

**Education**

Real Estate Sales  
Real Estate Law  
Real Estate Brokerage  
Property Management  
Basic Real Estate Appraisal  
Basic Income Approach to Appraisal  
Advance Income Approach to Appraisal  
Sales Comparison Approach to Appraisal  
Fundamentals of Income Approach to Appraisal  
USPAP (Uniform Standards of Professional Appraisal Practice), update 1/2010  
Understanding Commercial Real Estate Investments & 1031 Tax Free Exchange  
Business Practices and Ethics  
Apartment Appraisal  
General Market Analysis and Highest & Best Use  
Condemnation Appraising; Basic Principles & Applications  
Attacking & Defending an Appraisal in Litigation  
Real Estate Finance Statistics and Valuation Modeling  
Subdivision Valuation  
Review of PA Appraisers Certification Act  
Introduction to Eminent Domain  
Uniform Appraisal Standards for Federal Land Acquisitions  
Real Estate Brokerage Management Council; People Management: Recruit, Train and Retain  
Real Estate Associates and Increase Productivity  
Certified New Home Sales Professional; Homebuilders Association of Maryland



**Education continued**

**Prudential Real Estate Affiliates**

- Transition to Management
- Growth in a Down Market
- Relocation specialist for Home Finding
- Relocation Specialist for Home Marketing

**Community and Professional Activities**

- Rotary Club of York (2009)
- Housing Alliance of York Board of Directors (2009-present)
- Housing Initiates Community Development Corporation Board of Directors (2006- present)
- Housing Authority of the City of York, Commissioner (2006-present) Chair 2009
- Historic York, Inc. Board of Directors (1996-2002)(2008-present) Board Secretary 2009
- Healthy York County Housing Task Force
- Housing Council of York Board of Directors-past President
- York County Association of Realtors – Vice-President 1994, President 1995
- Affordable Housing Endeavors – President Board of Directors
- Central York School Board (1992-1996)
- Planned Parenthood of Central Pennsylvania Board of Directors-President (1991-1993)
- Leadership York Graduate
- YWCA Board of Directors
- Displaced Homemakers Board of Directors
- Instructor: HUD Approved Homebuyer Education Class

# **EXHIBIT “X”**

**STANDARD AGREEMENT FOR THE SALE OF VACANT LAND**

This form recommended and approved for, but not restricted to use by, the members of the Pennsylvania Association of REALTORS® (PAR).

SELLER'S BUSINESS RELATIONSHIP WITH PA LICENSED BROKER	
BROKER (Company) <u>Coldwell Banker University Realty</u>	PHONE (814) 237-6543
ADDRESS _____	FAX _____
LICENSEE(S) <u>Tom Coombs, Scott Shamrock</u>	Designated Agent? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
BROKER IS THE AGENT FOR SELLER. OR (if checked below):	
Broker is NOT the Agent for Seller and is a/an: <input type="checkbox"/> AGENT FOR BUYER <input type="checkbox"/> TRANSACTION LICENSEE	
BUYER'S BUSINESS RELATIONSHIP WITH PA LICENSED BROKER	
BROKER (Company) <u>Re/MAX Centre Realty</u>	PHONE (814) 231-8200
ADDRESS _____	FAX _____
LICENSEE(S) <u>Nancy Ring</u>	Designated Agent? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
BROKER IS THE AGENT FOR BUYER. OR (if checked below):	
Broker is NOT the Agent for Buyer and is a/an: <input type="checkbox"/> AGENT FOR SELLER <input type="checkbox"/> SUBAGENT FOR SELLER <input type="checkbox"/> TRANSACTION LICENSEE	

When the same Broker is Agent for Seller and Agent for Buyer, Broker is a Dual Agent. All of Broker's licensees are also Dual Agents UNLESS there are separate Designated Agents for Buyer and Seller. If the same Licensee is designated for Seller and Buyer, the Licensee is a Dual Agent.

1. **This Agreement**, dated February 14, 2012 is between  
 2 SELLER(S): The Second Mile  
 3 \_\_\_\_\_, called "Seller," and  
 4 BUYER(S): Avalon Partners LLC  
 5 \_\_\_\_\_, called "Buyer."
2. **PROPERTY (12-06)**  
 9 Seller agrees to sell and convey to Buyer, who agrees to purchase:  
 10 ALL THAT CERTAIN lot or piece of ground with buildings and improvements thereon erected, if any, known as: 2600 Bernel Rd Bellefonte  
 11 PA 16823  
 12 In the Patton township of \_\_\_\_\_  
 13 County of Centre in the Commonwealth of Pennsylvania. Identification (e.g., Tax ID #: Parcel #: Lot, Block;  
 14 Deed Book, Page, Recording Date): 18-02-029E-0000 Db 2043 p0293
3. **TERMS**  
 16 (A) Purchase Price \$2,100,000.00  
 17 Two Million, One Hundred Thousand U.S. Dollars,  
 18 which will be paid to Seller by Buyer as follows:  
 19 1. Cash or check at signing this Agreement: \_\_\_\_\_ \$ \_\_\_\_\_  
 20 2. Cash or check within 5 days of the execution of this Agreement: \_\_\_\_\_ \$ 20,000.00  
 21 3. Additional deposit monies after return of clear title search \_\_\_\_\_ \$ 20,000.00  
 22 4. Cash or cashier's or certified check at time of settlement: \_\_\_\_\_ \$ 2,060,000.00  
 23 **TOTAL \$ 2,100,000.00**  
 24 (B) Deposits paid by Buyer within 30 DAYS of settlement will be by cash or cashier's check. Deposits, regardless of the form of payment and the  
 25 person designated as payee, will be paid in U.S. Dollars to Broker for Seller (unless otherwise stated here), \_\_\_\_\_, who will retain deposits in  
 26 an escrow account until consummation or termination of this Agreement in conformity with all applicable laws and regulations. Any check tendered  
 27 as deposit monies may be held uncashed pending the acceptance of this Agreement.  
 28 (C) Seller's written approval to be on or before: February 15, 2012  
 29 (D) Settlement to be on see note, or before if Buyer and Seller agree.  
 30 (E) Conveyance from Seller will be by fee simple deed of special warranty unless otherwise stated here: \_\_\_\_\_  
 31  
 32 (F) Payment of transfer taxes will be divided equally between Buyer and Seller unless otherwise stated here: \_\_\_\_\_  
 33  
 34 (G) At time of settlement, the following will be pro-rated on a daily basis between Buyer and Seller, reimbursing where applicable: current taxes (see Notice  
 35 Regarding State and Local Taxes); rents; interest on loan assumptions; water and/or sewer fees, if any; refuse fees; cable television fees; and other sim-  
 36 ilar charges. The charges are to be pro-rated for the period(s) covered. Seller will pay up to and including the date of settlement; Buyer will pay for all  
 37 days following settlement, unless otherwise stated here: \_\_\_\_\_  
 38  
 39  
 40  
 41  
 42  
 43  
 44

Buyer Initials: RLC

Seller Initials: DW

- 46 4. **FIXTURES AND PERSONAL PROPERTY (5-01)**  
 47 (A) INCLUDED in this sale and purchase price are all existing items permanently installed in the Property, free of liens. Also included: Home on  
 48 northeast part of property is stated as-is condition.  
 49 (B) LEASED items (not owned by Seller): \_\_\_\_\_  
 50 \_\_\_\_\_  
 51 (C) EXCLUDED fixtures and items: Top soil notice in Northwest corner of property.  
 52 \_\_\_\_\_

- 53 5. **DATES/TIME IS OF THE ESSENCE (9-05)**  
 54 (A) The settlement date and all other dates and times referred to for the performance of any of the obligations of this Agreement are of the essence and are  
 55 binding.  
 56 (B) For purposes of this Agreement, the number of days will be counted from the date of execution, excluding the day this Agreement was executed and  
 57 including the last day of the time period. The Execution Date of this Agreement is the date when Buyer and Seller have indicated full acceptance of  
 58 this Agreement by signing and/or initialing it. All changes to this Agreement should be initialed and dated.  
 59 (C) The settlement date is not extended by any other provision of this Agreement and may only be extended by mutual written agreement of the parties.  
 60 (D) Certain time periods are pre-printed in this Agreement as a convenience to the Buyer and Seller. All pre-printed time periods are negotiable and may  
 61 be changed by striking out the pre-printed text and inserting a different time period acceptable to all parties.

- 62 6. **FINANCING CONTINGENCY (12-06)**  
 63  WAIVED. This sale is NOT contingent on financing, although Buyer may still obtain financing.  
 64  ELECTED.  
 65 (A) This sale is contingent upon Buyer obtaining financing as follows:  
 66 1. Amount of loan \$ \_\_\_\_\_  
 67 2. Minimum Term \_\_\_\_\_ years  
 68 3. Type:  Land Acquisition Only  
 69  Land Acquisition and Construction  
 70  Other \_\_\_\_\_  
 71 4. Interest rate \_\_\_\_\_ %; however, Buyer agrees to accept the interest rate as may be committed by the lender, not to exceed a maximum  
 72 interest rate of \_\_\_\_\_ %.  
 73 5. Discount points, loan origination, loan placement and other fees charged by the lender as a percentage of the loan (excluding any insurance pro-  
 74 premiums and VA funding fee) not to exceed \_\_\_\_\_ % (0% if not specified) of the loan.  
 75 The interest rate(s) and fee(s) provisions in paragraph 6 (A) are satisfied if the lender(s) gives Buyer the right to guarantee the interest rate(s) and fee(s)  
 76 at or below the maximum levels stated. Buyer gives Seller the right, at Seller's sole option and as permitted by law and the lender(s), to contribute  
 77 financially, without promise of reimbursement, to the Buyer and/or the lender(s) to make the above loan terms available to Buyer.  
 78 (B) Within \_\_\_\_\_ days (10 if not specified) from the Execution Date of this Agreement, Buyer will make a completed written loan application to a  
 79 responsible lender according to the terms above. Broker for Buyer, if any, otherwise Broker for Seller, is authorized to communicate with the  
 80 lender for the purposes of assisting in the loan process.  
 81 (C) Should Buyer furnish false or incomplete information to Seller, Broker(s), or lender(s) concerning Buyer's legal or financial status, or fail to  
 82 cooperate in good faith in processing the financing application, which results in the lender(s) refusing to approve a financing commitment,  
 83 Buyer will be in default of this Agreement.  
 84 (D) 1. Financing commitment date: \_\_\_\_\_ . If Seller does not receive a copy of Buyer's financing  
 85 commitment(s) by this date, Buyer and Seller agree to extend the financing commitment date until Seller terminates this Agreement by written  
 86 notice to Buyer.  
 87 2. Upon receiving a financing commitment, Buyer will promptly deliver a copy of the commitment to Seller.  
 88 3. Seller may terminate this Agreement in writing after the loan commitment date, if the financing commitment(s):  
 89 a. Is not valid until the date of settlement, OR  
 90 b. Is conditioned upon the sale and settlement of any other property, OR  
 91 c. Does not satisfy all the terms as stated in paragraph 6 (A), OR  
 92 d. Contains any other condition not specified in this Agreement that is not satisfied and/or removed in writing by the lender(s) within 7 DAYS  
 93 after the commitment date in paragraph 6 (D) (1), other than those conditions that are customarily satisfied at or near settlement, such as  
 94 obtaining insurance and confirming employment status.  
 95 4. If this Agreement is terminated pursuant to paragraphs 6 (D) (1) or (3), or the loan(s) is not obtained for settlement, all deposit monies will be returned  
 96 to Buyer according to the terms of paragraph 22 and this Agreement will be VOID. Buyer will be responsible for any costs incurred by Buyer for any  
 97 inspections or certifications obtained according to the terms of this Agreement, and any costs incurred by Buyer for: (1) Title search, title insurance  
 98 and/or mechanics' lien insurance, or any fee for cancellation; (2) Flood insurance and/or fire insurance with extended coverage, mine subsidence  
 99 insurance, or any fee for cancellation; (3) Appraisal fees and charges paid in advance to lender(s).  
 100 (E) Seller Assist  
 101  NOT APPLICABLE.  
 102  APPLICABLE. Seller will pay:  
 103  \$ \_\_\_\_\_, or \_\_\_\_\_ % of Purchase Price, maximum, toward Buyer's costs as acceptable to the lender(s).  
 104  \_\_\_\_\_

