Construction Engineering Services

CENTRAL VIRGINIA TRAINING CENTER ALTERNATIVE USE STUDY

ISSUED ON NOVEMBER 30, 2016

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1. Executive Summary

JTS conducted an assessment of the financial viability of continuing to operate the Central Virginia Training Center beyond the scheduled 2020 closure date. A consolidated Central Virginia Training Center inclusive of the five Lower Rapidan Buildings (Buildings 8, 9, 10, 11 and 12) was proposed. Each of these buildings have recently been renovated.

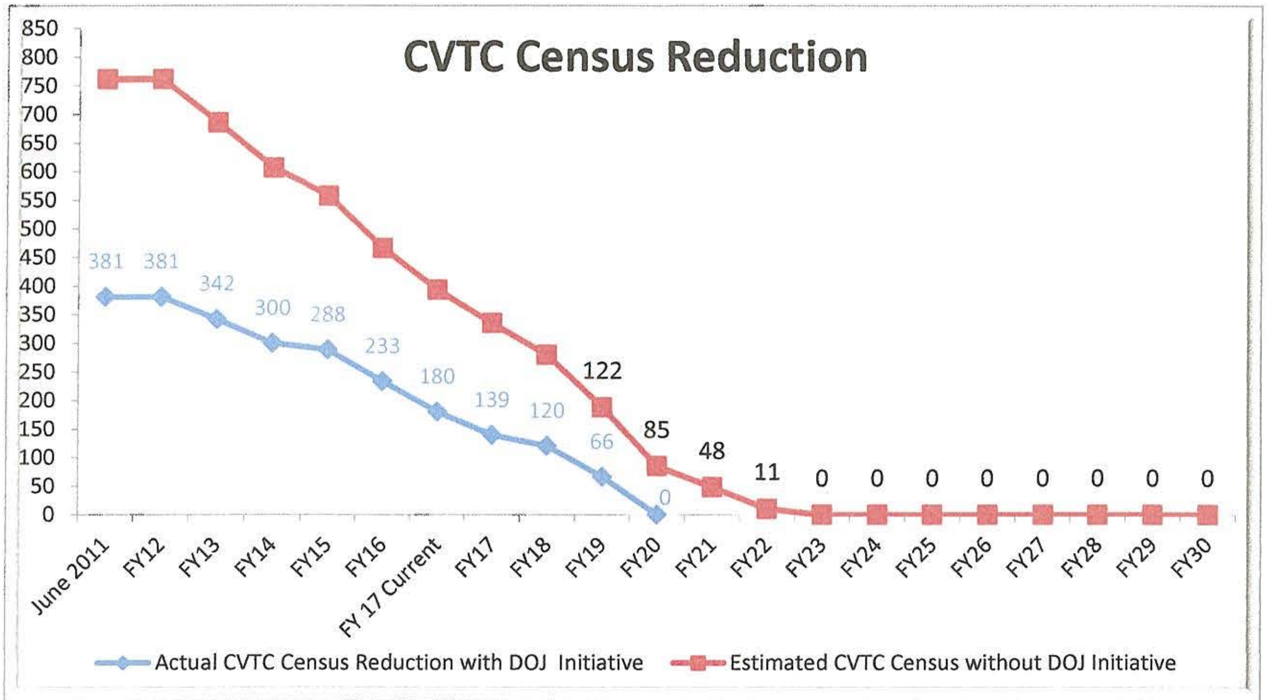
Our team was tasked to project future census, capital requirements to transition to a smaller campus, impact on CMS (Medicaid) reimbursements, and provide financial models inclusive of operational and capital costs and Medicaid reimbursements. To complete this assignment we assembled a team including Architects, Engineers, Healthcare Consultants, Operational Consultants, and Food Service Consultants.

Virginia had decided to close the Central Virginia Training Center along with its settlement agreement with the Department of Justice to comply with the Olmstead Decision and the American with Disabilities Act. Although neither the Olmstead Decision nor the Department of Justice mandated the closing of the Training Centers, the mass institutionalization of individuals with Intellectual and Development Disabilities (IDD) was determined to violate the American with Disabilities Act. Thus, the Governor decided to close four of Virginia's five training centers and use the savings to fund Home and Community Based Services for former residents and wait-list individuals.

Even prior to the Department of Justice Settlement, the census at the Central Virginia Training was declining as there was a trend for greater Home and Community Based Services for IDD Individuals. New admissions were greatly reduced, individuals better suited for community care were provided community options, and natural mortality continued to decrease the census.

At its peak, the Central Virginia Training Center was home to over 3,600 individuals diagnosed with IDD. The current census at the Center is 180 residents. The median age of the residents is near 59 years old and the average mortality age for IDD individuals is between 61 and 63 years. Thus, the DOJ settlement has only served as a catalyst for already declining census. Without the DOJ Settlement Agreement, by our projections, in the Year 2030 the census at the Central Virginia Training Center would be, at most, between 5-10 residents and this assumes 1 new "crisis" admission per year.

The below chart shows the state projection on the CVTC census if the state had not taken action on the closure plans of the DOJ, and the census projections with closure plans, through 2030. JTS's own reviews generally concur with these census projections.



- *Average for Actual CVTC Census Reduction with DOJ Initiative is approximately 40/year*
- *Average for Estimated CVTC Census Reduction without DOJ Initiative is approximately 37/year.*
- *The above chart assumes no new admissions.*

As part of the financial assessment, our team conducted an assessment of the Lower Rapidan Buildings and determined their anticipated capital needs requirements as well as the capital requirements for transitioning the campus to 80+ buildings to just the five Rapidan Buildings. Based on our assessment, a new support services building will be required to consolidate services that are currently being provided from a wide array of buildings dispersed throughout the campus. Additionally, because the facility has been slated for closure, infrastructure needs have been delayed and some systems have exceeded their useful life and need to be upgraded. We have provided opinions of cost to transition to a condensed campus should the Commonwealth decide to continue to operate the facility.

We have also provided opinions of probable operating costs for the reduced campus. The operating costs were projected based on operating costs of a facility similar in size and mission. A significant portion of these operating costs are fixed and as the census continues to decline, there is not a like reduction in operating costs. Thus, even without the census attrition attributed to the DOJ Settlement Agreement and the training center downsizing, there would be a time shortly after 2020 at which the expenditures of continued operation would become financially unmanageable.

2. Introduction and Background

Introduction

JTS was issued a contract on October 7, 2016 by the Virginia Department of Behavioral Health and Developmental Services to conduct a study of the Central Virginia Training Center (CVTC) in Lynchburg, Virginia. The study addresses specific items of inquiry as outlined in the Statement of Needs per IFQC 720C-04528-17LEB dated August 19, 2016. In general, the study addresses operational and capital requirements for a potentially down-sized CVTC based on census projections.

Background

The Central Virginia Training Center located in Lynchburg, Virginia was initially established in 1910 as the Virginia State Epileptic Colony. The Center initially received individuals from other State Mental Institutions diagnosed with epilepsy. The first 100 patients were received in 1911. Over the years, CVTC has had several name changes to better reflect its client population as well as its mission. The population peaked in 1972 with a resident population of 3,686. By 1979, the state was compelled to take steps to reduce the population numbers by opening additional training centers and establishing the Community Service Boards. Subsequently, there was a gradual decline in population.

In 1999 Olmstead v. L.C and E.W, 527 U.S. 581 was the United States Supreme Court case regarding the discrimination against people with mental disabilities. Respondents L.C. and E. W. are intellectually developed disabled individuals; L.C. had also been diagnosed with schizophrenia; and E.W., with a personality disorder. Both women were voluntarily admitted to the Georgia Regional Hospital (GRH), where they were confined for treatment in a psychiatric unit. Although their treatment professionals eventually concluded that each of the women could be cared for appropriately in a community-based program, the women remained institutionalized at GRH. Seeking placement in community care, L.C. filed this suit against petitioner state officials (collectively, the State) under 42 U.S.C. § 1983 and the American with Disabilities Act (ADA). She alleged that the State violated the ADA in failing to place her in a community-based program once her treating professionals determined that such placement was appropriate. E.W. intervened, stating an identical claim.

The Supreme Court held that under the Americans with Disabilities Act (ADA), individuals with mental disabilities have the right to live in the community rather than in institutions, if, in the Court's opinion, "the State's treatment professionals have determined that community placement is appropriate, the transfer from institutional care to a less restrictive setting is not opposed by the affected individual, and the placement can be reasonably accommodated, taking into account the resources available to the State and the needs of others with mental disabilities." The court also stated that "Each disabled person is entitled to treatment in the most integrated setting possible for that person – recognizing on a case-by-case basis, that the setting may be an institution."

The ruling in the Olmstead case impacted the IDD community with the DOJ confronting state governments in their institutionalizing of individuals with intellectual disabilities. On August 23, 2012, a settlement agreement was reached between the Commonwealth of Virginia and the US Department of Justice regarding Virginia's Intellectual and Developmental Disability Services System. The settlement Agreement was reached to ensure the Commonwealth's compliance with the ADA and Olmstead verdict to the extent the Commonwealth offers services to the individuals with intellectual and developmental disabilities, such services shall be provided in the most integrated setting appropriate to meet their needs.

Subsequently, DBHDS established a closure plan for four of the Commonwealth's five Training Centers which will be completed in 2020 with the closing of the Central Virginia Training Center. The three other Training Centers which have closed or are slated for closure include the Southside Training Center in Petersburg (closed in 2014), Northern Virginia Training Center in Fairfax (closed in 2016) and the Southwest Virginia Training Center in Hillsville (scheduled for closure in 2018). The savings from the closure of these facilities was to be invested in Community Based Services.

Five buildings on the CVTC campus were renovated reportedly incorporating the latest treatment modalities into the renovation design. These buildings (Building Numbers 8, 9, 10, 11 and 12) are referred to as the "Lower Quadrant" or "Rapidan Buildings" or "Lower Rapidan Buildings". It is these buildings in which the Commonwealth has tasked JTS to assess the potential for continuing operations after the slated closure date of 2020.

3. Methodology

JTS headed a team of professionals to complete this assignment. Our diverse team of professionals included an infrastructure and water resources engineering firm, a health care consultant to provide an opinion on the impact of Medicaid Reimbursements beyond 2020, a food service consultant, a cost consultant, an operations consultant, and an appraiser to determine the "likely" sale price of the five Rapidan Buildings to a private entity.

As the team began working on assignments, JTS collected and disseminated information to our team members. Information included drawings on the existing site and Rapidan Buildings as well background financials and census data. Simultaneously with the distribution of base line information, field work and research was undertaken.

An on-site review of the buildings and site at the CVTC campus was performed by a team of engineers, architects and operations consultants to assess the current condition and future operational viability of the Rapidan Buildings. From these on-site reviews we were able to develop financial models for future capital requirements and expenditures. Our team ascertained capital investment required to maintain the facility operations until the scheduled closing date (Year 2020); capital investment necessary to transition the site from the expansive current site down to just the five Rapidan Buildings or approximately 25 acres; and finally capital investment required to maintain the Rapidan Buildings 20 years beyond the 2020 closure date assuming the state continued to occupy and operate.