- 105 7. **WAIVER OF CONTINGENCIES (9-05)**  
 106 If this Agreement is contingent on Buyer's right to inspect and/or repair the Property, or to verify insurability, environmental conditions, bound-  
 107 aries, certifications, zoning classification or use, or any other information regarding the Property, Buyer's failure to exercise any of Buyer's options  
 108 within the times set forth in this Agreement is a WAIVER of that contingency and Buyer accepts the Property and agrees to the RELEASE in para-  
 109 graph 24 of this Agreement.  
 110  
 111  
 112

113 Buyer Initials: PL A/S-VL Page 2 of 9 Revised 12/06 Seller Initials: PLW

114 8. INSPECTIONS (9-05)

- 115 (A) Seller will provide access to insurers' representatives and, as may be required by this Agreement, to surveyors, municipal officials, and inspectors. If Buyer
- 116 is obtaining financing, Seller will provide access to the Property to appraisers and others reasonably required by lender(s). Buyer may attend any inspections.
- 117 (B) Buyer and/or anyone on the Property at Buyer's direction or on Buyer's behalf, will leave the Property in the same condition as when they arrived
- 118 unless otherwise agreed upon by the parties. Buyer bears the risk of restoring or repairing the Property or reimbursing Seller for any loss of value.
- 119 (C) Buyer may make a pre-settlement walk-through inspection of the Property. Buyer's right to this inspection is not waived by any other provision of this
- 120 Agreement.
- 121 (D) All inspectors, including home inspectors, are authorized by Buyer to provide a copy of any inspection report to Broker for Buyer.
- 122 (E) Seller has the right, upon request, to receive without charge a copy of any inspection report from the party for whom it was prepared.

123 9. STATUS OF WATER (12-06)

124 (A) CONNECTION TO OFF-SITE WATER SOURCE CONTINGENCY

- 125  NOT APPLICABLE. An off-site water source is not available for the Property.
- 126  WAIVED. Buyer acknowledges that Buyer has the option to make this Agreement contingent on determining that the terms of connecting the
- 127 Property to an off-site water source through \_\_\_\_\_ (Name of Service Provider)
- 128 are acceptable to Buyer. Buyer WAIVES THIS OPTION and agrees to the RELEASE in paragraph 24 of this Agreement.
- 129  ELECTED. Contingency Period: None days (15 if not specified) from the Execution Date of this Agreement.
- 130 1. Within the Contingency Period, Buyer, at Buyer's expense, may choose to determine the terms of connecting the Property to an off-site
- 131 water source available through (Name of Service Provider): \_\_\_\_\_. If the terms
- 132 of connection are not acceptable to Buyer, within the Contingency Period Buyer will:
- 133 a. Accept the Property and agree to the RELEASE in paragraph 24 of this Agreement, OR
- 134 b. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22
- 135 of this Agreement, OR
- 136 c. Enter into a mutually acceptable written agreement with Seller as acceptable to the lender(s), if any.
- 137 If Buyer and Seller do not reach a written agreement within the Contingency Period and Buyer does not terminate this Agreement
- 138 by written notice to Seller within that time, Buyer will accept the Property and agree to the terms of the RELEASE in paragraph 24
- 139 of this Agreement.

140 (B) ON-SITE WATER SERVICE INSPECTION CONTINGENCY

- 141  NOT APPLICABLE. Property is not served by an on-site water source.
- 142  WAIVED. Property is served by an on-site water source. Buyer acknowledges that Buyer has the option to obtain an on-site water service inspec-
- 143 tion of the Property. BUYER WAIVES THIS OPTION and agrees to the RELEASE in paragraph 24 of this Agreement.
- 144  ELECTED. Contingency Period: None days (15 if not specified) from the Execution Date of this Agreement.
- 145 1. Within the Contingency Period, Buyer, at Buyer's expense, may obtain an inspection of the quality and/or quantity of the on-site water sys-
- 146 tem from a properly licensed water/well testing company.
- 147 2. If required by the inspection company, Seller, at Seller's expense, will locate and provide access to the on-site water system. Seller also agrees
- 148 to restore the Property, at Seller's expense, prior to settlement.
- 149 3. If Buyer is not satisfied with the condition of the water system as stated in any written inspection report(s), within the Contingency Period
- 150 Buyer will:
- 151 a. Accept the Property with the information stated in the report(s) and agree to the RELEASE in paragraph 24 of this Agreement, OR
- 152 b. Present the report(s) to Seller with a Written Corrective Proposal ("Proposal") listing corrections and/or credits desired by Buyer. The
- 153 Proposal may, but is not required to, include the name of a properly licensed or qualified professional to perform the corrections request-
- 154 ed in the Proposal, provisions for payment, including retests, and a projected date for completion of the corrections. Buyer agrees that
- 155 Seller will not be held liable for corrections that do not comply with lender or governmental requirements if performed in a workmanlike
- 156 manner according to the terms of Buyer's Proposal, or by a contractor selected by Buyer.
- 157 (1) Within 180 days (7 if not specified) of receiving Buyer's Proposal, Seller will inform Buyer in writing of Seller's choice to:
- 158 (a) Satisfy the terms of Buyer's Proposal, OR
- 159 (b) Credit Buyer at settlement for the costs to satisfy the terms of Buyer's Proposal, as acceptable to the lender(s), if any, OR
- 160 (c) Not satisfy the terms of Buyer's Proposal and not credit Buyer at settlement for the costs to satisfy the terms of Buyer's Proposal.
- 161 (2) If Seller agrees to satisfy the terms of Buyer's Proposal or to credit Buyer at settlement as specified above, Buyer accepts the Property
- 162 and agrees to the RELEASE in paragraph 24 of this Agreement.
- 163 (3) If Seller chooses not to satisfy the terms of Buyer's Proposal and not to credit Buyer at settlement as specified above, or if Seller fails
- 164 to choose any option within the time given, Buyer will, within \_\_\_\_\_ days (5 if not specified):
- 165 (a) Accept the Property with the information stated in the report(s) and agree to the RELEASE in paragraph 24 of this Agreement, OR
- 166 (b) Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of para-
- 167 graph 22 of this Agreement, OR
- 168 (c) Enter into a mutually acceptable written agreement with Seller, as acceptable to the lender(s), if any.
- 169 If Buyer and Seller do not reach a written agreement during the time specified, and Buyer does not terminate this Agreement
- 170 by written notice to Seller within that time, Buyer will accept the Property and agree to the RELEASE in paragraph 24 of
- 171 this Agreement.

172 (C) ON-SITE WATER SERVICE APPROVAL CONTINGENCY

- 173  NOT APPLICABLE. The Property has an existing water service and Buyer is not seeking approval to install an on-site water system.
- 174  WAIVED. Buyer understands and acknowledges there may be no developed water system for the Property and that Buyer has the option to make
- 175 this Agreement contingent on receiving municipal approval for the installation of an on-site water system. BUYER WAIVES THIS OPTION and
- 176 agrees to the RELEASE in paragraph 24 of this Agreement.
- 177  ELECTED. Contingency Period: None days (15 if not specified) from the Execution Date of this Agreement.
- 178 1. Within the Contingency Period, Buyer will make a completed, written application for municipal approval for the installation of an on-site
- 179 water system from \_\_\_\_\_ (municipality). Buyer will pay
- 180 for applications, legal representation, and any other costs associated with the application and approval process.

181 Buyer Initials: Ref

Seller Initials: Dstew

- 182 2. If the municipality requires the application to be signed by the current owner, Seller agrees to do so.  
 183 3. If final, unappealable approval is not obtained by \_\_\_\_\_, Buyer will:  
 184 a. Accept the Property and agree to the RELEASE in paragraph 24 of this Agreement, OR  
 185 b. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22  
 186 of this Agreement, OR  
 187 c. Enter into a mutually acceptable written agreement with Seller as acceptable to the lender(s), if any.  
 188 If Buyer and Seller do not reach a written agreement before the time for obtaining final approval, and Buyer does not terminate the  
 189 Agreement of Sale by written notice to Seller within that time, Buyer will accept the Property and agree to the terms of the RELEASE  
 190 in paragraph 24 of this Agreement.

191 10. STATUS OF SEWER (12-06)

192 (A) Seller represents that Property is served by:

- 193  Off-Property Sewage Disposal System (Public Sewer)  
 194  Individual On-Lot Sewage Disposal System (See Sewage Notice 1)  
 195  Individual On-Lot Sewage Disposal System in Proximity to Well (See Sewage Notice 1; see Sewage Notice 4, if applicable)  
 196  Ten-acre Permit Exemption (See Sewage Notice 2)  
 197  Holding Tank (See Sewage Notice 3)  
 198  None (See Sewage Notice 1)  
 199  None Available (See Sewage Notice 5 or Sewage Notice 6, as applicable)  
 200