In order to determine the financial viability of continuing to operate the Rapidan Buildings as the "redeveloped" Central Virginia Training Center, our team gathered census data to determine projected population at CVTC, operational costs, and finally the projected impact on Medicaid reimbursements. Forecasts of census and Medicaid reimbursements are based on professional opinions and information available at the time of our research.

Different financial models were developed with each model being census driven. The financial models included anticipated capital costs, operational costs including direct care, support services, and utilities. We discuss the impact of other variables on the future financial viability including public vs. private operator, bond funding impact, and impact of potential Medicaid changes.

Finally, the conclusion section of this report summarizes the options and presents the advantages and disadvantages of each option. Additionally, we discuss other alternatives for the Rapidan Buildings, the site, and costs/ responsibilities of DBHDS after CVTC closes or remains open under a consolidated campus plan involving strictly the Rapidan Buildings. Financial models are presented in the Appendix.

4. Opinion of Medicaid Impact by Health Management Associates

See following report by Health Management Associates

HEALTH MANAGEMENT ASSOCIATES

Brief: Background for Central Virginia Training Center

PREPARED FOR

JTS ENGINEERING

BY

SHARON LEWIS

NOVEMBER 15, 2016

Introduction

The pending closure of the Central Virginia Training Center is occurring at a point in history when many states are grappling with modernizing their systems of support for people with intellectual and developmental disabilities, including the need to reduce or eliminate reliance on institutional settings – Virginia is not alone in this effort. The Virginia settlement with the Department of Justice anticipates that the state will accelerate a trend that was already occurring in the Commonwealth, in the reduction of reliance on large state operated intermediate care facilities for people with intellectual disabilities and the growth of home and community-based services. Even without the involvement of DOJ, Virginia expected the census in the CVTC to reach zero by 2023.

Should the state choose to pursue continued operation of the Central Virginia Training Center with a reduced number of residents beyond the current targeted closure date of 2020, many factors related to the operation of a Medicaid-funded system and the state's obligations under the Americans with Disabilities Act must be considered. This background brief provides information on relevant Medicaid policy and trends and Virginia's Medicaid-funded services for people with intellectual and developmental disabilities.

Medicaid Policy and Trends

Over the last three decades, home and community-based services (HCBS) across the United States have grown in large part due to beneficiary preference, as well as the requirement for states to meet their obligations under the Supreme Court's *Olmstead* decision, which found that the unjustified institutionalization of persons with disabilities violates the Americans with Disabilities Act.[1] As of 2013, fourteen states no longer fund large state operated institutions and several other states have "closed the front door" and are no longer admitting new residents. Twenty states reported serving no one with IDD in state-operated settings of 16 or more in 2013.[2] Two hundred nineteen state-operated IDD facilities with 16 or more residents closed between 1960 and 2013, and an additional 19 are scheduled for closure by 2020.[3]

In the year 2000, nationally there were 82,582 people in Intermediate Care Facilities (35,253 public; 47,329 private) and as of 2013 that number had fallen to 48,903 (25,049 public; 23,854 private.)[4] States are also reducing their reliance upon nursing facilities and other forms of institutional care; in 2014, 53.1% of all Medicaid-funded long-term services and supports expenditures were in HCBS, up from only 26% in 2000.[5] This trend is expected to continue as states seek to rebalance their systems away from

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[1] Olmstead v. L.C. 527 U.S. 581 (1999), http://www.law.cornell.edu/supct/html/98-536.ZS.html

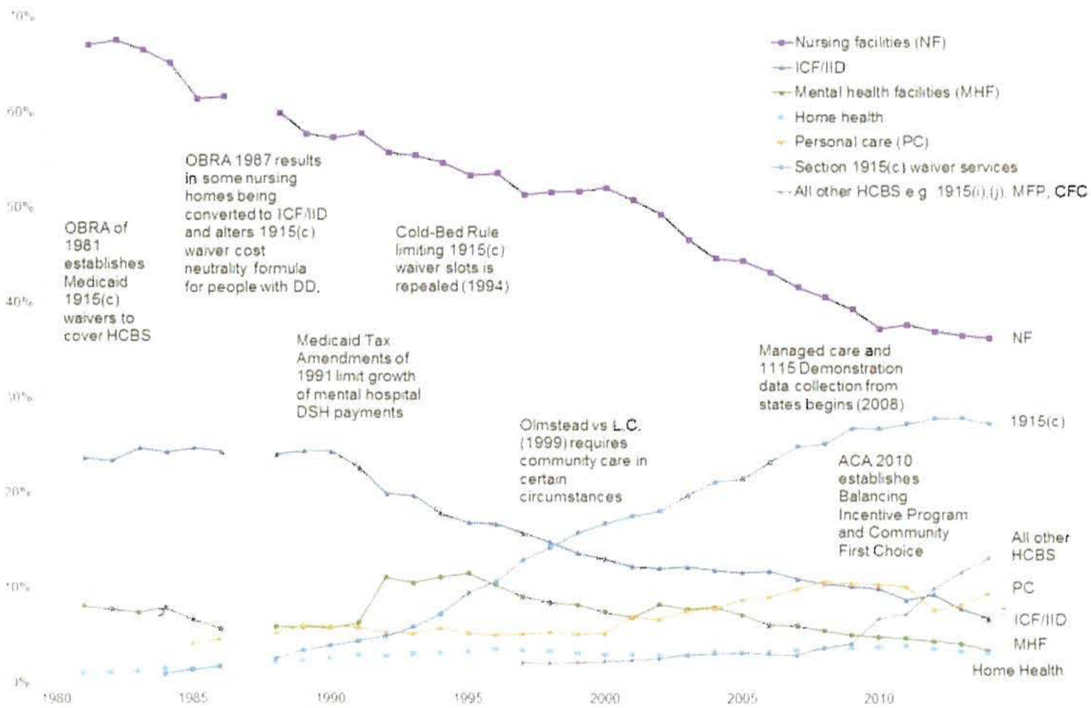
[2] Larson, S.A., Hallas-Muchow, L., Aiken, F., Taylor, B., Pettingell, S., Hewitt, A., Sowers, M., & Fay, M.L. (2016). In-Home and Residential Long-Term Supports and Services for Persons with Intellectual or Developmental Disabilities: Status and trends through 2013. Minneapolis: University of Minnesota, Research and Training Center on Community Living, Institute on Community Integration.

[3] Ibid.

[4] Ibid.

[5] Eiken, S., Sredl, K., Burwell, B., Saucier, P. (2016) Medicaid Expenditures for Long-Term Services and Supports (LTSS) in FY 2014. Truven Health Analytics. p. 3.

institutional care, using home and community-based waivers and other federal incentive programs, to reduce costs and serve people in the most integrated settings.



Source: *Improving the Balance: The Evolution of Medicaid Expenditures for Long-Term Services and Supports,,* Truven Health Analytics, 2016.

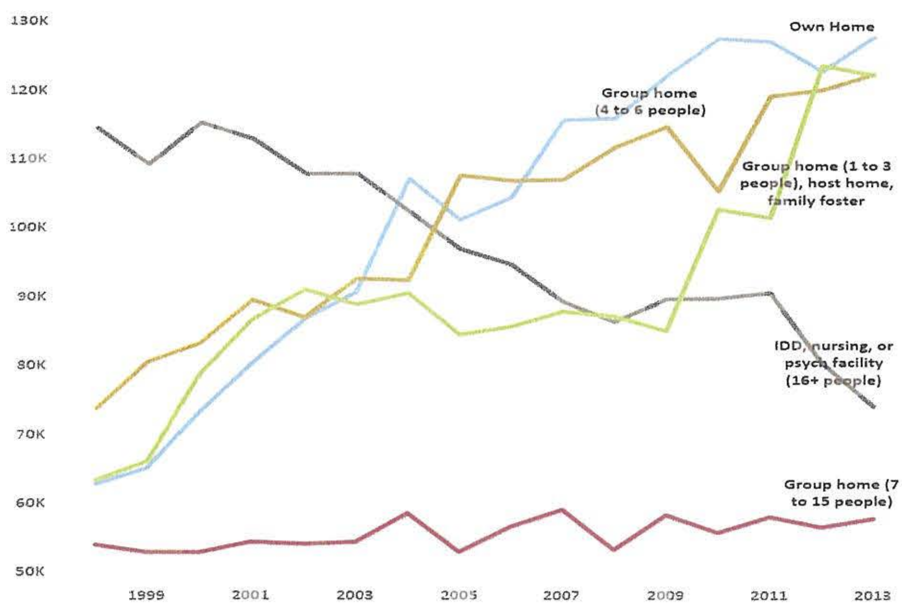
For over three decades, federal Medicaid policy (as established by Congress, the U.S. Department of Health and Human Services, and federal courts) has supported this move towards HCBS through expansion of programs and grants such as Real Choice Systems Change grants, Money Follows the Person, Balancing Incentives, Community First Choice as well as a wide range of authorities under Title XIX of the Social Security Act and enhanced match for HCBS. Over the past decade, the vast majority of federal regulatory activity and guidance[6] issued by CMS has been related to strengthening and encouraging growth and quality improvement of home and community-based services, while the regulations for Intermediate Care Facilities for people with Intellectual Disabilities (ICF/ID)[7] have remained unchanged since 1988 with very little updated guidance. The lack of focus on the ICF/ID program stems in part from the significant reduction in states' reliance on these institutions, and the growing recognition that even people with the most significant, complex medical and behavioral care needs can be well served in an integrated manner in the community with the appropriate supports and

[6] https://www.medicaid.gov/medicaid/hcbs/guidance/index.html, accessed 10/27/16.
[7] https://www.medicaid.gov/medicaid/ltss/institutional/icfid/index.html and https://www.cms.gov/Regulations-and-Guidance/Legislation/CFCsAndCoPs/Intermediate-Care-Facilities-for-Individuals-with-Intellectual-Disabilities-ICF-IID.html, accessed 10/28/16.

services. Since 1990, ICF/ID spending as a percentage of expenditures for people with ID/DD has decreased steadily,[8] representing less than 25% of all ID/DD funding in 2014, down from 70% in 1996.[9]

The cost of ICF/ID residential care is substantially higher than HCBS on a per-person basis. For adults in 2013, the average annual cost per person for waivers was $42,492 and $151,943 for ICF/ID residents.[10] For people living in state operated ICF/ID facilities of 16 or more residents, the average annual per-person expenditure was $260,975 in 2013.[11]

United States: Change in the size and type of residence for people with IDD who did not live in the home of a family member: 1998-2013



Source: *In-Home and Residential Long-Term Supports and Services for Persons with Intellectual or Developmental Disabilities: Status and trends through 2013.* Minneapolis: University of Minnesota, Research and Training Center on Community Living, Institute on Community Integration.

Concurrent with the reduction in overall expenditures on ICF/ID programs nationally, the number of people with ID/DD living in institutional settings has also declined dramatically, in both total population and as a proportion of people served in Medicaid-funded programs. Nationally, the majority of people with ID/DD receiving services are living in a family home (about 56%); yet across all states, at 16% Virginia has the lowest proportion of people in the service system who live with family members, compared with state ranges up to 85% (Arizona). The use of other non-institutional residential options

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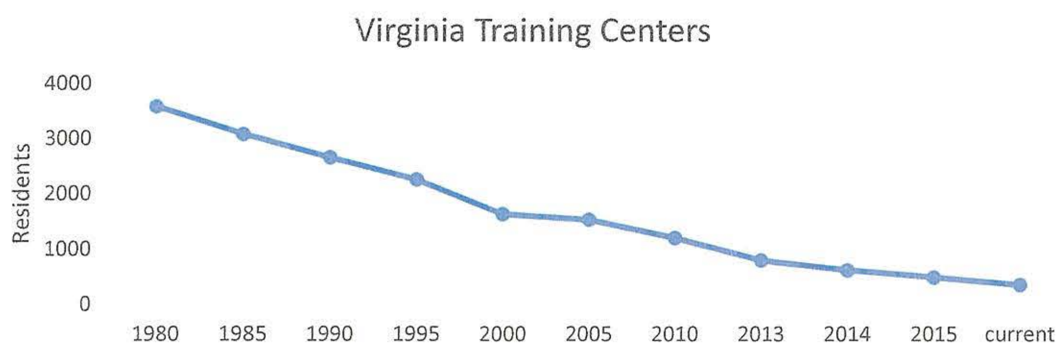
[8] Wenzlow, A., Eiken ., Sredl, K. Truven Health Analytics, Improving the Balance: The Evolution of Medicaid Expenditures for Long-Term Services and Supports (LTSS), FY 1981-2014. June, 2016.
[9] Ibid.
[10] Larson, S.A. et al.
[11] Ibid.

have also grown tremendously over the past decade in almost all states, including people living in their own home (not with family). As of 2013, most people who did not live with a family member lived in smaller settings: in a home they owned or leased (127,664), a group home, host home or family foster care setting with 3 or fewer people with ID/DD (122,117), or a group home shared by 4 to 6 people with ID/DD (122,262).[12] These trends show no sign of slowing, as demand for community integrated services increases, quality of life concerns grow, and states have determined that operating large institutions is simply too expensive when complex needs can be met in the community.

According to a recent CMS report by Truven Analytics, future trends in long-term services and supports (LTSS) for all populations will be affected by three major factors.[13] The incentives adopted by states to increase HCBS created in 2010 are just starting to have an impact, and as these programs mature and grow, it is anticipated that additional rebalancing will continue which will affect the trends as described here. Second, many states are adopting, or plan to adopt, Managed Care structures for their LTSS programs, including Virginia. States are using these MLTSS changes to encourage additional rebalancing as a component of improving program quality and cost savings. Third, the number of people needing supports and services is growing rapidly as the population ages, and how states approach supports for these older adults will affect the resources available for all recipients of LTSS services, putting additional pressure on states to reduce reliance on high cost settings and ensure that limited Medicaid funds can serve as many people as possible.

Virginia's ID/DD Service System

Virginia was one of the last states to adopt home and community-based waivers for people with ID/DD in 1991; only four other states waited longer to establish this option. At that time, there were 2,682 people in institutions in the Commonwealth; that number has declined steadily since.

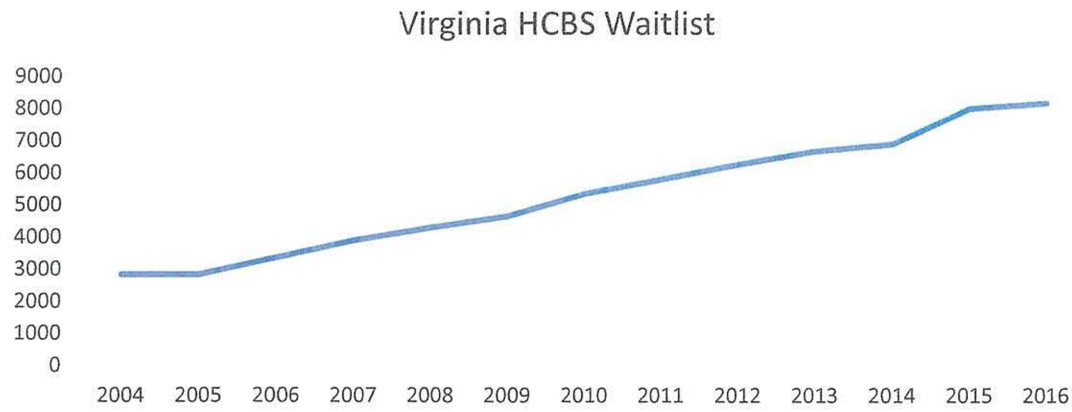


Sources: *In-Home and Residential Long-Term Supports and Services for Persons with Intellectual or Developmental Disabilities: Status and trends through 2013;* Virginia DBHDS Training Center Closure Presentation, Sept. 2016: http://www.dbhds.virginia.gov/library/developmental%20services/tc%20_closure_september_14_2016.pdf

[12] Ibid.

[13] Wenzlow, A.

At the same time, the demand for home and community-based services has grown rapidly, creating a significant waiting list, numbering over 8,000 people as of January 2016.[14] According to the Residential Information Systems Project (a longitudinal national ID/DD data set), Virginia would need to grow the HCBS waiver program by 81% in order to address the waitlist.[15]



Source: Virginia Department of Behavioral Health & Developmental Services

In order to address the requirements of the DOJ settlement, the Commonwealth established a plan to downsize and close the Training Centers, and use the cost savings not only to meet the needs of the former TC residents, but also to meet the growing demand for home and community-based services and people on the waitlist. While each person's needs are different and there is some variability in the cost of individual services, on average, two to four people could be served in the community for the same cost of maintaining a single residential placement within the Training Centers, given the annual average Medicaid funding for an ICF placement at $210,795 and an average Medicaid waiver cost of $83,676.[16] Meeting the waitlist demand and the closure of the Training Centers are closely interrelated issues as Virginia seeks to meet the needs of all eligible individuals with ID/DD in an equitable manner. In 2017 alone, savings from the downsizing of Central Virginia Training Center are anticipated to be $8,289,506[17] and these resources will be reinvested in serving people in the community.

In the recent process of the closures of the Northern and Southern Virginia Training Centers, the vast majority of residents chose to transition to the community successfully, with only about 8% of the

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[14] Virginia Department of Behavioral Health & Developmental Services, http://www.dbhds.virginia.gov/individuals-and-families/developmental-disabilities/waiver-services accessed 10/28/16.

[15] Laron, S.A. et al.

[16] Ibid.

[17] Virginia DBHDS presentation, Financial Update, DOJ Settlement Agreement Stakeholder Meeting September 14, 2016, http://www.dbhds.virginia.gov/library/developmental%20services/financial%20update_september%20fy17_stakeholder%20slides_final.pdf

population choosing to relocate to another institution. The majority of these individuals did transition to CVTC; seventeen residents at CVTC have transferred from the NVTC and SVTC closures.[18]

The average age of the residents at CVTC is just over 58 years old, with 80% of the residents over the age of 50, and nearly 20% over the age of 70.[19] The natural mortality rate over the past five years has been 19%.[20] Even without the state initiative to close the facility, the natural attrition is reducing the facility census. This is consistent with national trends as states develop new community-based models to serve younger populations with more complex support needs, and families expect integrated community services. Nationally, less than 20% of the adult ICF residents are under the age of 40,[21] and very few states allow children to live in Intermediate Care Facilities. In Virginia, over the past decade the Training Center admissions have declined from a high of 20 people in 2006 to 1 per year each in 2015 and 2016.

The CVTC population has a wide range of support needs, with about 80% of the residents experiencing multiple disabilities, but only 3 out of 180 remaining residents needing skilled nursing level of care.[22] There is little evidence that the remaining residents could not be successfully supported in the community, with appropriate person-centered planning and adequate resources for community providers.

The Commonwealth has made good strides in ensuring community provider capacity to meet the needs of individuals transitioning out of the Central Virginia Training Center. The current census of 180 people come from 34 different Community Service Boards,[23] so no single area is likely to be overwhelmed. For the 148 individuals in the ICF, there are currently 103 available residential options to choose from, with 25 additional options in development; for the 32 people in the Skilled Nursing Facility at CVTC, there are 9 currently available options and 24 in development.[24]

The FY2017 CVTC operating budget of $67,932,195 includes annual payroll costs of $52,082,856, representing 2189 FTE.[25] With only 180 current residents, that represents a per person expenditure of $377,401 for all costs; $289,349 per person for staffing. As the census declines, some savings can be achieved with a reduction in FTE and reduced use of space. However, many of these costs are fixed and unlikely to decline proportionately with the number of residents, as the Commonwealth needs to continue to meet the medical, social and support needs of the remaining people living at CVTC twenty-four hours a day. It is unlikely that the staffing cost of $289,349 will remain level or decrease with a reduced census in the CVTC; based upon other state experiences, it can be assumed that as the number of people declines, that per-person cost will rise.

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[18] Information provided by VA DBHDS by email upon request, November 1, 2016.
[19] Ibid.
[20] Ibid.
[21] Larson, S.A. et al.
[22] Ibid.
[23] Ibid.
[24] Ibid.
[25] Information provided by JTS Engineering by email upon request, October 24, 2016.

Maintaining the Central Virginia Training Center Beyond 2020

Privatization Option: Reviews of research related to cost effectiveness of different institutional models serving people with ID/DD show mixed and inconsistent results, primarily due to the impact of staffing costs, which cause several methodological problems in general cost studies. These problems include (a) the lack of comparability between groups of residents; (b) the lack of adequate case-mix controls; (c) differences in data-collection and cost-aggregation methods across groups; (d) the exclusion of critical categories of some costs such as medical expenses and capital costs; and (e) extreme variability in costs, cost shifting, and statistical-modeling problems.[26] Any comparison of cost-effectiveness between public and private operations also needs to consider quality of care, which requires agreed-upon metrics to define and measure quality, such as survey and certification citations, abuse and neglect data, quality of life indicators, and medical and social outcomes of residents. Without a detailed statistical cost study involving regression analysis that incorporates functional and medical assessment of the residents, staffing patterns and expenditures, operational cost reporting, and comparing this analysis to cost assumptions from potential future operators, it is not possible to determine definitive costs or benefits of potential privatization.