201 (B) INDIVIDUAL ON-LOT SEWAGE DISPOSAL INSPECTION CONTINGENCY

- 202  NOT APPLICABLE. The Property is not served by an individual on-lot sewage disposal system.  
 203  WAIVED. Buyer acknowledges that Buyer has the option to request an inspection of the individual on-lot sewage disposal system. BUYER  
 204 WAIVES THIS OPTION and agrees to the RELEASE in paragraph 24 of this Agreement.  
 205  ELECTED. Contingency Period: 180 days (15 if not specified) from the Execution Date of this Agreement.  
 206 1. Within the Contingency Period, Buyer, at Buyer's expense, may obtain an inspection of the individual on-lot sewage disposal system from  
 207 a qualified, professional inspector.  
 208 2. If required by the inspection company, Seller, at Seller's expense, will locate, provide access to and empty the individual on-lot sewage disposal  
 209 system. Seller also agrees to restore the Property, at Seller's expense, prior to settlement.  
 210 3. If the inspection report reveals defects that do not require expansion or replacement of the existing individual on-lot sewage disposal system,  
 211 Buyer will, within the Contingency Period, notify Seller in writing that Buyer will:  
 212 a. Accept the Property with the information stated in the report(s) and agree to the RELEASE in paragraph 24 of this Agreement, OR  
 213 b. Present the report(s) to Seller with a Written Corrective Proposal ("Proposal") listing corrections and/or credits desired by Buyer. The  
 214 Proposal may, but is not required to, include the name of a properly licensed or qualified professional to perform the corrections request-  
 215 ed in the Proposal, provisions for payment, including retests, and a projected date for completion of the corrections. Buyer agrees that  
 216 Seller will not be held liable for corrections that do not comply with lender or governmental requirements if performed in a workmanlike  
 217 manner according to the terms of Buyer's Proposal, or by a contractor selected by Buyer.  
 218 (1) Within 180 days (7 if not specified) of receiving Buyer's Proposal, Seller will inform Buyer in writing of Seller's choice to:  
 219 (a) Satisfy the terms of Buyer's Proposal, OR  
 220 (b) Credit Buyer at settlement for the costs to satisfy the terms of Buyer's Proposal, as acceptable to the lender(s), if any, OR  
 221 (c) Not satisfy the terms of Buyer's Proposal and not credit Buyer at settlement for the costs to satisfy the terms of Buyer's Proposal.  
 222 (2) If Seller agrees to satisfy the terms of Buyer's Proposal or to credit Buyer at settlement as specified above, Buyer accepts the Property  
 223 and agrees to the RELEASE in paragraph 24 of this Agreement.  
 224 (3) If Seller chooses not to satisfy the terms of Buyer's Proposal and not to credit Buyer at settlement as specified above, or if Seller fails  
 225 to choose any option within the time given, Buyer will, within \_\_\_\_\_ days (5 if not specified):  
 226 (a) Accept the Property with the information stated in the report(s) and agree to the RELEASE in paragraph 24 of this Agreement, OR  
 227 (b) Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of para-  
 228 graph 22 of this Agreement, OR  
 229 (c) Enter into a mutually acceptable written agreement with Seller, as acceptable to the lender(s), if any.  
 230 If Buyer and Seller do not reach a written agreement during the time specified, and Buyer does not terminate this Agreement  
 231 by written notice to Seller within that time, Buyer will accept the Property and agree to the RELEASE in paragraph 24 of  
 232 this Agreement.  
 233 4. If the inspection report reveals the need to expand or replace the existing individual on-lot sewage disposal system, Seller may, within  
 234 25 DAYS of receiving the inspection report, submit a Written Corrective Proposal ("Proposal") to Buyer. The Proposal will include,  
 235 but not be limited to, the name of the company to perform the expansion or replacement; provisions for payment, including retests; and a  
 236 projected completion date for corrective measures. Within 5 DAYS of receiving Seller's Proposal, or if no Proposal is provided with-  
 237 in the time given, Buyer will notify Seller in writing of Buyer's choice to:  
 238 a. Agree to the terms of the Proposal, if any, accept the Property and agree to the RELEASE in paragraph 24 of this Agreement, OR  
 239 b. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph  
 240 22 of this Agreement, OR  
 241 c. Accept the Property and the existing system and agree to the RELEASE in paragraph 24 of this Agreement, and, if required by any  
 242 lender(s) and/or any governmental authority, correct the defects before settlement or within the time required by the lender(s) and/or  
 243 governmental authority, at Buyer's sole expense, and with permission and access to the Property given by Seller. Permission and  
 244 access may not be unreasonably withheld by Seller. If Seller denies Buyer permission and/or access to correct the defects, Buyer  
 245 may, within 5 DAYS of Seller's denial, terminate this Agreement by written notice to Seller, with all deposit monies returned  
 246 to Buyer according to the terms of paragraph 22 of this Agreement.  
 247  
 248  
 249

Buyer Initials: RLA

A/S-VL Page 4 of 9  
 Revised 12/06

Seller Initials: Now

- 318 2. If Buyer is not satisfied with the condition of the Property as stated in any written inspection report(s), within the Contingency Period  
319 Buyer will:  
320 a. Accept the Property with the information stated in the report(s) and agree to the RELEASE in paragraph 24 of this Agreement, OR  
321 b. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22  
322 of this Agreement, OR  
323 c. Enter into a mutually acceptable written agreement with Seller, as acceptable to the lender(s), if any.

324 If Buyer and Seller do not reach a written agreement within the Contingency Period and Buyer does not terminate this Agreement  
325 by written notice to Seller within that time, Buyer will accept the Property and agree to the terms of the RELEASE in paragraph 24  
326 of this Agreement.

327 12. ZONING CLASSIFICATION (5-01)

328 Failure of this Agreement to contain the zoning classification (except in cases where the property {and each parcel thereof, if subdividable} is zoned  
329 solely or primarily to permit single-family dwellings) will render this Agreement voidable at the option of the Buyer, and, if voided, any deposits tendered  
330 by the Buyer will be returned to the Buyer without any requirement for court action.

331 Zoning Classification: PA2

332 13. ZONING CONTINGENCY (10-06)

333  WAIVED.

334  ELECTED. Contingency Period: 180 DAYS (15 if not specified) from the Execution Date of this Agreement.

335 (A) Within the Contingency Period, Buyer, at Buyer's expense, may verify that Buyer's proposed use of the Property as Commercial &  
336 Multi-family is permitted under the current zoning classification for the Property and is not  
337 prohibited by any other governmental land use restrictions.

338 (B) If Buyer's proposed use of the Property is not permitted, within the Contingency Period Buyer will make a formal written application for zoning  
339 approval, variance, non-conforming use, or special exception from Patterson Township (municipality)  
340 to use the Property as Commercial & Multi-family (proposed use). Buyer will pay for applica-  
341 tions, legal representation, and any other costs associated with the application and approval process.

342 1. If the municipality requires the application to be signed by the current owner, Seller agrees to do so.

343 2. If final, unappealable approval is not obtained by Buyer, Buyer will:

344 (a.) Accept the Property with the current zoning and agree to the RELEASE in paragraph 24 of this Agreement, OR

345 (b.) Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22  
346 of this Agreement, OR

347 (c.) Enter into a mutually acceptable written agreement with Seller as acceptable to the lender(s), if any.

348 If Buyer and Seller do not reach a written agreement before the time for obtaining final approval, and Buyer does not terminate this  
349 Agreement by written notice to Seller within that time, Buyer will accept the Property and agree to the terms of the RELEASE in para-  
350 graph 24 of this Agreement.

351 14. LAND USE RESTRICTIONS OTHER THAN ZONING (7-01)

352 (A)  No Known Restrictions

353  The Property, or a portion of it, is preferentially assessed for tax purposes under the following Act(s) (See Land Use Restrictions Notices):

354  Farmland and Forest Land Assessment Act (Clean and Green Program)

355  Open Space Act (preservation of land used for farming, forest, water supply, or open space)

356  Agricultural Area Security Law (development rights)

357 Other \_\_\_\_\_

358 (C) Seller has no knowledge of any covenants, subdivision restrictions or other restrictions affecting the Property unless otherwise stated here: \_\_\_\_\_

359 (D) Seller has no knowledge of any rights to timber, crops or minerals, except coal, that do not transfer with the Property unless otherwise stated here: \_\_\_\_\_

360 (E) Buyer acknowledges that any land use restrictions associated with the Property's enrollment in the Clean and Green Program or under the Open Space  
361 Act or any other program identified in paragraph 14 are encumbrances upon the Property. Buyer agrees that delivery of title subject to these encum-  
362 brances will not violate Seller's duty under paragraph 14 (A) of this Agreement.

363 (F) Buyer and Seller have determined the consequences that may result from the sale or a change in the use of the Property, or any portion of it.

364 15. COAL NOTICE (Where Applicable)

365 THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHTS OF SUPPORT UNDERNEATH THE SURFACE LAND  
366 DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL SUCH COAL AND IN THAT  
367 CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. (This notice is set  
368 forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984.) "Buyer acknowledges that he may not be obtaining the right of protection  
369 against subsidence resulting from coal mining operations, and that the property described herein may be protected from damage due to mine subsidence by  
370 a private contract with the owners of the economic interests in the coal. This acknowledgment is made for the purpose of complying with the provisions of  
371 Section 14 of the Bituminous Mine Subsidence and the Land Conservation Act of April 27, 1966." Buyer agrees to sign the deed from Seller which deed  
372 will contain the aforesaid provision.

373 16. NOTICES, ASSESSMENTS & CERTIFICATES OF OCCUPANCY (12-06)

374 (A) Seller represents, as of the date Seller signed this Agreement, that no public improvement, condominium or homeowner association assessments  
375 have been made against the Property which remain unpaid, and that no notice by any government or public authority has been served upon Seller  
376 or anyone on Seller's behalf, including notices relating to violations of zoning, housing, building, safety or fire ordinances that remain uncorrected,  
377 and that Seller knows of no condition that would constitute a violation of any such ordinances that remain uncorrected, unless otherwise spec-  
378 ified here: \_\_\_\_\_

379 (B) Seller knows of no other potential notices (including violations) and assessments except as follows: \_\_\_\_\_

380 Buyer Initials: RLW

A/S-VL Page 6 of 9  
Revised 12/06

Seller Initials: RLW

- 386 (C) In the event any notices (including violations) and/or assessments are received after Seller has signed this Agreement and before settlement, Seller will  
387 provide a copy of the notices and/or assessments to Buyer and will notify Buyer in writing within 5 DAYS of receiving the notices and/or assess-  
388 ments that Seller will:  
389 1. Fully comply with the notices and/or assessments at Seller's expense before settlement. If Seller fully complies with the notices and/or assess-  
390 ments, Buyer accepts the Property and agrees to the RELEASE in paragraph 24 of this Agreement. OR  
391 2. Not comply with the notices and/or assessments. If Seller chooses not to comply with the notices and/or assessments, or fails within the time  
392 given to notify Buyer whether Seller will comply, Buyer will notify Seller in writing within 5 DAYS that Buyer will:  
393 a. Comply with the notices and/or assessments at Buyer's expense, accept the Property, and agree to the RELEASE in paragraph 24 of this  
394 Agreement, OR  
395 b. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22 of  
396 this Agreement.  
397 If Buyer fails to respond within the time stated in paragraph 16 (C) (2) or fails to terminate this Agreement by written notice to Seller  
398 within that time, Buyer will accept the Property and agree to the RELEASE in paragraph 24 of this Agreement.  
399 (D) Access to a public road may require issuance of a highway occupancy permit from the Department of Transportation.  
400 17. TITLE, SURVEYS & COSTS (9-05)  
401 (A) The Property will be conveyed with good and marketable title as is insurable by a reputable title insurance company at the regular rates, free and clear  
402 of all liens, encumbrances, and easements, EXCEPTING HOWEVER the following: existing deed restrictions; historic preservation restrictions or  
403 ordinances; building restrictions; ordinances; easements of roads; easements visible upon the ground; easements of record; and privileges or rights of  
404 public service companies, if any.  
405 (B) Buyer will pay for the following: (1) Title search, title insurance and/or mechanics' lien insurance, or any fee for cancellation;  
406 (2) Flood insurance, fire insurance with extended coverage, mine subsidence insurance, or any fee for cancellation; (3) Appraisal fees and charges  
407 paid in advance to mortgage lender(s); (4) Buyer's customary settlement costs and accruals.  
408 (C) Any survey or surveys required by the title insurance company or the abstracting attorney for preparing an adequate legal description of the Property  
409 (or the correction thereof) will be obtained and paid for by Seller. Any survey or surveys desired by Buyer or required by the mortgage lender will be  
410 obtained and paid for by Buyer.  
411 (D) If Seller is unable to give a good and marketable title and such as is insurable by a reputable title insurance company at the regular rates, as specified in  
412 paragraph 17 (A), Buyer will:  
413 1. Accept the Property with such title as Seller can give, with no change to the purchase price, and agree to the RELEASE in paragraph 24 of this  
414 Agreement, OR  
415 2. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22 of this  
416 Agreement. Upon termination, Seller will reimburse Buyer for any costs incurred by Buyer for any inspections or certifications obtained according  
417 to the terms of this Agreement, and for those items specified in paragraph 17 (B) items (1), (2), (3) and in paragraph 17 (C).  
418 18. PLANNED COMMUNITY (HOMEOWNER ASSOCIATION) NOTICE FOR PURPOSES OF RESALE ONLY (12-06)  
419  NOT APPLICABLE.  
420  APPLICABLE. Property is part of a planned community as defined by the Uniform Planned Community Act. (See Definition of Planned Community.)  
421 (A) Seller is required to furnish Buyer with a copy of the Declaration (other than plats and plans), the bylaws, the rules and regulations of the association,  
422 and a Certificate containing the provisions set forth in §5407(a) of the Act.  
423 (B) Within 15 DAYS from the Execution Date of this Agreement, Seller, at Seller's expense, will request from the association a Certificate of Resale  
424 and any other documents necessary to enable Seller to comply with the relevant Act. The Act provides that the association is required to provide these  
425 documents within 10 days of Seller's request.  
426 (C) Seller will promptly deliver to Buyer all documents received from the association. Under the Act, Seller is not liable to Buyer for the failure of the  
427 association to provide the Certificate in a timely manner, nor is Seller liable to Buyer for any incorrect information provided by the association in the  
428 Certificate.  
429 (D) The Act provides that Buyer may declare this Agreement VOID at any time before Buyer receives the association documents and for 5 days after  
430 receipt, OR until settlement, whichever occurs first. Buyer's notice to Seller must be in writing; upon Buyer declaring this Agreement void, all deposit  
431 monies will be returned to Buyer according to the terms of paragraph 22 of this Agreement.  
432 (E) If the association has the right to buy the Property (right of first refusal), and the association exercises that right, Seller will reimburse Buyer for any  
433 costs incurred by Buyer for any inspections or certifications obtained according to the terms of the Agreement, and any costs incurred by Buyer for:  
434 (1) Title search, title insurance and/or mechanics' lien insurance, or any fee for cancellation; (2) Flood insurance and/or fire insurance with extend-  
435 ed coverage, mine subsidence insurance, or any fee for cancellation; (3) Appraisal fees and charges paid in advance to mortgage lender(s).  
436 19. MAINTENANCE & RISK OF LOSS (9-05)  
437 (A) Seller will maintain the Property, grounds, fixtures and personal property specifically listed in this Agreement in its present condition, normal wear  
438 and tear excepted.  
439 (B) If any system or appliance included in the sale of the Property fails before settlement, Seller will:  
440 1. Repair or replace the failed system or appliance before settlement, OR  
441 2. Provide prompt written notice to Buyer of Seller's decision to:  
442 a. Credit Buyer at settlement for the fair market value of the failed system or appliance, as acceptable to the mortgage lender(s), if any, OR  
443 b. Not repair or replace the failed system or appliance, and not credit Buyer at settlement for the fair market value of the failed system or appliance.  
444 3. If Seller does not repair or replace the failed system or appliance or agree to credit Buyer for its fair market value, or if Seller fails to notify Buyer of  
445 Seller's choice, Buyer will notify Seller in writing within 5 DAYS or before settlement, whichever is earlier, that Buyer will:  
446 a. Accept the Property and agree to the RELEASE in paragraph 24 of this Agreement, OR  
447 b. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22 of  
448 this Agreement.  
449 (C) Seller bears the risk of loss from fire or other casualties until settlement. If any property included in this sale is destroyed and not replaced, Buyer will:  
450 1. Accept the Property in its then current condition together with the proceeds of any insurance recovery obtainable by Seller, OR  
451 2. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 22 of this  
452 Agreement.

453 Buyer Initials: Raj

A/S-VL Page 7 of 9  
Revised 12/06

Seller Initials: Daw



454 20. POSSESSION (12-06)

455 (A) Possession is to be delivered by title, keys and:

- 456 1. Physical possession to vacant Property free of debris, with all structures broom clean, at day and time of settlement, AND/OR  
457 2. Assignment of existing lease(s), together with any security deposits and interest, at time of settlement, if Property is leased at the execution of this  
458 Agreement unless otherwise specified in this Agreement.

459 (B) Buyer will acknowledge existing lease(s) by initialing said lease(s) at time of execution of this Agreement.

460 (C) Seller will not enter into any new leases, extension of existing leases, or additional leases for the Property without the written consent of Buyer.

461 21. ASSIGNMENT (09-05) This Agreement is binding upon the parties, their heirs, personal representatives, guardians and successors, and to the extent  
462 assignable, on the assigns of the parties hereto. Buyer will not transfer or assign this Agreement without the written consent of Seller unless otherwise stated  
463 in this Agreement.

464 22. TERMINATION & RETURN OF DEPOSITS (9-05)

465 (A) Where Buyer terminates this Agreement pursuant to any right granted by this Agreement, all deposit monies paid on account of purchase price will be  
466 returned to Buyer and this Agreement will be VOID. The broker holding the deposit monies may only release the deposit monies according to the terms  
467 of a fully executed written agreement between Buyer and Seller and as permitted by the Rules and Regulations of the State Real Estate Commission.

468 (B) If there is a dispute over entitlement to deposit monies, a broker is not legally permitted to determine if a breach occurred or which party is entitled to  
469 deposit monies. A broker holding the deposit monies is required by the Rules and Regulations of the State Real Estate Commission to retain the monies  
470 in escrow until the dispute is resolved. In the event of litigation over deposit monies, a broker will distribute the monies according to the terms of a  
471 final order of court or a written agreement of the parties. Buyer and Seller agree that if any broker or affiliated licensee is joined in litigation regarding  
472 deposit monies, the attorneys' fees and costs of the broker(s) and licensee(s) will be paid by the party joining them.

473 23. REAL ESTATE RECOVERY FUND (9-05)

474 A Real Estate Recovery Fund exists to reimburse any persons who have obtained a final civil judgment against a Pennsylvania real estate licensee owing to  
475 fraud, misrepresentation, or deceit in a real estate transaction and who have been unable to collect the judgment after exhausting all legal and equitable remedies.  
476 For complete details about the Fund, call (717) 783-3658 or (800) 822-2113 (within Pennsylvania) and (717) 783-4854 (outside Pennsylvania).

477 24. RELEASE (9-05)

478 Buyer releases, quit claims and forever discharges SELLER, ALL BROKERS, their LICENSEES, EMPLOYEES and any OFFICER or PART-  
479 NER of any one of them and any other PERSON, FIRM or CORPORATION who may be liable by or through them, from any and all claims, losses  
480 or demands, including, but not limited to, personal injury and property damage and all of the consequences thereof, whether known or not, which  
481 may arise from the presence of termites or other wood-boring insects, radon, lead-based paint hazards, mold, fungi or indoor air quality, environ-  
482 mental hazards, any defects in the individual on-lot sewage disposal system or deficiencies in the on-site water service system, or any defects or condi-  
483 tions on the Property. Should Seller be in default under the terms of this Agreement, or in violation of any seller disclosure law or regulation, this  
484 release does not deprive Buyer of any right to pursue any remedies that may be available under law or equity. This release will survive settlement.

485 25. REPRESENTATIONS (9-05)

486 (A) All representations, claims, advertising, promotional activities, brochures or plans of any kind made by Seller, Brokers, their licensees, employees, offi-  
487 cers or partners are not a part of this Agreement unless expressly incorporated or stated in this Agreement. This Agreement contains the whole agree-  
488 ment between Seller and Buyer, and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, of any  
489 kind whatsoever concerning this sale. This Agreement will not be altered, amended, changed or modified except in writing executed by the parties.

490 (B) Unless otherwise stated in this Agreement, Buyer has inspected the Property (including fixtures and any personal property specifically listed  
491 herein) before signing this Agreement or has waived the right to do so, and agrees to purchase the Property IN ITS PRESENT CONDITION.  
492 Buyer acknowledges that Brokers, their licensees, employees, officers or partners have not made an independent examination or determination  
493 of the structural soundness of the Property, the age or condition of the components, environmental conditions, the permitted uses or of condi-  
494 tions existing in the locale where the Property is situated; nor have they made a mechanical inspection of any of the systems contained therein.

495 (C) Any repairs required by this Agreement will be completed in a workmanlike manner.

496 (D) Broker(s) have provided or may provide services to assist unrepresented parties in complying with this Agreement.

497 26. DEFAULT (9-05)

498 (A) Seller has the option of retaining all sums paid by Buyer, including the deposit monies, should Buyer:

- 499 1. Fail to make any additional payments as specified in paragraph 3, OR  
500 2. Furnish false or incomplete information to Seller, Broker(s), or any other party identified in this Agreement concerning Buyer's legal or financial  
501 status, OR  
502 3. Violate or fail to fulfill and perform any other terms or conditions of this Agreement.

503 (B) Unless otherwise checked in paragraph 26 (C), Seller may elect to retain those sums paid by Buyer, including deposit monies:

- 504 1. On account of purchase price, OR  
505 2. As monies to be applied to Seller's damages, OR  
506 3. As liquidated damages for such breach.

507 (C)  SELLER IS LIMITED TO RETAINING SUMS PAID BY BUYER, INCLUDING DEPOSIT MONIES, AS LIQUIDATED DAMAGES.

508 (D) If Seller retains all sums paid by Buyer, including deposit monies, as liquidated damages pursuant to paragraph 26 (B) or (C), Buyer and Seller are  
509 released from further liability or obligation and this Agreement is VOID.

510 27. MEDIATION (9-05)

511 (A) Unless otherwise checked in paragraph 27 (D), Buyer and Seller will submit all disputes or claims that arise from this Agreement to mediation in accord-  
512 dance with the Rules and Procedures of the Home Sellers/Home Buyers Dispute Resolution System. Any agreement reached through mediation and  
513 signed by the parties will be binding (see Information Regarding Mediation).

514 (B) Buyer and Seller have received, read, and understand the Rules and Procedures of the Home Sellers/Home Buyers Dispute Resolution System.

515 (C) Any agreement to mediate disputes or claims arising from this Agreement will survive settlement.

516 (D)  MEDIATION IS WAIVED. Buyer and Seller understand that they may choose to mediate at a later date should a dispute or claim arise, but that  
517 there will be no obligation for any party to do so.