In reviewing several other states that continue to operate large private ICFs (16+ people), the average annual cost ranges greatly; several states with a significant proportion of their population in private facilities do fall below the national average of $260,975 for state-operated facilities, but an initial review of these states demonstrates the wide variation in per-person expenditures and a mix of ICF approaches, and does not provide strong evidence of cost savings attributable to privatization. Additionally, many of the states with private ICFs have substantially smaller facilities and campuses than CVTC, so any comparability is limited.

State	% of ICF population in private 16+ setting	average ICF per person annual cost
AR	14%	$111,737
FL	64%	$117,561
IL	41%	$71,982
MS	29%	$107,382
NE	56%	$79,338
NJ	20%	$225,316
NY	16%	$404,669
OH	15%	$111,474
PA	42%	$170,579
WI	53%	$183,353

Source: *In-Home and Residential Long-Term Supports and Services for Persons with Intellectual or Developmental Disabilities: Status and trends through 2013.* Minneapolis: University of Minnesota, Research and Training Center on Community Living, Institute on Community Integration.

[26] Walsh, K.K., Kastner, T.A., & Green, R.G. (2003). Cost Comparisons of Community and Institutional Residential Settings: Historical Review of Selected Research. Mental Retardation, 41(2).

CVTC with smaller census: Based upon state and national trends, the demand for large ICF services is unlikely to grow, and as the population ages, maintaining a census that supports the operations of a large facility will be challenging. Over the past decade, Virginia Training Center Admissions have declined from a high of 20 people in 2006 to 1 per year in 2015 and 2016, with only 6 or fewer admissions statewide most years. Under the current agreement with DOJ and the Commonwealth's plan, new admissions are slated for Southeastern Virginia Training Center only; it is unlikely that the state will need any capacity at CVTC beyond 2020. Any residents who choose to retain an ICF residence will likely be able to be served at SEVTC.

Further investments in the CVTC physical plant should be considered within the context that it is unlikely that there will be more than a small handful of people who will reside in the facility beyond 2025, even if the state were to choose to maintain operations at CVTC, given the average age of the residents and the life expectancy and natural death rates, the low likelihood of new admissions, and the fact that federal and state policy trends do not contemplate growth in large ICF/IDs.

The operating costs for an ICF/ID are largely driven by staff and payroll. Staffing patterns are dependent upon the number of residents and their care needs, but FTE numbers are not necessarily proportionate to the number of residents. The CVTC's current payroll of $52,082,856 to support 180 residents[27] could be reduced in many staffing categories in order to support only 75 residents, but other roles many not be eliminated or reduced. Few of the FTE are related to maintaining grounds and plant (less than 10% of the total); most of the other FTE would not be directly affected by the proposed smaller campus size as they are responsible for providing care and services directly related to obligations to the residents under Medicaid (direct support staff, nurses, physicians, therapists, administrative staff, etc.). Analysis of the allowable staff reductions to support a smaller population is beyond the scope of this report, but other state experiences have demonstrated limited ability to reduce the annual per-person expenditures in large ICF facilities as the population shrinks.

As a general rule, as large ICF facilities downsize, the per-person expenditures increase. For example, at Southeastern Virginia Training Center, the per-person cost in in 2015 was $375,250 for 69 people, and in 2016 was $379,058 for 65 people.[28] It can be expected that the per-person costs at CVTC would similarly rise as the population was reduced through individuals choosing to transition to the community, death and attrition. Frequently, the last residents in an ICF/ID are those with the highest support needs, which also contributes to the rising per-person expenditures.

Other states have experienced similar cost trends. For example, in 2003 Delaware had 218 ICF residents (primarily at the Stockley Center – Delaware's single state ICF) for a per-person cost of $130,799. As the state downsized the ICF population, per-person costs grew. In 2008, Delaware had an ICF population of

[27] Ibid.

[28] Information provided by JTS Engineering by email upon request, October 27, 2016.

138 and per-person cost of $216,189, and by 2013 the ICF population reached a low of 56 and a high per-person-cost of $414,683.[29]

Similarly, costs per-person have risen in Montana as the state has downsized the Montana Developmental Center. In 2001, a census of 119 people resulted in per-person costs of $118,160. By 2013 the population fell to 51 and per-person costs rose to $218,028.[30]

Federal share of participation in ICF/ID funding does not increase when per-person costs rise, as state Medicaid expenditures are matched based on a formula set at the federal level. Federal funding will match, but not offset, state spending when costs rise. In Virginia, costs are matched 1:1, and additional per-person costs of maintaining the CVTC with a declining population will also be paid with 50% state and 50% federal funding. Enhanced Medicaid matching funds for LTSS are available to states through different incentive programs, but only for home and community-based services, and Virginia has not pursued any of these options. As such, a decision to maintain some number of the current residents at CVTC beyond 2020 would likely result in significant per-person costs to the state, especially compared to the cost of meeting the needs of these individuals through home and community based waiver services.

Finally, the Medicaid expenditures for CVTC have to be considered in the context of the other state obligations under both Medicaid and the DOJ settlement. If the state decides to maintain residents at the CVTC, regardless of total cost, Virginia would still have to allocate additional funding to cover the budget obligations because the closure plan uses the offsets to cover the waiver costs for other Virginians to reduce the HCBS waitlists.

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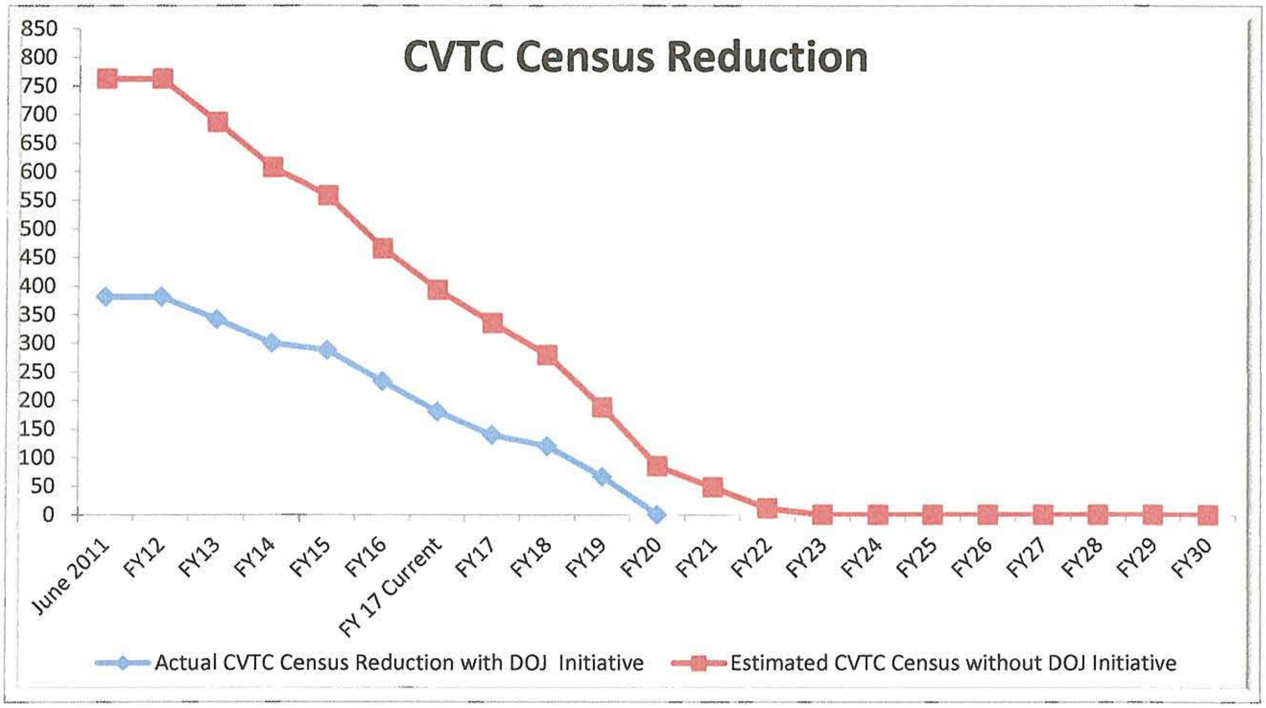
[29] Larson, S.A. et al.

[30] Ibid.

5. Census Projections

We initially reviewed the DBHDS census reductions just prior to the DOJ Settlement, the census reductions after the DOJ settlement, and the Agency's projected plan to comply with the DOJ settlement. As part of the census information provided to us, the Agency shared the chart below which is part of their plan to comply with the DOJ Settlement.

State projection on CVTC census if the state had not taken action on the closure plans, through 2030



- Average for Actual CVTC Census Reduction with DOJ Initiative is approximately 40/year
- Average for Estimated CVTC Census Reduction without DOJ Initiative is approximately 37/year.

The above chart shows the facility with less than 10 residents in 2023 without the DOJ Settlement. This natural occurring census reduction was due to a greater commitment to integrating individuals into the community coupled with natural mortality.

We then made our own census estimates to verify the Agency's plan. As with all census projections, ranges are generally provided. For purposes of this report, our assumptions were made to project a highest census as possible or a "worse-case" scenario.

We started with the current population. The current resident population of CVTC at the writing of this report is 180 residents. Of these 180 residents, 32 reside in Building 31, the Skilled Nursing Facility (SNF). The SNF is slated for closure as the agency has opted to no longer offer these and will forgo licensure renewal. Of these 32 individuals, only 3 were determined by CVTC staff to require skilled nursing level care and the facility is working with the families to find alternate accommodations. Seven of the individuals have already found alternate accommodations and will be out by December 31 resulting in 22 remaining individuals. Of the remaining individuals, 4 have identified homes and 9 others are actively seeking homes. Thus, the census will be reduced to 157 based on the imminent decertification of Building 31, if no further placements are found.

We then looked at the IDD diagnosis of the population at CVTC. According to information provided, 13 of the individuals currently at CVTC are diagnosed with mild or moderate levels of IDD. According to the Olmstead Decision and ADA, only individuals with severe or profound diagnosis would be considered eligible for continuing residence at an institution. Thus, for compliance with the Olmstead Decision, we have presumed these individuals would be integrated into the community resulting in a census of 143.

We then looked at the natural mortality rate of the remaining population from now till the Year 2020. There were multiple methods to approach this number. We first looked at the mortality rate of the residents at CVTC from the previous four-year period. The rate was 19% based on 72 deaths with a beginning census of 381 in year 2012. Thus, we applied the 19% rate on the remaining 143 residents. Applying this rate, we have projected 28 deaths by natural causes resulting in 115 remaining residents in the Year 2020. However, the 19% rate fails to account for the fact that there have been no new admissions and this population has aged four years. Subsequently we would expect the 19% rate to be significantly higher as the population ages.

For a more accurate projection of mortality rates, we then looked at applying mortality rates based on findings published in recent journal articles. According to the article <u>Mortality of People with Intellectual and Developmental Disabilities from Select US State Disability Service Systems and Medical Claims Data</u> by Emily Lauer and Phillip McCallon as published in the Journal of Applied Research in Intellectual Disabilities, the average age at death for individuals in state intellectual and disabilities system was 50.4-58.7 years and 61.2-63.0 years using Medicaid Data. The ranges account for the differences in sex as women tend to live longer. We were unable to find published data which published the average age at death sub-categorized on IDD diagnosis or as with the individuals at CVTC coupled with another diagnosis such as epilepsy, cerebral palsy, autism, etc. In general, research articles including the one cited above stated that individuals diagnosed with mild IDD have a mortality rate approximating the general population which is age 78 while individuals with severe or profound IDD were significantly lower. Since the average age at death quoted above includes mild IDD diagnoses we would then expect the average age at death to be less than the ages quoted above. For purposes of this study, we applied an average mortality age of 63 years using the Medicaid Data. (In reality we would expect an age lower than 63 but again we are using a "worse-case" scenario.) We then applied the 63 year age at death to projected ages of the population at CVTC in Year 2020. For reference, the current median age at CVTC is age 59. Thus, in the Year 2020 we would expect to have approximately half the population pass away from natural causes between now and the Year 2020. This method results in approximately 72 remaining residents.

Taking into accounting mortality rates, the number of available beds needed in the community by the Year 2020 will be between 85 and 128. (This includes the 13 individuals diagnosed with slight or moderate IDD who will more than likely require a group home setting based on compliance with the Olmstead Decision.) According to information provided, there are currently 29 Community Providers with 103 available options and 5 providers in development with 25 additional options. Thus, the total number of available options by June 2017 will be 128. Our review of the CSBs of the remaining residents shows a broad spectrum of CSBs represented; thus, one CSB will not be overwhelmed. Finally, in discussions with the Director at the Southeast Virginia Training Center, there will be 8 beds available for transfers from CVTC, if needed.

Thus assuming DBHDS continues to pursue integrated community options for its remaining residents, as required by the Olmstead Decision, there should be available options in the community taking into account average life expectancies. We have based our life expectancies on broadly-applied averages and though we made conservative assumptions, we did not conduct individualized medical assessments of the individuals.

Under a second (or worse case) scenario, we assumed the state would cease striving to attempt to comply with the Olmstead Decision and continue to fully operate CVTC. (This assumption is represented by the red line in the above-chart.) In other words, we assumed that the institution would continue to operate for the remaining CVTC residents that were diagnosed with severe and profound IDD until their natural mortality. Additionally, according to our healthcare consultant, at most, there would be 1 new state-wide "crisis" admission per year. Using the conservative age of 63 as the average age of morality and one new admission per year, the census at CVTC would reduce as follows:

2020 – 72 residents
2024 – 22 residents
2026 – 16 residents
2028 – 11 residents
2030 – 8 residents

If we apply the lower age at the spectrum then the population decreases at a more accelerated rate. Our projections our slightly higher than DBHDS projections. This might be due to the fact we used the upper age limit and we assumed CVTC would admit one "crisis" resident per year.

A private operator would be bound to the same requirements as the Commonwealth including the Olmstead Decision, the American with Disabilities Act, and Medicaid regulations assuming Medicaid funding continued, and thus no difference in census projections would be anticipated.

References

- Mortality of People with Intellectual and Developmental Disabilities from Select US State Disability Service Systems and Medical Claims Data by Emily Lauer and Phillip McCallon as published in the Journal of Applied Research in Intellectual Disabilities, Volume 28, pp 394-405, 2015
- Life Expectancy of People with Intellectual Disability: a 35-year follow-up Study, by K. Patja, M. Iivanainen, H. Vessla, H. Okasnane, & I. Ruoppila, Journal of Intellectual Disability Research, Volume 44 Part 5, pp 591-599, October 2000
- 2015 Annual Mortality Report, Georgia Department of Behavioral Health and Developmental Disabilities, August 16, 2016

6. Capital Costs

In order to determine the required Capital Construction Costs, three teams were assembled to quantify these requirements. JTS lead the team which assessed the existing conditions of the Rapidan Buildings including but not limited to interiors, HVAC systems, electrical systems, and building exteriors. A second team of engineers which included our consultant Wiley/Wilson assessed the site infrastructure including the water and sewer systems, roads, electrical distribution, chill water loop, and site lighting. Both teams began their field work on October 17, 2016. The assessments included visual observations of the building and site components, reviews of drawings and previous engineering studies, and finally interviews with individuals knowledgeable of the buildings and site. A Remaining Useful Life (RUL) was established for each component based on our visual observations, age of the item and the Expected Useful Life (EUL) of the component based on Industry Standards. The third team was headed by Richard B. Fisher, Ph. D, AIA, who assessed the existing support facilities in order to determine the requirements for relocating support services closer to the Rapidan Buildings in order to establish a smaller/compact campus site. ,

The results of the three evaluations have been categorized into one of three requirements; capital requirement required between now and 2020; capital or transition costs associated with reducing the footprint of the campus; and finally, capital costs associated with operating the Rapidan Buildings 20 years beyond the 2020 closure date in five year increments.

Our results are summarized below. For further details, explanation and sketches which formed the basis of these cost, please the detailed engineering reports which follow.

6.a Capital Costs, Present - 2020

During our team's assessment of the Rapidan Buildings and site, we identified three capital needs necessary for this quadrant of buildings to continue to reliably function for the next 4 years. These capital investments are driven by environmental compliance and the health, safety, and welfare of the residents, visitors, and staff. The categories we noted were as follows

1. Sanitary Repairs and Cleaning	$50,000
2. Storm Sewer Repairs and Cleaning	$30,750
3. Replace Failed Site Lighting & Distribution	$45,000
Construction Sub-total	$125,750
A/E and Oversight Costs @ 26%	$ 32,695
Sub-Total in 2016 Dollars	$158,445

We assumed work would incur in 2017 and a 3.5% inflation rate.

TOTAL CAPITAL COSTS TO MAINTAIN FACILITY THRU 2020 $163,991*

* The Commonwealth may want to set aside contingency funding as our team identified additional components which have exceeded their useful and may require either emergency repairs or replacement to maintain operations such as water lines, chillers, and chiller water loop.

6.b Transition Costs

Our team evaluated the existing infrastructure, buildings and space allocation to determine the required modifications for the Rapidan Buildings to function independently of the main campus. From these assessments, we developed three categories of capital costs necessary to reduce the footprint of the campus into a consolidated campus layout; utility and infrastructure costs, modifications to the existing Rapidan Buildings, and costs associated with relocation of support services.

Relocation Costs of Support Service

The need for a Support Services Building is predicated on the Community Based Residential Services (CBRS) relocation of those residents currently residing in Building 31 and Buildings 14 thru 20 by 2020. When 2020 arrives, the CVTC population should have support services terminated in the current main campus locations (Buildings 60 and 65, Building and Grounds Areas, Warehouse, etc.) with the shift to the New Support Services Building at the Rapidan Buildings. Additionally, it may be required to construct a new entrance to the Rapidan Buildings from Route 210 depending on the redevelopment plan of the remainder of the site.

Support services include Central Administration, which is the facility management team (Director, ADA, CFO, their administrators), patient psychiatric/psychological/social work support, Fiscal Office for Financial Management, Human Resources, Security, Compliance, IT, Physical Plant with imbedded Transportation and House Keeping, Warehouse with imbedded Purchasing, Medical Suite with exam rooms and nurses station, pharmacy, dental suite (no overnight accommodation), Food Service, Employee Training with 2 Classrooms, Nursing Services Office, IT Demarcation and service room with offices and work rooms. Maintaining these support services in their existing location is an untenable situation as it would prohibit any future sale of the balance of the property, places an on-going financial burden on the infrastructure and security requirements, and establishes an unwieldy management structure.

We reviewed space utilization requirements necessary to house the support functions at or near the Rapidan Buildings. Our initial idea was to convert one of the existing Rapidan buildings into use as a support building; however, this idea proved unworkable as the buildings did not lend themselves to this use and would require substantial renovation costs, if they could be converted, coupled with the loss of 24 beds made this option unfeasible.

Thus, it was determined that the optimum solution was to construct a new support services building. We began a preliminary programming effort on a new support services building. For our base line comparison we used the new Support Services Building (Building 1) at the Southeast Virginia Training Center in Chesapeake, Virginia. We reviewed the drawings and interviewed personnel at the site. We determined, that the new CVTC building would need to incorporate IT and Administrative Space currently housed in Buildings 28 and 29 at SEVTC. We also assumed that the following services would be outsourced: grounds keeping, snow removal, medical doctors, dentistry, vehicle maintenance, major HVAC and electrical maintenance, and ambulance service. The resultant building was a single-story structure encompassing approximately 38,000 square feet with an adjoining 120 vehicle parking lot.

Based on our experience with buildings of a similar construction type (single story Business Classification), we have seen construction costs vary in the central Virginia region between $290 and $310 per square foot. For preliminary budgeting purposes of this report, we have used a construction cost of $300 per square foot. Then we added site improvements; a new 120 vehicle parking lot adjacent the support building. A new access road from Route 210 may be needed; however, we have not included these costs because further evaluation is required. We then applied a factor of 26% to account for the project "soft" costs such as A/E fees, special inspections, State Reviews, commissioning, project over sight, etc. Then we accounted for the fixtures, furniture and equipment (FFE) by a applying a factor of $25 per square foot. Finally, we projected that the majority of costs would be incurred in 2019 and applied 3 years of inflation.

Building Construction Costs (38,000 sq, ft @ $300 per sq. ft)	$11,400,000
New Parking Lot (120 vehicles)	$ 143,000
Soft Costs @ 26%	$ 2,967,718
Project Sub-total in 2016 Dollars	$14,510,718
FFE (38,000 sq. ft. @ $25.00 per sq. ft.)	$ 950,000
Project Sub-total in 2016 Dollars	$15,460,718
Adjusted for 2019 Dollars (Assume 3% inflation per year)	$16,894,344*

**This project budget does not account for altering the facility entrance or creating a new access road which may be required.*

The Support Services Building should be operational by 2020 if the General Assembly decides to continue operation of that part of the CVTC Campus known as the Rapidan Buildings (Buildings 8 thru 12). The likelihood of greatly reduced admissions (which have been predicted by one some sources as 1 per year) may affect the reducing patient population through mortality attrition, projected by some to have zero population by 2030.

Infrastructure and Utilities

The Engineering report addressed utilities and infrastructure components and systems that will require modification to support the compacted campus site. A complete evaluation of the systems was conducted and the detailed report follows this synopsis. Briefly, the following systems were identified as requiring upgrades or modifications. The following repairs/upgrades should be completed prior to the 2020 transition should the General Assembly decide to continue operations of the part of CVTC Campus known as the Rapidan Buildings (Buildings 8 thru 12).