521 Buyer Initials: PL

A/S-VL Page 8 of 9  
Revised 12/06

Seller Initials: PL

522 28. SPECIAL CLAUSES (5-01)  
 523 (A) The following are part of this Agreement if checked:  
 524  Sale & Settlement of Other Property  
 525 Contingency Addendum (PAR Form SSP)  
 526  Sale & Settlement of Other Property Contingency  
 527 with Right to Continue Marketing Addendum  
 528 (PAR Form SSP-CM)

Settlement of Other Property Contingency Addendum (PAR Form SOP)  
 Tenant-Occupied Property Addendum (PAR Form TOP)  
 SEE ATTACHED

529 (B) SPECIAL PROVISIONS (IF ANY):  
 530 Note- All dates to start after notification that Penn State have waived first right of  
 531 refusal.  
 532 -Closing shall occur 180 day after first right of refusal has been removed.  
 533 -If needed buyer shall have the right of 3 30 day extension with an extension fee of  
 534 \$10,000.00 each.  
 535 - Buyer shall produce a Certificate of Insurance of \$1 million dollars with in 15 days of  
 536 Penn State first right being removed.  
 537  
 538  
 539  
 540  
 541  
 542  
 543  
 544  
 545  
 546  
 547  
 548  
 549  
 550  
 551  
 552  
 553  
 554

555 Buyer and Seller acknowledge receipt of a copy of this Agreement at the time of signing.  
 556  
 557 NOTICE TO PARTIES: WHEN SIGNED, THIS AGREEMENT IS A BINDING CONTRACT. Return by facsimile transmission (FAX) of this  
 558 Agreement, and any addenda and amendments, bearing the signatures of all parties, constitutes acceptance by the parties. Parties to this transaction  
 559 are advised to consult an attorney before signing if they desire legal advice.  
 560  
 561  Buyer has received the Consumer Notice as adopted by the State Real Estate Commission at 49 Pa. Code §35.336.  
 562  Buyer has received a statement of Buyer's estimated closing costs before signing this Agreement.  
 563  Buyer has read and understands the notices and explanatory information in this Agreement.  
 564  Buyer has received the Deposit Money Notice (for cooperative sales when Broker for Seller is holding deposit money) before signing this Agreement.

565 BUYER'S MAILING ADDRESS: \_\_\_\_\_  
 566 \_\_\_\_\_

567 WITNESS \_\_\_\_\_ BUYER Arnold J. Stearn DATE February 13, 2012  
Avalon Partners LLC  
 568 WITNESS \_\_\_\_\_ BUYER \_\_\_\_\_ DATE \_\_\_\_\_  
 569 WITNESS \_\_\_\_\_ BUYER \_\_\_\_\_ DATE \_\_\_\_\_

570 Seller has received the Consumer Notice as adopted by the State Real Estate Commission at 49 Pa. Code §35.336.  
 571 Seller has received a statement of Seller's estimated closing costs before signing this Agreement.  
 572 Seller has read and understands the notices and explanatory information in this Agreement.

573 SELLER'S MAILING ADDRESS: \_\_\_\_\_  
 574 \_\_\_\_\_

575 WITNESS \_\_\_\_\_ SELLER Nancy Woodle DATE February 21, 2012  
The Second Mile  
 576 WITNESS \_\_\_\_\_ SELLER \_\_\_\_\_ DATE \_\_\_\_\_  
 577 WITNESS \_\_\_\_\_ SELLER \_\_\_\_\_ DATE \_\_\_\_\_

## NOTICES AND INFORMATION

### COMMUNICATIONS WITH BUYER AND/OR SELLER

Wherever this Agreement contains a provision that requires or allows communication/delivery to a Buyer, said provision shall be satisfied by communication/delivery to the Broker for Buyer, if any. If there is no Broker for Buyer, all such provisions may be satisfied only by communication/delivery being made directly to the Buyer, unless otherwise agreed to by the parties.

Wherever this Agreement contains a provision that requires or allows communication/delivery to a Seller, said provision shall be satisfied by communication/delivery to the Broker for Seller, if any. If there is no Broker for Seller, all such provisions may be satisfied only by communication/delivery being made directly to the Seller, unless otherwise agreed to by the parties.

### NOTICE REGARDING STATE AND LOCAL TAXES

Where Buyer and/or Seller are responsible for payment of real estate taxes, the "periods covered" by the tax bills for purposes of prorating real estate taxes are as follows:

**Municipal Taxes:** For all counties and municipalities in Pennsylvania, tax bills are for the period January 1 to December 31.

**School Taxes:** For all school districts, other than the Philadelphia, Pittsburgh and Scranton school districts, the period covered by the tax bill is July 1 to June 30. For the Philadelphia, Pittsburgh and Scranton school districts, tax bills are for the period January 1 to December 31.

**Real Estate Assessment Notice:** In Pennsylvania, taxing authorities (school districts and municipalities) and property owners may appeal the assessed value of a property at the time of sale, or at any time thereafter. A successful appeal by a taxing authority may result in a higher assessed value for the property and an increase in property taxes. Also, periodic county-wide property reassessments may change the assessed value of the property and result in a change in property tax.

### NOTICE TO BUYERS SEEKING FINANCING

The appraised value of the Property is used in determining the maximum amount of the loan and may be different from the purchase price and/or market value.

### NOTICE REGARDING CONVICTED SEX OFFENDERS (MEGAN'S LAW)

The Pennsylvania General Assembly has passed legislation (often referred to as "Megan's Law," 42 Pa.C.S. § 9791 et. seq.) providing for community notification of the presence of certain convicted sex offenders. Buyers are encouraged to contact the municipal police department or the Pennsylvania State Police for information relating to the presence of sex offenders near a particular property, or to check the information on the Pennsylvania State Police Web site at [www.pameganslaw.state.pa.us](http://www.pameganslaw.state.pa.us).

Back of Page 1

## PROPERTY & ENVIRONMENTAL INSPECTION NOTICES

**Flood Plains:** If the Property is located in a flood plain, Buyer may be required to carry additional insurance.

**Water Service:** Buyer may elect to have the water service inspected by a professional water/well testing company. In addition, on-site water service systems may have to meet certain quality and/or quantity requirements set by the municipality or the lender.

**Electromagnetic Fields:** Electromagnetic Fields (EMFs) occur around all electrical appliances and power lines. Conclusive evidence that EMFs pose health risks does not exist at present, and Pennsylvania has no laws regarding this issue.

**Environmental Hazards:** The U.S. Environmental Protection Agency has a list of hazardous substances, the use and disposal of which are restricted by law. Generally, if hazardous substances are found on a property, it is the property owner's responsibility to dispose of them properly. For more information and a list of hazardous substances, contact the U.S. Environmental Protection Agency Region 3, 1650 Arch Street (3PM52), Philadelphia, PA 19103-20029, (800) 438-2474.

**Wetlands:** Wetlands are protected by both the federal and state governments. Buyer may wish to have the Property inspected for wetlands by an environmental engineer to determine if permits for plans to build, improve, or develop the property would be affected or denied because of wetlands.

## SEWAGE NOTICES

### NOTICES PURSUANT TO THE PENNSYLVANIA SEWAGE FACILITIES ACT

- NOTICE 1:** THERE IS NO CURRENTLY EXISTING COMMUNITY SEWAGE SYSTEM AVAILABLE FOR THE SUBJECT PROPERTY. Section 7 of the Pennsylvania Sewage Facilities Act provides that no person shall install, construct, request bid proposals for construction, alter, repair or occupy any building or structure for which an individual sewage system is to be installed, without first obtaining a permit. Buyer is advised by this notice that, before signing this Agreement of Sale, Buyer should contact the local agency charged with administering the Act to determine the procedure and requirements for obtaining a permit for an individual sewage system. The local agency charged with administering the Act will be the municipality where the Property is located or that municipality working cooperatively with others.
- NOTICE 2:** THIS PROPERTY IS SERVICED BY AN INDIVIDUAL SEWAGE SYSTEM INSTALLED UNDER THE TEN-ACRE PERMIT EXEMPTION PROVISIONS OF SECTION 7 OF THE PENNSYLVANIA SEWAGE FACILITIES ACT. (Section 7 provides that a permit may not be required before installing, constructing, awarding a contract for construction, altering, repairing or connecting to an individual sewage system where a ten-acre parcel or lot is subdivided from a parent tract after January 10, 1987.) Buyer is advised that soils and site testing were not conducted and that, should the system malfunction, the owner of the Property or properties serviced by the system at the time of a malfunction may be held liable for any contamination, pollution, public health hazard or nuisance which occurs as a result.
- NOTICE 3:** THIS PROPERTY IS SERVICED BY A HOLDING TANK (PERMANENT OR TEMPORARY) TO WHICH SEWAGE IS CONVEYED BY A WATER CARRYING SYSTEM AND WHICH IS DESIGNED AND CONSTRUCTED TO FACILITATE ULTIMATE DISPOSAL OF THE SEWAGE AT ANOTHER SITE. Pursuant to the Pennsylvania Sewage Facilities Act, Seller must provide a history of the annual cost of maintaining the tank from the date of its installation or December 14, 1995, whichever is later.
- NOTICE 4:** AN INDIVIDUAL SEWAGE SYSTEM HAS BEEN INSTALLED AT AN ISOLATION DISTANCE FROM A WELL THAT IS LESS THAN THE DISTANCE SPECIFIED BY REGULATION. The regulations at 25 Pa. Code §73.13 pertaining to minimum horizontal isolation distances provide guidance. Subsection (b) of §73.13 states that the minimum horizontal isolation distance between an individual water supply or water supply system suction line and treatment tanks shall be 50 feet. Subsection (c) of §73.13 states that the horizontal isolation distance between the individual water supply or water supply system suction line and the perimeter of the absorption area shall be 100 feet.
- NOTICE 5:** THIS LOT IS WITHIN AN AREA IN WHICH PERMIT LIMITATIONS ARE IN EFFECT AND IS SUBJECT TO THOSE LIMITATIONS. SEWAGE FACILITIES ARE NOT AVAILABLE FOR THIS LOT AND CONSTRUCTION OF A STRUCTURE TO BE SERVED BY SEWAGE FACILITIES MAY NOT BEGIN UNTIL THE MUNICIPALITY COMPLETES A MAJOR PLANNING REQUIREMENT PURSUANT TO THE PENNSYLVANIA SEWAGE FACILITIES ACT AND REGULATIONS PROMULGATED THEREUNDER.
- NOTICE 6:** A REQUIRED REVISION FOR NEW LAND DEVELOPMENT, OR AN EXCEPTION TO THE REQUIREMENT TO REVISE, OR A REQUIRED SUPPLEMENT HAS NOT BEEN APPROVED FOR THIS LOT. SEWAGE FACILITIES ARE NOT AVAILABLE FOR THIS LOT AND SEWAGE FACILITIES WILL NOT BE AVAILABLE, NOR MAY CONSTRUCTION BEGIN UNTIL SEWAGE FACILITIES PLANNING HAS BEEN APPROVED PURSUANT TO THE PENNSYLVANIA SEWAGE FACILITIES ACT AND REGULATIONS PROMULGATED THEREUNDER.

## LAND USE RESTRICTIONS NOTICES

### FARMLAND AND FOREST LAND ASSESSMENT ACT (CLEAN AND GREEN PROGRAM) 72 P.S. § 5490.1 et seq.

Properties enrolled in the Clean and Green Program receive preferential tax assessment.

**Notices Required by Seller:** A Seller of Property enrolled in the Clean and Green Program must submit notice of the sale and any proposed changes in the use of Seller's remaining enrolled Property to the County Assessor 30 days before the transfer of title to Buyer.

**Notices Required by Buyer:** A Buyer of Property enrolled in the Clean and Green Program must submit notice of any proposed changes Buyer intends to make in the use of the Property being purchased to the County Assessor at least 30 days prior to undertaking any changes.