- Domestic Water System: Replace lower Rapidan water lines, portion of the main campus water line, and install individual meters.
- Sanitary Sewer System: Replace Sewer at Lower Rapidan, replace sewer outfall, install grinder station, and miscellaneous repairs.
- Chilled Water Loop: Replace chilled water loop for Lower Rapidan Buildings.
- Chillers: Replace the two oversized chillers with optimum sized chillers.
- Road Network and Parking: Modify entrance, pave existing roads, and provide new parking.

Infrastructure Construction Costs	$4,335,700
Soft Costs @ 26%	$1,127,782
Sub-total	$5,462,982
Adjusted for 2019 Dollars (Assume 3% per year)	$5,969,548

Building Modifications

Two items in conjunction with the buildings will require refurbishment/upgrade at the transition period. At the chiller plant, replacing the outdated electrical system and installing a relocated generator at the Chiller Plant ($208,000) and the installation of new illuminated site and exterior building signage including directional signage ($30,000).

Building Modifications	$238,000
Soft Costs @ 26%	$ 61,880
Sub-total	$299,880
Adjusted for 2019 Dollars (Assume @ 3% per year)	$327,687
TOTAL TRANSITION COSTS (2019 Dollars)	**$23,191,580***

Additional costs for road enhancements may be required pending the utilization plan for the site.

We then determined the annual cost assuming the Commonwealth of Virginia would finance the transition costs with debt. We assumed the debt would be financed at an annual 4% rate with a single annual payment. We provided financial models based on the three time frames in the proposal request.

Annual Payment with 10 Year Financial Model	$2,469,400
Annual Payment with 15 Year Financial Model	$2,005,650
Annual Payment with 20 Year Financial Model	$1,640,844

6.c Capital Requirements, 2020-2040

The final item to be addressed as far as capital costs is the Capital Requirements after the campus is consolidated to a smaller foot print in 2020. The RFP requested three different financial models be addressed; ten, fifteen, and twenty years. Here, we have amortized the capital costs. In order to accomplish this, we summed all the capital costs, then we determined an annual average and projected the annual aver for mid-term. For the ten-year financial model, we totaled the anticipated capital costs for the first ten years (Years 2021 thru 2030), determined the annual average, and projected the annual capital costs in 2025. For the fifteen year model, the initial ten years were previously determined; hence, we added the anticipated capital costs for years eleven thru fifteen (2031 thru 2035) and determined the average in 2016 dollars then projected the annual cost to 2033 dollars. The final financial model was accomplished in the same manner. For a detailed explanation of the costs see the following engineering assessments.

Ten Year Model

Total Anticipated Capital Costs for Years 2021 thru 2030	$1,176,264
Average Annual Costs	$117,626
Annual Costs in 2025 Dollars	$172,800

Annual Capital Costs for Years 1-10 is $172,800.

Fifteen Year Model

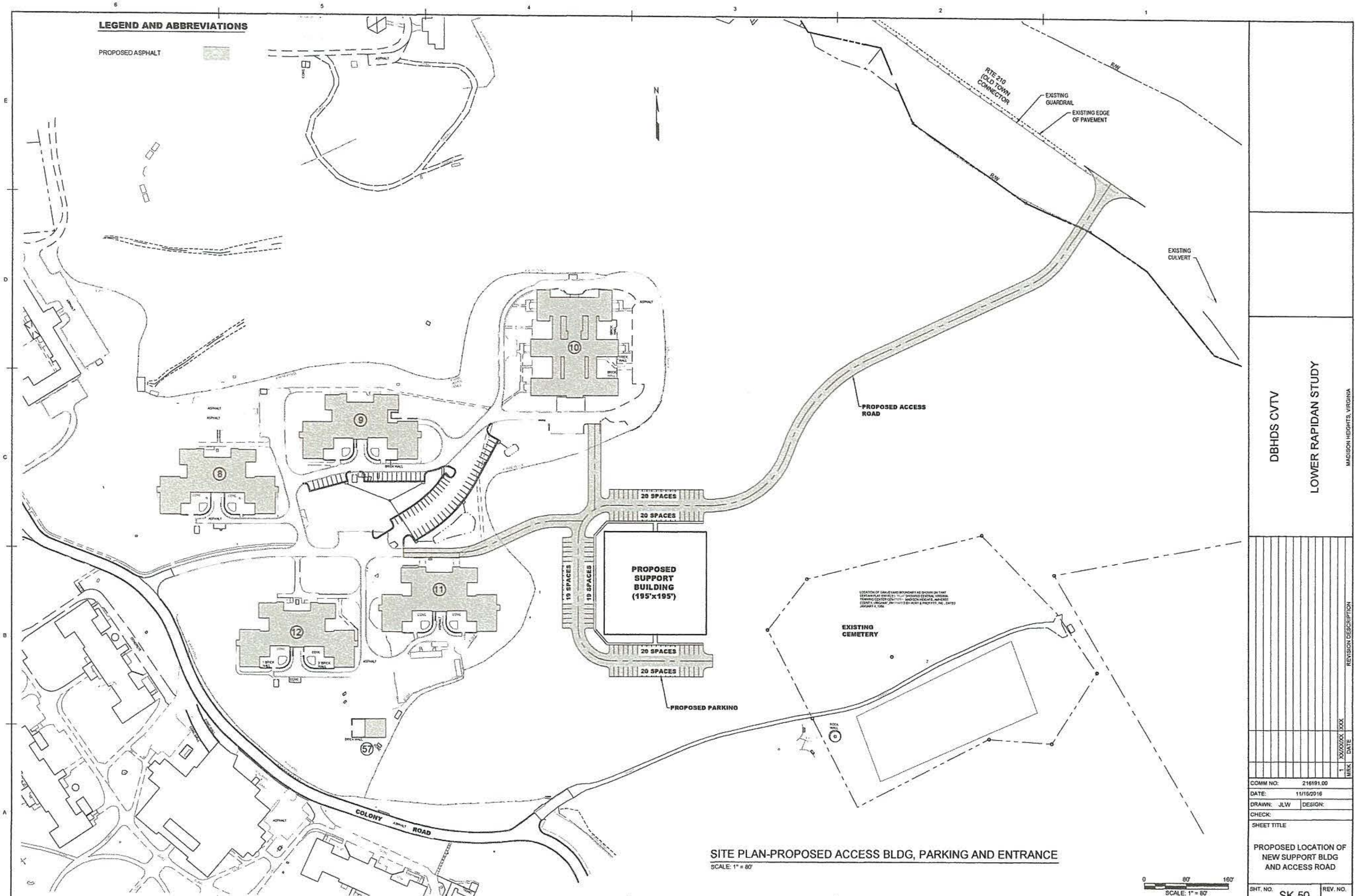
Total Anticipated Capital Costs for Years 2031 thru 2035	$848,727
Average Annual Capital Costs for Years 2031 thru 2035	$169,745
Annual Costs in 2033 Dollars	$272,500

Annual Capital Costs for Years 11 thru 15 is $272,500

Twenty Year Model

Total Anticipated Capital Costs for Years 2036 thru 2040* is $0

Our financial model assumes facility will close in Year 2040 and hence no further capital investment is anticipated towards the end of the facility's useful similar to the current funding at CVTC.



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6.d Infrastructure Assessment by Wiley Wilson

6606 West Broad Street | Suite 500 | Richmond, VA 23230 | 804.254.7242

Wiley|Wilson®
Constant Progress

November 14, 2016

Mr. Kenneth J. Cordo, P.E., LEED AP, CDT
JTS, LLC
Construction Engineering Services
7723 Rock Creek Road
Henrico, Virginia 23229

Re: Department of Behavioral Health and Developmental Services (DBHDS)
Central Virginia Training Center – Alternative Approaches
Lynchburg Virginia
Wiley|Wilson #216191

Dear Mr. Cordo:

As per our proposal letter dated, September 27, 2016, Wiley|Wilson has completed a study of the utility systems serving the Lower Rapidan area of the Central Virginia Training Center (CVTC). The Lower Rapidan area is located near the entrance to the CVTC in the northeast area of the campus off of Colony Road. The purpose of the study is to assist in determining the feasibility of continuing to operate the Lower Rapidan area of the CVTC campus beyond the scheduled closure date of June 30, 2020. Our study looks at the operational feasibility and cost associated with maintaining the domestic water, sanitary and storm sewers, gas, chilled water, fire protection sprinkler, and electrical service systems. Our evaluation has been completed based on review of existing information, field observations, discussions with the Amherst County Service Authority (ACSA), and meetings with CVTC staff. We have included cost associated with repairs, and or upgrades to the facilities for the period from today till 2020, the transition period and the five, ten, fifteen and twenty year life expectancy. In addition, we have shown the roads on the campus that will need to remain in service.

Road System Network

The current road system throughout the campus is owned by DBHDS. Over the years, VDOT has assisted the CVTC in maintaining the road system. Even though the Lower Rapidan area is near the entrance to the campus, on Colony Road, more of the road network will need to remain in operation. Access to the following areas will be required:

- The water storage tanks
- The water booster pumping station
- The Memorial Gardens Cemetery
- The VC Trailer Park
- Potential access to the Heritage Trail system along the James River (gravel)

- Access to the ACSA sewer pumping station and adjacent property owners. This road was used to access the CVTC picnic area which is now closed. (gravel)

There are approximately 7,000 linear feet of roads that will remain in service and they are in fair condition. Ongoing maintenance is required to maintain that condition including future paving overlays. The roads do not appear to meet current VDOT requirements. A meeting with VDOT would be required to determine the feasibility of VDOT accepting and maintaining the roads. In any case, who will have the responsibility for the continued operation and maintenance of the road system network needs be determined. A cost estimate for a paving overlay has been completed. Cost associated with any other road maintenance has not been included at this time.

A map is attached showing the road system that is required to remain in service.

Amherst County Service Authority

Amherst County Service Authority (ACSA) provides domestic water and accepts sanitary sewer discharge from the CVTC. The CVTC is responsible for the operation and maintenance of the on-campus (private) water from the water meter near the 5th Street Bridge to the Lower Rapidan area and the sanitary sewer lines within the Lower Rapidan area to the connection to the ACSA's Williams Creek sewer. It cannot be determined if the current system meets the ACSA standards. The current water and sewer systems were constructed 50-75 years ago and are reaching their useful life. For the ACSA to take over the water and sewer facilities serving the Lower Rapidan area, the following would be required:

- Replace the water and sewer lines serving the Lower Rapidan area
- Remove any roof leaders that may be connected to the sanitary sewer
- Install a sewer grinder on the line discharging from the Lower Rapidan buildings
- Provide individual meters for each building
- Provide a recorded easement for all water and sewer lines
- The new owner/developer should be responsible for any relocation of water and sewer lines if required

Since the existing water storage tanks and water booster station were recently renovated no additional improvements to these facilities would be required at this time.

In December, 2014, the ACSA contracted with Hurt and Profitt to determine the cost of replacing the on-site (private) water and sewer lines that could be potentially taken over by the ACSA for O&M. In order to provide water and sewer service to the Lower Rapidan area, all the lines in the Hurt and Profitt report will not need to be replaced. The below evaluation only addresses the improvements that need to be completed to serve the Lower Rapidan area. The evaluation has assumed that the ACSA will take over the water and sewer system serving the Lower Rapidan area.

Domestic Water System

Domestic water is provided by the Amherst County Service Authority (ACSA) through a 10" and 8" water line crossing the James River from the City of Lynchburg near the 5th Street Bridge. The CVTC is responsible for the operation and maintenance of the water system beyond the water meter near the 5th Street Bridge. A 6" backup/emergency connection is located on Colony Road near the entrance to the campus. This line could not provide primary service to the area without improvements within the ACSA's system and a water pumping system. The extent of the improvements within the ACSA's system have not been identified. Most of the water mains on campus were constructed in the 1940-60's. The 10" and 8" water line flows to a water booster pumping station which pumps to the two elevated water storage tanks. The elevated water storage tanks provide pressure and fire flow to the campus. In the 1970's, a portion of the 8" line was replaced with a 10" water line. In the mid 90's a new 8" water main was installed from the water pumping station across campus to the elevated storage tanks.

In addition to serving the CVTC campus, the domestic water system also provides water to the VC Trailer Park. The area is served by a 6" water main that is metered by the ACSA.

The Lower Rapidan area is served by an 8" water line along Colony Road from the water storage tanks. A portion of this line was replaced in 2013 to serve Building #12. At that time, a design was completed to replace all the water mains within the Lower Rapidan area, but only the line to Building #12 was constructed. Since this area may continue in operation, due to the age of the water lines within the Lower Rapidan and ongoing corrosion issues, it is recommended that the water lines designed in 2013 be replaced within the transition period. In addition, the cost associated with individual water meters to each building has been included. As previously stated most of water lines serving the campus were constructed 50-75 years ago and are reaching their useful life expectancy. Therefore to continue to provide reliable domestic water approximately 6,700 linear feet of water line should be replaced in the transition period.

The water booster pumping station was visited with the CVTC staff. It is currently in good operating condition. The facility was upgraded approximately ten years ago. The facility appears to have no need for any initial repairs or improvements. A potential upgrade may be needed in the 2025-2030 period. In addition, the two elevated water storage tanks were recently rehabilitated/painted. Future rehabilitation/painting could be anticipated in the 2030-2035 period.

Since the water system will only be serving the Lower Rapidan area and the VC Trailer Park the water demands will be low. The low demands and the length of the water main may cause water quality/water age issues. To prevent water quality issues, either additional disinfection or a flushing program will be required. Another option for reducing the water age would be to only utilize one of the two water storage tanks. It is recommended that only one tank be utilized if fire flows and pressures are adequate. Initially, a regular flushing program is recommended. With a flushing program, water is being purchased through the ACSA meter that ends up being wasted on the ground when the lines are being flushed. A new disinfection station will require an initial capital project and ongoing operation and maintenance. If the flushing program is determined not to be effective, a future capital project may be required for additional disinfection.

A connection to the corrections facility off of Route 210 was evaluated. In order to utilize the water system in this area, an extension of approximately 8,800 linear feet of water main and a water pumping station would be required. In addition, unidentified improvements within the ACSA's system would be needed. This is not considered a feasible option for serving the Lower Rapidan area. The current connection from the 5th Street Bridge is the most cost effective and reliable service point for the Lower Rapidan area at this time.

A map is attached showing the water lines that will need to remain in service to serve the Lower Rapidan area and the VC Trailer Park and the lines recommended for replacement.

Sanitary Sewer System

The Lower Rapidan area connected to the ACSA's Williams Creek sewer in 1981. The sewer from the Lower Rapidan area to the Williams Creek connection is PVC pipe with concrete precast manholes. The sewer lines within the Lower Rapidan area were constructed in the 1950's. These sewers are clay pipe with brick manholes. Wiley|Wilson completed a field observation of the existing sewers serving the area to determine general condition and if any immediate repairs were needed. The general condition of the system is good with some minor items that should be addressed:

- The entire system should be cleaned due to debris and rags in the manholes and lines
- There are seven manhole tops that need to be raised to ground level
- There are four inverts in manholes that need to be repaired
- There is infiltration in three manholes. These manholes need to be rehabilitated
- Currently the pipe crossing Williams Creek to the ACSA sewer line is ductile pipe and in good condition. The pipe is exposed in the creek. Additional protection of the pipe is needed.

The above noted items should be corrected prior to 2020. The sewer lines in Lower Rapidan area and the outfall are 35 years old or older. They are reaching their useful life. An estimate to replace these lines has been competed with the replacement recommended in the transition period. Until the sewer lines are replaced, it is recommended that the sewer lines be inspected and cleaned on an annual basis.

Currently, downstream of the Lower Rapidan area, there is a "rag catcher" that is utilized to remove debris from the buildings that discharge into the sewer. The "rag catcher" is cleaned every other day by staff. Even with the "rag catcher "debris was observed in manholes downstream. An option to the "rag catcher" is the installation of a grinder near the current facility. This was investigated several years ago but was not implemented. The cost associated with the installation of the grinder has been completed.

A map is attached showing the sewer lines serving the Lower Rapidan area. Capital cost for replacing the sewer lines has been completed.

Storm Sewer System

Wiley|Wilson has completed a field observation of the existing storm sewer collection system. The system consists of approximately 4,000 linear feet of storm sewer, drop inlets and catch basins. The system is in good condition with a few minor items that need to be addressed:

- The entire system needs to be cleaned due to debris in the catch basins, drop inlets and lines
- There are four manhole tops that need to be raised to ground level
- There are several bench repairs
- Four catch basin grates need to be replaced
- Two end walls at outlet structures need to be repaired

The above noted repairs should be completed prior to 2020. The condition of the storm sewer pipe was not determined. A TV inspection of the storm sewer lines is recommended during the transition period to determine the overall condition of the pipe. Other cost associated with the storm sewer will be the normal O&M of the system. It is recommended that the system be inspected and cleaned on an annual basis. Any defects noted in the annual inspections should be corrected.

Currently CVTC holds a MS4 Stormwater Permit with the Virginia Department of Environmental Quality (VDEQ). The permit covers the overall CVTC campus. As long as the State of Virginia, DBHDS, owns and/or operates the facilities on the property, the permit will remain in place with VDEQ. In the future if the property is purchased by a private entity, the permit will no longer be required to be held by DBHDS. If VDOT assumes ownership of the roads, VDOT may have to assume the responsibility of the MS4 permit under the VDOT General Permit. There are two ongoing cost associated with the permit. The annual permit fee to VDEQ and the consulting fee associated with required inspections and the annual report that are part of the permit.

Gas System

Natural gas is provided by Columbia Gas via a meter located near the old power plant. In 2013, the gas line owned and operated by the CVTC was replaced from the old power plant to the Lower Rapidan area including the gas lines in the Lower Rapidan area. A separate gas service is provided for each of the buildings in the Lower Rapidan area. The gas service will continue to be required in order to run the individual boilers for each building. Since the gas line is new, no capital cost are anticipated for the transition or the 20 year planning period. The only cost will be associated with the normal operation and maintenance of the system.

Chilled Water System and Chiller

The current chiller building is equipped with two 400 ton chillers that serve the Lower Rapidan area and other areas of the campus. The chillers operate approximately 30 weeks out of the year. In conversations with CVTC staff, the chillers are currently in good working order but are oversized for the current needs. They frequently experience "shot circuiting" due to the current size of the chillers. If the chillers were replaced as part of the transition period, two chillers of approximately 200 tons each would be required. Cost associated with replaced the chiller and cooling towers has been completed.

Each building in the Lower Rapidan area is served by a separate chilled water line. Some of the chilled water lines in the Lower Rapidan area have been recently replaced. A design has been completed to replace the remaining lines serving the area. It is recommended that the remaining lines be replaced in the transition period.

The chillers do not have backup power in case of an AEP outage. In the past, CVTC has rented a portable generator during a power outage. The installation of a direct connection and transfer switch for the portable generator has been recommended for safety and to prevent feed back into the AEP system when the generator is operating during a power outage. This should be installed in the transition period.

Electric Service System

During the 2013 building renovations of the Lower Rapidan area buildings, AEP provided individual service meters at each building. All AEP service lines are underground. New AEP transformers were installed at buildings 8, 9, 10, 11, and 12. A new AEP transformer is planned for the chiller building but has not yet been installed. There are no anticipated upfront cost associated with the electrical service to the existing buildings in the Lower Rapidan area and no future capital cost over the 20 year planning period.

Fire Sprinkler Systems

During the building renovations in the Lower Rapidan area, the existing fire sprinkler systems were upgraded.

- Building 11 – 2006
- Building 8 & 12 – 2013
- Building 9 – 2014
- Building 10 – 2015

Since the systems were recently renovated/upgraded, there are no anticipated upfront cost associated with the fire sprinkler systems. The only cost will be associated with the ongoing operation and maintenance of the systems.

Parking and Paving Requirements

In our discussions with the CVTC staff, once the Lower Rapidan area is in full operation, additional parking will be required. A sketch is attached showing approximately 70 potential new parking spaces. The new parking has been located to minimize grading. The new parking should be constructed in the transition period. A cost estimate has been completed for the parking lot.

Summary of Utilities

• Access Roads	Approximately 7,000 linear feet
• Gas Lines	Approximately 3,500 linear feet
• Storm Sewer	Approximately 4,000 linear feet
• Sanitary Sewer	Approximately 4,300 linear feet
• Water Mains	Approximately 11,600 linear feet
• Chilled Water Lines	Approximately 2,000 linear feet
• Chillers	2- 200 ton units

Our evaluation has assumed that only the Lower Rapidan area and the VC Trailer Park will remain in service. Depending on the future use of the overall remaining campus, the above conclusions and recommendations may or may not apply. Once the future use of the overall campus is determined, our conclusions and recommendations should be re-evaluated. In order to accommodate future development, the existing domestic water lines, gas lines, and potentially other utilities may need to be relocated. The road network may also have to be changed to accommodate future development and/or to meet VDOT requirements. Meetings with VDOT and the ACSA should be conducted to address the concerns of the road system and the ownership, O&M, and potential phasing associated with the water and sewer systems.

Capital cost estimates are based on 2016 anticipated cost. Attached is a capital cost summary sheet, entitled "Projected CVTC Lower Rapidan Capital Cost", that indicates whether the cost associated with the above noted utility will be a cost between now and 2020, a transition cost, or a cost for the 5, 10, 15, or 20 year period. The following items will have ongoing operation and maintenance (O&M) cost: O&M associated with the domestic water system, chilled water system, sanitary sewer system, storm sewer system, gas lines, fire sprinkler system, and road maintenance. There will be additional cost associated with purchase the domestic water, sanitary sewer discharge, gas, and electricity. At this time, cost associated with the ongoing O&M and utility purchases have not been estimated by Wiley|Wilson.