**Loss of Preferential Tax Assessment:** The sale of Property enrolled in the Clean and Green Program may result in the loss of program enrollment and the loss of preferential tax assessment for the Property and/or the land of which it is a part and from which it is being separated. Removal from enrollment in the Clean and Green Program may result in the charge of roll-back taxes and interest. A roll-back tax is the difference in the amount of taxes paid under the program and the taxes that would have been paid in the absence of Clean and Green enrollment. The roll-back taxes are charged for each year that the Property was enrolled in the program, limited to the past 7 years.

Buyer and Seller have been advised of the need to determine the tax implications that will or may result from the sale of the Property to Buyer or that may result in the future as a result in any change in use of the Property or the land from which it is being separated by contacting the County Tax Assessment Office before the execution of this Agreement of Sale.

### OPEN SPACE ACT 32 P.S. § 5001 et seq.

This Act enables counties to enter into covenants with owners of land designated as farm, forest, water supply, or open space land on an adopted municipal, county or regional plan for the purpose of preserving the land as open space. A covenant between the owner and county is binding upon any Buyer of the Property during the period of time that the covenant is in effect (5 or 10 years). Covenants automatically renew at the end of the covenant period unless specific termination notice procedures are followed.

Buyer acknowledges that the purchase of Property for which there is a covenant will not extinguish the covenant and that a change in the use of the land to any other use other than that designated in the covenant will constitute a breach. When a breach of the covenant occurs, the then-owner is required to pay roll-back taxes and interest. A roll-back tax is the difference in the amount of taxes paid and the taxes that would have been paid in the absence of the covenant. The roll-back taxes are charged for each year that the Property was subject to the covenant, limited to the past 5 years.

Buyer has been advised of the need to determine the restrictions that will apply from the sale of the Property to Buyer and the tax implications that will or may result from a change in use of the Property, or any portion of it. Buyer is further advised to determine the term of any covenant now in effect.

## DEFINITION OF A PLANNED COMMUNITY

The Uniform Planned Community Act defines "planned community" as real estate with respect to which a person, by virtue of ownership of an interest in any portion of the real estate, is or may become obligated by covenant, easement or agreement imposed on the owner's interest to pay any amount for real property taxes, insurance, maintenance, repair, improvement, management, administration or regulation of any part of the real estate other than the portion or interest owned solely by the person. The term excludes a cooperative and a condominium, but a cooperative or condominium may be part of a planned community. For the purposes of this definition, "ownership" includes holding a leasehold interest of more than 20 years, including renewal options, in real estate. The term includes non-residential campground communities.

### Exemptions from the Uniform Planned Community Act - When a Certificate of Resale Is Not Required

The owner of a property located within a planned community is not required to furnish the buyer with a certificate of resale under the following circumstances:

- A. The Planned Community contains no more than 12 units, provided there is no possibility of adding real estate or subdividing units to increase the size of the planned community.
- B. The Planned Community is one in which all of the units are restricted exclusively to non-residential use, unless the declaration provides that the resale provisions are nevertheless to be followed.
- C. The Planned Community or units are located outside the Commonwealth of Pennsylvania.
- D. The transfer of the unit is a gratuitous transfer.
- E. The transfer of the unit is required by court order.
- F. The transfer of the unit is by the government or a governmental agency.
- G. The transfer of the unit is the result of foreclosure or in lieu of foreclosure.

### Notices Regarding Public Offering Statements and Right to Rescission

If Seller is a Declarant of the condominium or planned community, Seller is required to furnish Buyer with a copy of the Public Offering Statement and its amendments. For condominiums, the delivery of the Public Offering Statement must be made no later than the date the buyer executes this Agreement. Buyer may cancel this Agreement within 15 days after receiving the Public Offering Statement and any amendments that materially and adversely affect Buyer. For planned communities, the Declarant must provide the Buyer with a copy of the Public Offering Statement and its amendments no later than the date the Buyer executes this Agreement. Buyer may cancel this Agreement within 7 days after receiving the Public Offering Statement and any amendments that materially and adversely affect Buyer.

Back of Page 3

# MEDIATION

## DISPUTE RESOLUTION SYSTEM RULES AND PROCEDURES

1. **Agreement of Parties** The Rules and Procedures of the Dispute Resolution System (DRS) apply when the parties have agreed in writing to mediate under DRS. The written agreement can be achieved by a standard clause in an agreement of sale, an addendum to an agreement of sale, or through a separate written agreement.
2. **Initiation of Mediation** If a dispute exists, any party may start the mediation process by submitting a completed Request to Initiate Mediation DRS Transmittal Form (Transmittal Form) to the local Association of REALTORS® (hereafter "Administrator"). The Transmittal Form should be available through the Administrator's office. The initiating party should try to include the following information when sending the completed Transmittal Form to the Administrator:
  - a. A copy of the written agreement to mediate if there is one, OR a request by the initiating party to have the Administrator contact the other parties to the dispute to invite them to join the mediation process.
  - b. The names, addresses and telephone numbers of the parties involved in the dispute, including the name of every insurance company known to have received notice of the dispute or claim and the corresponding file or claim number.
  - c. A brief statement of the facts of the dispute and the damages or relief sought.

3. **Selection of Mediator** Within five days of receiving the completed Transmittal Form, the Administrator will send each party to the dispute a copy of the Transmittal Form and a list of qualified mediators and their fee schedules. Each party then has ten days to review the list of mediators, cross off the name of any mediator to whom the party objects, and return the list to the Administrator. The Administrator will appoint the first available mediator who is acceptable to all parties involved.

A mediator who has any financial or personal interest in the dispute or the results of the mediation cannot serve as mediator to that dispute, unless all parties are informed and give their written consent.

4. **Mediation Fees** Mediation fees will be divided equally among the parties and will be paid *before* the mediation conference. The parties will follow the payment terms contained in the mediator's fee schedule.
5. **Time and Place of Mediation Conference** Within ten days of being appointed to the dispute, the mediator will contact the parties and set the date, time and place of the mediation conference. The mediator must give at least twenty days' advance notice to all parties. The mediation conference should not be more than sixty days from the mediator's appointment to the dispute.
6. **Conduct of Mediation Conference** The parties attending the mediation conference will be expected to:
  - a. Have the authority to enter into and sign a binding settlement to the dispute.
  - b. Produce all information required for the mediator to understand the issues of the dispute. The information may include relevant written materials, descriptions of witnesses and the content of their testimony. The mediator can require the parties to deliver written materials and information before the date of the mediation conference.

The mediator presiding over the conference:

- a. Will impartially conduct an orderly settlement negotiation.
- b. Will help the parties define the matters in dispute and reach a mutually agreeable solution.
- c. Will have no authority to render an opinion, to bind the parties to his or her decision, or to force the parties to reach a settlement.

Formal rules of evidence will not apply to the mediation conference.

7. **Representation by Counsel** Any party who intends to be accompanied to the mediation conference by legal counsel will notify the mediator and the other parties of the intent at least ten days before the conference.
8. **Confidentiality** No aspect of the mediation can be relied upon or introduced as evidence in any arbitration, judicial or other proceeding. This includes, but is not limited to, any opinions or suggestions made by any party regarding a possible settlement; any admissions made during the course of the mediation; any proposals or opinions expressed by the mediator; and any responses given by any party to opinions, suggestions, or proposals. No privilege will be affected by disclosures made in the course of the mediation. Transcripts or recordings of the mediation will not be allowed without the prior, written consent of all parties and the mediator. Records, reports, and other documents received or prepared by the mediator or Administrator cannot be compelled by an arbitration, judicial, or other proceeding, with the exception of an agreement that was reached in the course of mediation and signed by all the parties. Neither the mediator nor the Administrator can be compelled to testify in any proceeding regarding information given or representations made either in the course of the mediation or in any confidential communication.
9. **Mediated Settlement** When a dispute is resolved through mediation, the mediator will put the complete agreement in writing and all parties will sign the written agreement within ten days of the conclusion of the mediation conference. Every reasonable effort will be made to sign the written agreement at the end of the conference.
10. **Judicial Proceedings and Immunity** NEITHER THE ADMINISTRATOR, THE MEDIATOR, THE NATIONAL ASSOCIATION OF REALTORS®, THE PENNSYLVANIA ASSOCIATION OF REALTORS®, NOR ANY OF ITS MEMBER BOARDS, WILL BE DEEMED NECESSARY OR INDISPENSABLE PARTIES IN ANY JUDICIAL PROCEEDINGS RELATING TO MEDIATION UNDER THESE RULES AND PROCEDURES, NOR WILL ANY OF THEM SERVING UNDER THESE PROCEDURES BE LIABLE TO ANY PARTY FOR ANY ACT, ERROR OR OMISSION IN CONNECTION WITH ANY SERVICE OR THE OPERATION OF THE HOME SELLERS/HOME BUYERS DISPUTE RESOLUTION SYSTEM.

**ADDENDUM TO PENNSYLVANIA ASSOCIATION OF REALTORS  
STANDARD AGREEMENT FOR THE SALE OF VACANT LAND**

The provisions of this addendum (the "Addendum") apply to and control, in the event of a conflict, the Agreement between The Second Mile (Seller) and Avalon Partners, LLC (Buyer) concerning the property at 2400 Bernel Road, Patton Township, Centre County, Pennsylvania.

1. EARNEST MONEY

1.1 Within five (5) business days of the Effective Date, Buyer will select and deliver to an escrow agent (the "Escrow Agent") the sum of twenty thousand dollars (\$20,000.00) (the "Earnest Money").

1.2 Upon completion of the Initial Title Examination by Buyer, as defined in Section 2.2, and after cure of title defects or objections, if any, Buyer shall deliver an additional twenty thousand dollars (\$20,000.00) Earnest Money to the Escrow Agent.

1.3 All Earnest Money, with the exception of the extension fee described in Section 4.2, shall be applied to payment of the Purchase Price due at Closing.

1.4 Except as otherwise provided in this Agreement, the Earnest Money shall be non-refundable to Buyer and shall be disbursed to Seller in the event Buyer defaults under this Agreement.

2. WARRANTY OF TITLE: TITLE EXAMINATION

2.1 Seller hereby represents and warrants to Buyer that, as of the date hereof and except as otherwise provided herein, record title to the Property is vested in Seller's name, and Seller is the record owner of fee simple title to the Property.

2.2 Buyer shall have sixty (60) days after the Consent Date (defined in Section 3.1 of this Addendum) in which to examine record title to the Property (the "Initial Title Examination") and to notify Seller of any objections affecting marketability of title to the Property based on matters of record title other than the following: (i) general utility easements of record, if any, serving only the Property; (ii) ad valorem taxes and special assessments not yet

Ala  
DFW

due and payable with respect to the Property; and (iii) such other title matters as expressly permitted by Buyer in writing or deemed waived pursuant to the Agreement (collectively "Permitted Exceptions"). If upon examination of record title, title is found to be defective or objectionable, and Buyer notifies Seller in writing of such defects or objections as provided above, then Seller shall have fifteen (15) days to elect to cure or terminate any such defects or objections. In the event that Seller fails to elect to cure or terminate any such identified defects or objections within the period hereinabove set out, then Buyer, on or before the expiration of the Due Diligence Period, as hereinafter defined, at its option, may elect to:

2.2.1 Waive any such survey or title defect or objection and consummate the transaction without reducing the Purchase Price; or

2.2.2 Terminate the Agreement by written notice to Seller, whereupon all Earnest Money shall be returned immediately to Buyer and thereafter no party to the Agreement shall have any rights, obligations or liabilities hereunder.

2.3 From and after the date of the Initial Title Examination, Buyer may from time to time during the term of the Agreement make further examinations of the title, and Buyer may object to any matters of title first appearing of record after the effective date of such Initial Title Examination by giving Seller written notice of any such defects or objections. Seller shall thereafter have until the date of Closing (or such longer period as Buyer, in its sole discretion, consents to in writing) in which to cure or terminate any such defect or objection. If Seller is unable or refuses to remove or cure such additional title objection, then Buyer shall be entitled to exercise the same rights enumerated in Sections 2.2.1 or 2.2.2.

3. ACCESS AND INSPECTION; DUE DILIGENCE PERIOD

3.1 During the period commencing with the first business day after the Seller delivers to Buyer documentation evidencing that The Pennsylvania State University will not exercise its option to purchase the Property (the "Consent Date") and ending on the one hundred eightieth (180<sup>th</sup>) calendar day following the Consent Date of the Agreement (the "Due Diligence Period"), and during any Extension Periods (defined in Section 4.2), unless the Agreement is earlier terminated pursuant to other provisions of the Agreement, Buyer and its

RG  
DPW



agents, employees, independent contractors, engineers, surveyors and other representatives shall have the right to have full and complete access to the Property for the purpose of inspecting the Property, conducting surveys, undertaking engineering analysis, plans or examinations, percolation tests, soil tests, borings, environmental analysis or other examination, mapping or testing on the Property and to perform all activities related to any of the foregoing in any respect and for any other reasonable purposes related to the purchase of the Property or the planned development thereof as is deemed necessary or appropriate by Buyer. Buyer shall indemnify and hold Seller harmless from any liability or damage to Seller as a result of Buyer's activities on the Property, including reasonable attorney's fees actually incurred. In connection with the access and inspection rights of Buyer under the Agreement, Seller agrees to and shall promptly provide to Buyer following the Date of the Agreement copies of all documents in Seller's possession, custody or control relating to title to the Property, including title insurance policies, all surveys, all engineering tests and studies, site plans, environmental reports and all other written information or documentation relating to the Property.

4. CLOSING AND POST-CLOSING.

4.1 Unless otherwise agreed in writing between Buyer and Seller, the closing ("Closing") of the purchase and sale of the Property shall be held at the office of the Buyer's Escrow Agent before 5:00 o'clock P.M., local time on the thirtieth (30<sup>th</sup>) calendar day following the date of expiration of the Due Diligence Period.

R/b  
D/f

4.2 Notwithstanding the foregoing, Buyer shall have the option to extend the date of Closing (“**Extension Period**”) for three (3) periods of thirty (30) days each by (i) delivering written notice to Seller of such extension no fewer than ten (10) days prior to the then-current date of Closing hereunder, and (ii) delivering to Escrow Agent with each such written notice of extension an extension fee of \$10,000.00 for each such thirty (30) day extension period, which extension fee shall not be applicable to the Purchase Price at Closing. The extension fee shall not be refundable to Buyer, except in the event of default by Seller.

4.3 At Closing:

4.3.1 Buyer shall pay to Seller, subject to the adjustments and prorations hereinafter provided for and subject to the application of the Earnest Money, the balance of the Purchase Price.

4.3.2 Seller shall execute and deliver to Buyer a special warranty deed conveying fee simple and marketable title to the Property, free and clear of all liens, special assessments, easements, reservations, restrictions and encumbrances whatsoever except for the Permitted Exceptions. Seller shall also deliver a non-foreign person certification.

4.3.3 Seller shall be responsible for all charges or assessments incurred against the Property up to and including the date of Closing, except for any such charges or assessments as may be caused by any activities of Buyer. Buyer shall be responsible for all charges or assessments incurred against the Property after the date of Closing.

4.3.4 Seller shall execute and deliver such other documents and instruments as are helpful or necessary to evidence or effectuate the transactions contemplated hereby, including, without limitation, an owner’s affidavit, an authorizing resolution relative to this transaction, and any other instruments required by Buyer’s Title Company or necessary or helpful to consummate this transaction and to evidence the authority of Seller to convey the Property.

Rln  
D.W.

5. CONTINGENCIES

5.1 The Agreement is contingent upon and subject to those matters specifically set forth hereinafter in this Section 5. Any contingencies specifically set forth hereinafter may be waived, modified or otherwise removed from this Agreement by written notification from the party in whose favor such contingency is drawn to the other parties hereto.

5.2 Buyer shall be entitled the Due Diligence Period within which to examine and investigate the Property, and to determine whether the Property is suitable and satisfactory to Buyer. In the event that Buyer shall determine, in Buyer's sole and absolute judgment and discretion, that the Property is in any manner unsuitable or unsatisfactory to Buyer, then Buyer shall have the right, at Buyer's option, to terminate the Agreement by giving written notice thereof to Seller on or before the expiration of the Due Diligence Period, in which event, all rights and obligations of the parties under the Agreement shall expire, and the Agreement shall become null and void and the Earnest Money shall be immediately returned to Buyer. Notwithstanding the foregoing, in the event Buyer gives notice to terminate the Agreement after 120 days from the Consent Date but prior to the expiration of the Due Diligence Period, then only \$20,000 of the \$40,000 Earnest Money is refundable. \$20,000 shall be immediately returned to Buyer and \$20,000 shall be immediately released to Seller.

5.3 Notwithstanding anything provided to the contrary elsewhere in the Agreement, Seller covenants and agrees that Seller shall, at no material expense to Seller, cooperate with Buyer in Buyer's efforts to satisfy the contingencies set forth in this Section 5. Without limiting the generality of the foregoing, Seller shall execute all documents that Buyer shall deem reasonably necessary or appropriate.

6. SELLER'S REPRESENTATIONS AND WARRANTIES

6.1 Seller hereby warrants and represents to Buyer, and covenants with Buyer, and at Closing will again warrant, represent and covenant, as follows:

6.1.1 That Seller knows of no actions, suits, claims, demands or proceedings of any kind or nature, legal or equitable, affecting the Property or any portion thereof, and that Seller knows of no liens, special assessments, easements,

Alm  
MAW

reservations, restrictions, covenants or encumbrances other than the Permitted Exceptions.

6.1.2 That there are no other persons or entities who have any rights to acquire the Property or have any rights or claims therein or thereto or for any portion thereof except as may appear of public record;

6.1.3 That, except as disclosed in the public records on the Effective Date of the Agreement, there are no outstanding state or federal tax liens, claims or demands against Seller which constitute or will constitute a lien against the Property;

6.1.4 That Seller shall not take any action during the term of the Agreement, including the placement of any title encumbrance against the title of the Property which would hamper or impede the consummation of this purchase and sale transaction or which would cause any of the representations and/or warranties made in this Section 6.1 to become untrue, inaccurate or incomplete in any respect;

6.1.5 Seller shall indemnify, defend and hold Buyer harmless from and against any and all claims, losses, damages, costs, attorney's fees or expenses (including, without limitation, court costs and reasonable fees and expenses of attorneys and expert witnesses) arising out of or in connection with (i) any of the foregoing representations and warranties not being accurate, true and complete in any material respect or (ii) any breach by Seller of any of the foregoing covenants.

6.2 In the event that any of the warranties and representations contained in Section 6.1 above are not accurate, true and complete in any material respect on the date of Closing, or in the event that Seller has materially breached any of the covenants contained in Section 6.1 above on or before the date of Closing, then and in either of such events Buyer, at Buyer's election, shall be entitled either (a) to terminate the Agreement by written notice to Seller, whereupon all Earnest Money shall be returned to Buyer and thereafter no party hereto shall have any further rights or obligations hereunder, or (b) to waive such inaccurate, untrue or incomplete warranties or representations or breached covenants and proceed with Closing under the Agreement without reduction in the Purchase Price.

Rb  
DTC

7. CONDEMNATION

7.1 If prior to the Closing of the purchase and sale of the Property, a portion greater than 5% of the Property is condemned, through the exercise of the power of eminent domain or inverse condemnation, and such condemnation does or would materially and adversely affect the Property, then Buyer, at Buyer's election, may:

7.1.1 Terminate the Agreement by written notice to Seller whereupon the Agreement shall become null and void, and Buyer shall be entitled to an immediate refund of the Earnest Money; or

7.1.2 Consummate the transaction and Closing contemplated by the Agreement and receive any condemnation proceeds paid or payable as a result of any such condemnation or threat of condemnation. In the event that Buyer elects to consummate the Closing, then Seller hereby agrees to transfer and assign any and all rights which it may have in and to any proceeds of such condemnation or threatened condemnation to Buyer in conjunction with and at the time of Closing.

8. BROKER AND COMMISSION. Nancy Ring of RE/MAX Centre Realty (the "Broker") has acted as broker in connection with the transaction contemplated hereunder. At the Closing, Buyer shall pay Broker a commission pursuant to the terms of a separate agreement between Buyer and Broker. The commission shall not be due to Broker unless and until the occurrence of the Closing. Buyer shall be solely responsible for, and shall indemnify and hold Seller harmless from and against, all real estate brokerage commissions due with respect to this transaction. The parties shall execute and deliver a broker lien affidavit at Closing sufficient for the Title Company to delete the standard exception regarding broker's liens from the owner's title insurance policy to be issued at Closing.

9. DEFAULT AND REMEDIES

9.1 In the event of a default, breach of warranty or other representation contained in this Agreement and prior to the exercise of the rights hereinafter provided to either party, the defaulting party shall be entitled to written notice of the specific default, breach, or other problem and up to five (5) days after the receipt of that written notice in which to cure said

*RLR  
DPR*

default, breach or other problem. If such default, breach or other problem is not corrected within that period, then an event of default shall have occurred and the parties shall be entitled to the rights and remedies hereinafter set forth. Notwithstanding the foregoing provisions, Buyer, in its sole discretion, shall have the right to extend the time period in which Seller may cure or otherwise correct any specified default, breach or defect for an additional period not to exceed thirty (30) days. Upon Buyer's written agreement to so extend, Seller shall be entitled to extend the date of Closing, if required, to a date not less than thirty (30) days from the date on which Seller notifies Buyer in writing that any such default, defect or other problem has been cured and provides Buyer with proper documentation evidencing that fact.

9.2 In the event (i) that any warranty or representation contained in the Agreement is not accurate, true and complete in all respects or (ii) Seller fails to comply with or perform any of the conditions, covenants, or agreements contained herein, and further provided that Seller fails to cure after written notice, then, at Buyer's option, Buyer shall elect either of the following options as its sole remedy:

9.2.1 Buyer shall be entitled, upon giving written notice to Seller, to terminate this Agreement whereupon the Earnest Money shall be immediately returned to Buyer and thereafter no party to this Agreement shall have any rights, obligations or liabilities hereunder, or

9.2.2 Buyer shall be entitled to file suit in any court of appropriate jurisdiction for specific performance of Seller's obligations under and pursuant to the terms and provisions of the Agreement.

9.3 In the event Buyer fails to comply with or perform any of the covenants, agreements or other obligations to be performed by Buyer and fails to cure such problem within the period provided above, then Seller shall be entitled to retain the Earnest Money as full liquidated damages and as its sole remedy hereunder. Thereafter, all rights, liabilities and obligations of Buyer to Seller under the Agreement shall terminate. The parties hereto hereby acknowledge that it is impossible to more precisely estimate the specific damage to be suffered by Seller, and the parties hereto expressly acknowledge and intend that this liquidated damages provision shall be a provision for the retention of Earnest Money and not as a penalty. In no

Rln  
Dsu

event shall Seller be entitled to initiate litigation or take any other action seeking legal or equitable remedies against Buyer.

10. NOTICES

10.1 Any notices which may be permitted or required under the terms and provisions of the Agreement to Buyer, Seller or Broker shall be in writing and shall be deemed to have been duly given, except as otherwise provided in the Agreement, as of the date and time the same are received by the parties to whom the notices are sent. Such notices shall be deemed received upon hand delivery or by Federal Express or equivalent courier and evidenced by a notation on the records of that courier that such notices were delivered to the parties at the following addresses:

To Seller:

The Second Mile

1402 S ATHERTON ST  
STATE COLLEGE PA 16801

Attn: DAVID A WOODLE

Tel: 814 237-1219

Fax: 814 237-4605

Email: DWOODLE@THESECONDMILE.ORG

With a copy to:

SCOTT SHAMROCK  
UNIVERSITY REALTY  
126 EAST FOSTER AVE  
STATE COLLEGE PA 16801

\_\_\_\_\_  
\_\_\_\_\_

To Buyer:

Avalon Partners, LLC  
461 Park Ave. South, Floor 4  
New York, NY 10016

MAW

Attn: Ron Gatehouse

Tel: (814) 404-3555

Fax: (646) 349-3155

Email: [ron@avalonpartnersllc.com](mailto:ron@avalonpartnersllc.com)

[paul@avalonpartnersllc.com](mailto:paul@avalonpartnersllc.com)

With a copy to:

NAWey RING  
ReMay Centre Realty  
1875 Martin St  
State College PA 16803

or at such other address as may have been furnished by such person in writing to the other parties. The parties expressly acknowledge and agree that, notwithstanding any statutory or decisional law to the contrary, the printed product of a facsimile or email transmittal shall be deemed to be "written" and a "writing" for all purposes of the Agreement.

11. MISCELLANEOUS PROVISIONS

11.1 Possession. Possession of the Property shall be delivered to Buyer at Closing, and Buyer shall accept the Property in AS-IS condition.

11.2 Assignment. Buyer may assign its rights hereunder. Any assignee shall expressly assume all of Buyer's duties, obligations, and liabilities hereunder, and a copy of such assignment and assumption shall be provided with reasonable promptness to Seller.

11.3 No Waiver; Rights Cumulative. Neither the failure of either party to exercise any power or right herein provided or to insist upon strict compliance with any obligation herein specified, nor any custom, use or practice at variance with the terms hereof, shall constitute a waiver of either party's right to demand exact compliance with the terms and provisions of the Agreement. Except as expressly limited the terms of the Agreement, all rights,

*DR*  
*RL*



powers and privileges conferred herein shall be cumulative and not restrictive of those provided at law or in equity.

11.4 Entire Agreement; Modification. The Agreement contains the entire agreement of the parties and no representations, inducements, promises or other agreements, oral, written or otherwise, between the parties which are not embodied within the Agreement shall be of any force or effect. Any amendment to the Agreement shall not be binding upon any of the parties hereto unless such amendment is in writing and fully executed by all parties whose rights, as set forth in the Agreement, pertain thereto.

11.5 Counterparts. The Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same Agreement

11.6 Severability. The Agreement is intended to be performed in accordance with and only to the extent permitted by all applicable laws, ordinances, rules and regulations. If any of the provisions of the Agreement or the application thereof to any person or circumstances shall for any reason and to any extent be invalid or unenforceable, then the remainder of the Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby but shall be enforced to the greatest extent permitted by law.

11.7 Business Days. If any date of significance hereunder falls upon a Saturday, Sunday or legal holiday, such date shall be deemed moved to the next succeeding business day which is not a Saturday, Sunday or legal holiday.

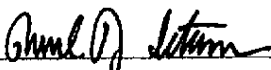
[SIGNATURES ON FOLLOWING PAGES]

DTV  
R61

IN WITNESS WHEREOF, the parties have set their hands.

Buyer:

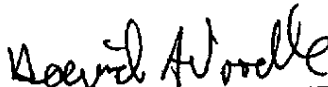
AVALON PARTNERS, LLC

By:   
Ron Gatehouse  
CEO | Partner

Date of Execution by Buyer: February 20, 2012

Seller:

THE SECOND MILE

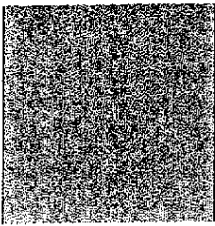
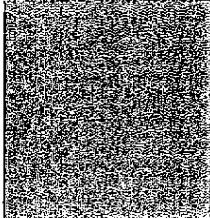
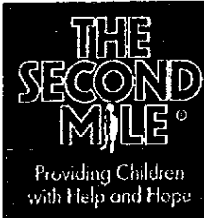
By:   
Print Name: DAVID A WOODLE  
Title: PRESIDENT & CEO

Date of Execution by Seller: 2/21, 2012

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date of Execution by Seller: \_\_\_\_\_, 2012

# **EXHIBIT “Y”**



1) DWS  
 2) DJS sign  
 3) Deed copy, update list  
 4) F: Second Water Property (DWS)  
 LLC: Property (Real estate)  
 - Second Mile

RECEIVED  
 FEB 17 2012

February 10, 2012

Daniel Sieminski  
 Associate VP for Finance and Business  
 208 Old Main  
 University Park, PA 16802

State Office  
 1402 S. Atherton Street  
 State College, PA 16801  
 (814) 237-1719  
 FAX: (814) 237-4605

Southcentral  
 Regional Office  
 3607 Rosemont Avenue,  
 Suite 501  
 Camp Hill, PA 17011  
 (717) 763-4614  
 FAX: (717) 763-4616

Southeast  
 Regional Office  
 588 N. Gulph Road,  
 Suite B109  
 King of Prussia, PA 19406  
 (610) 491-9440  
 FAX: (610) 491-9441

Central  
 Regional Office  
 1402 S. Atherton Street  
 State College, PA 16801  
 (814) 237-1719  
 FAX: (814) 237-4605

www.thesecondmile.org

Dear Dan:

As we discussed The Second Mile has offered the approximate 60 acre property along Bernel road in Patton Township for sale. We have received a contract for sale from AVALON PARTNERS, LLC, a Pennsylvania limited liability company ("Buyer") for \$2,100,000.

The sales contract with the Buyer has a contingency that Penn State waive the Right of First Option contained in the Deed from Penn State to The Second Mile dated April 23, 2002 ("Deed"). As such, we request that, notwithstanding the option described in the Deed, that Penn State agree to remove and waive its Right of First Option.

If the transaction proceeds, Penn State also agrees that it will take all necessary steps and execute all documents necessary to confirm its decision not to exercise the Right of First Option.

Please confirm Penn State's agreement to proceed in this manner and waive the Right of First Option by signing below.

Sincerely,

*David Woodle*

David Woodle  
 CEO

Agreed to and Accepted:

The Pennsylvania State University

By: *David J. Gray*

Title: \_\_\_\_\_

Date: *2/20/2012*

**David J. Gray**  
**Sr. Vice President for**  
**Finance & Business/**  
**Treasurer**  
**Penn State University**

# **EXHIBIT “Z”**

<b>Assets To Be Transferred To Arrow</b>						
<b>Category</b>	<b># ea.</b>	<b>Breakdown/Description</b>				
<b>Staff/Office</b>	10	Desk	Desk Chair	Lateral File	Shelf	Credenza
<b>Add'l Office</b>	5	Tables	Chairs			
<b>Intern Offices</b>	8	Desk	Chair	File Cabinet	cubicles	
<b>Computer/Printer Rooms</b>	4	Table	Desk Chair (totaling 2-4)	Lateral File	Shelf	Credenza
<b>Common Areas</b>	4	Tables	2-4 Chairs per table	File Cabinet	Shelf	Credenza
<b>Computers for Offices</b>	18	Computer	Speakers	Monitors	Cables	9 Printers
<b>Common Area Computers</b>	4	Computer	Speakers	Monitors	Cables	9 Printers
<b>Network Devices &amp; Peripherals</b>		3 ethernet switches; 6 ext. hard drives	security device; 2 wireless routers	45 power strips;	25 USB keyboards; 25 optical mice	wireless VPN firewall; UPS batt backup
<b>Multimedia Equipment</b>		2 Projectors	3 Digital Cameras	HD Camcorder	5 Toshiba Laptops	
<b>Other Equipment</b>		5 copiers	3 safes	2 postage machines	3 fax machines	2 dgtl phone systems; 20 phones
<b>Vehicles</b>		White 1997 Dodge Maxi-Wagon	Silver 2006 Ford Econoline			
<b>Intellectual Property</b>		Donor perfect Database copy	Program Filemaker File copies	Constant Contact data		
<b>Program Materials</b>		tents, cookware, & other camping equip; 25 bins children's bedding; 10 coolers	6 tables; 10 boxes stuffed animals; 10 boxes health/hygiene materials	35 boxes prizes; 20 boxes books; 10 bins crafts; 15 bags sports equipment	2 sets carnival equip; 12 boxes shirts; 5 boxes notebooks	teambuilding initiatives; various other camp & program materials

# **EXHIBIT “AA”**

**Archer&Greiner** P.C.  
ATTORNEYS AT LAW

**Howard A. Rosenthal**

hrosenthal@archerlaw.com  
215-246-3144 Direct

One Liberty Place - 32nd Floor  
1650 Market Street  
Philadelphia, PA 19103-7393  
(215) 963-3300 Main  
(215) 963-9999 Fax  
[www.archerlaw.com](http://www.archerlaw.com)

May 25, 2012

**HAND DELIVERY**

Mark A. Pacella, Esquire  
Chief Deputy Attorney General  
Charitable Trusts & Organizations Section  
Office of Attorney General  
16<sup>th</sup> Floor  
Strawberry Square  
Harrisburg, PA 17120

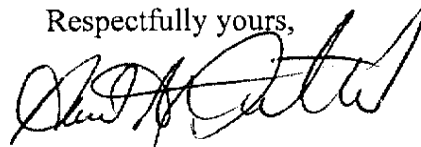
Re: In Re: The Second Mile; Docket No. \_\_\_\_\_ (Court of Common Pleas of Centre  
County, Pennsylvania – Orphans' Court Division)

File No. SEC038.00403

Dear Mark:

Enclosed, for your review, is a copy of the Petition for Distribution of Assets of The Second Mile Pending Distribution, the original of which has been filed with the Court of Common Pleas of Centre County – Orphans' Court Division. Please contact us with any comments or questions about this Petition. If the Commonwealth has no objection to this Petition, please notify us so that we can advise the Court.

Respectfully yours,



HOWARD A. ROSENTHAL

HAR:dms  
Enclosures  
8480952v1