We appreciate the opportunity to assist JST, LLC, Construction Engineering Services, with the study to determine the feasibility of continuing to operate and maintain the Lower Rapidan area of the CVTC campus. Please contact us if you have any questions or comments.

Sincerely,
Wiley|Wilson

Fred T. Pribble, P.E.
Project Manager

CC: Norman B. Downey, P.E. – Wiley|Wilson

Attachments: Map Exhibits
Projected CVTC Lower Rapidan Capital Cost

Projected CVTC Lower Rapidan Capital Cost

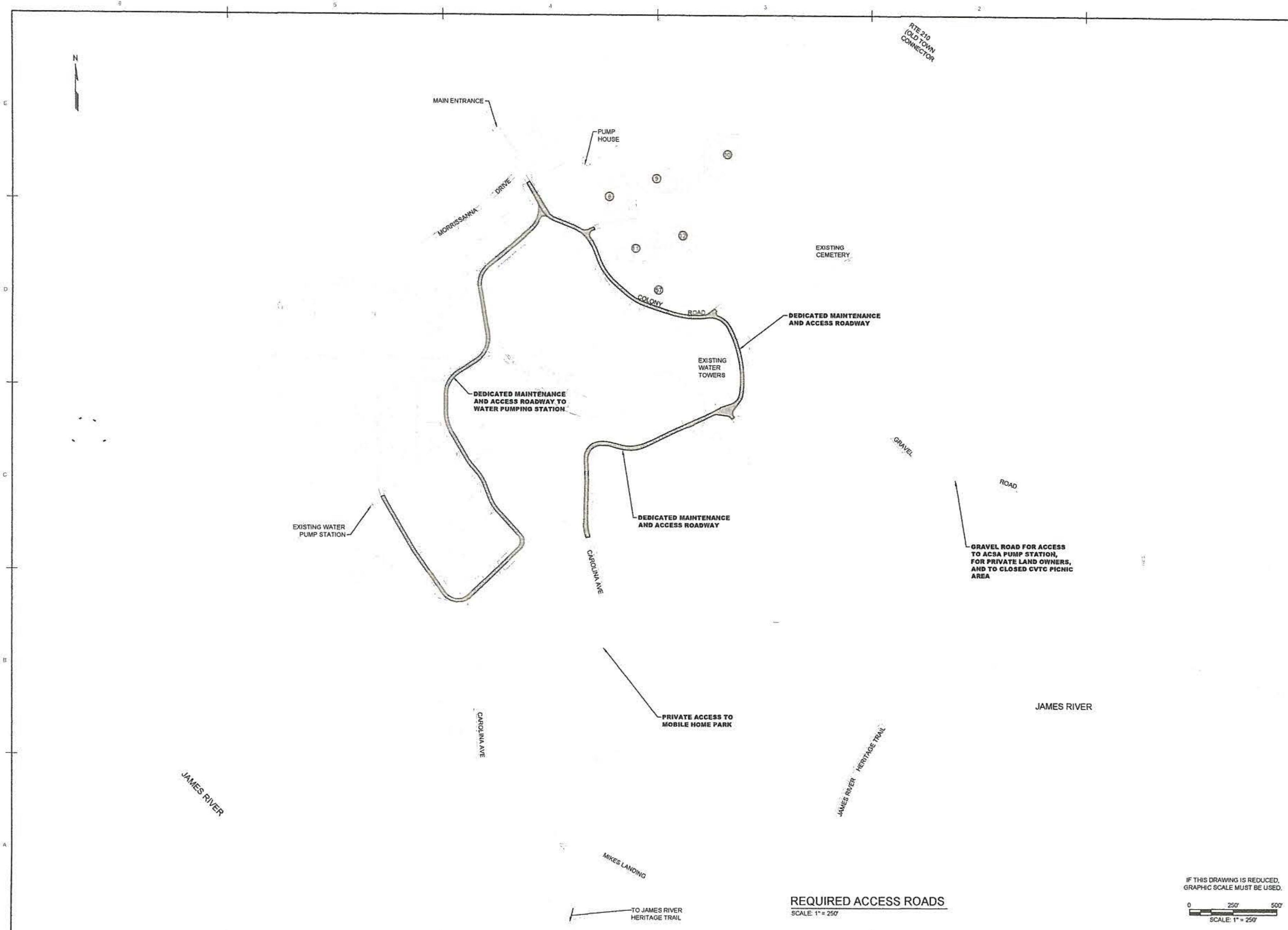
Utility System	Initial till 2020	Transition cost	2020-2025	2025-2030	2030-2035	2035-2040	Comments
Domestic Water system							
Replace LR water line		$ 288,000.00					
Install individual water meters		$ 60,200.00					
Replace main campus water line		$ 1,205,500.00					
WPS Upgrade				$ 200,000.00			
Rehab/paint WST					$ 300,000.00		
Sanitary Sewer System							
Cleaning-per year	$ 17,000.00						
Initial repairs	$ 49,000.00						
Replace Sewer LR		$ 473,000.00					
Replace outfall sewer		$ 638,000.00					
Install Grinder station		$ 85,000.00					
Storm sewers							
Cleaning-per year	$ 16,000.00						
Initial repairs	$ 20,750.00						
Chilled Water system							
Replace LR lines		$ 420,000.00					
Chillers							
Install Conn/transfer switch		see JTS Report					
Replace w/ 200 ton chillers(2)		$ 840,000.00					
Road Network and parking							
Paving existing roads		$ 243,000.00					
New Parking		$ 83,000.00					
Totals	$ 102,750.00	$ 4,335,700.00	$ -	$ 200,000.00	$ 300,000.00	$ -	

Note: costs are based on 2016 anticipated cost

Note: the cost assume that the ACSA owns the water and sewer systems

Note: the cost shown for the WST and WPS may be the responsibility of the ACSA

Note: it is assumed that capital cost for private operation or state operation of the Lower Rapidan area would be the same



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DBHDS CVTV

LOWER RAPIDAN STUDY

MADISON HEIGHTS, VIRGINIA

MRK	DATE	REVISION DESCRIPTION
1	XX/XX/XX	XXX

COMM NO: 216191.00
DATE 11/03/2016
DRAWN JLW DESIGN
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SHEET TITLE
REQUIRED ACCESS ROADS

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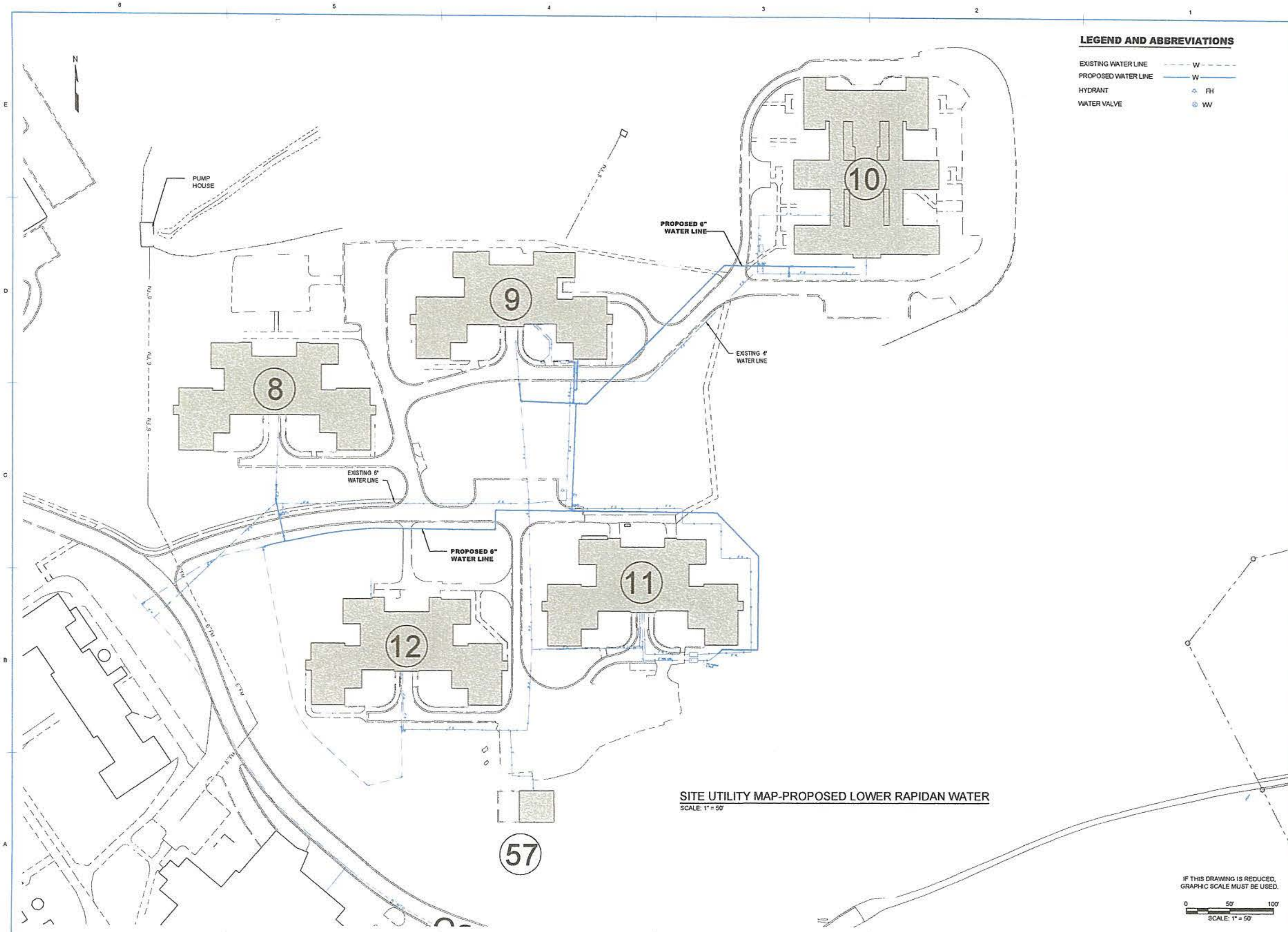

SITE UTILITY MAP-PROPOSED LOWER RAPIDAN WATER

SCALE: 1" = 50'

IF THIS DRAWING IS REDUCED, GRAPHIC SCALE MUST BE USED.

0 50' 100'

SCALE: 1" = 50'

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LOWER RAPIDAN STUDY

MADISON HEIGHTS, VIRGINIA

MRK	DATE		REVISION DESCRIPTION
1	XX/XX/XX	XXX	

COMM NO: 216191.00

DATE: 11/03/2016

DRAWN: JLW DESIGN:

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SHEET TITLE

PROPOSED LOWER RAPIDAN WATER LINES

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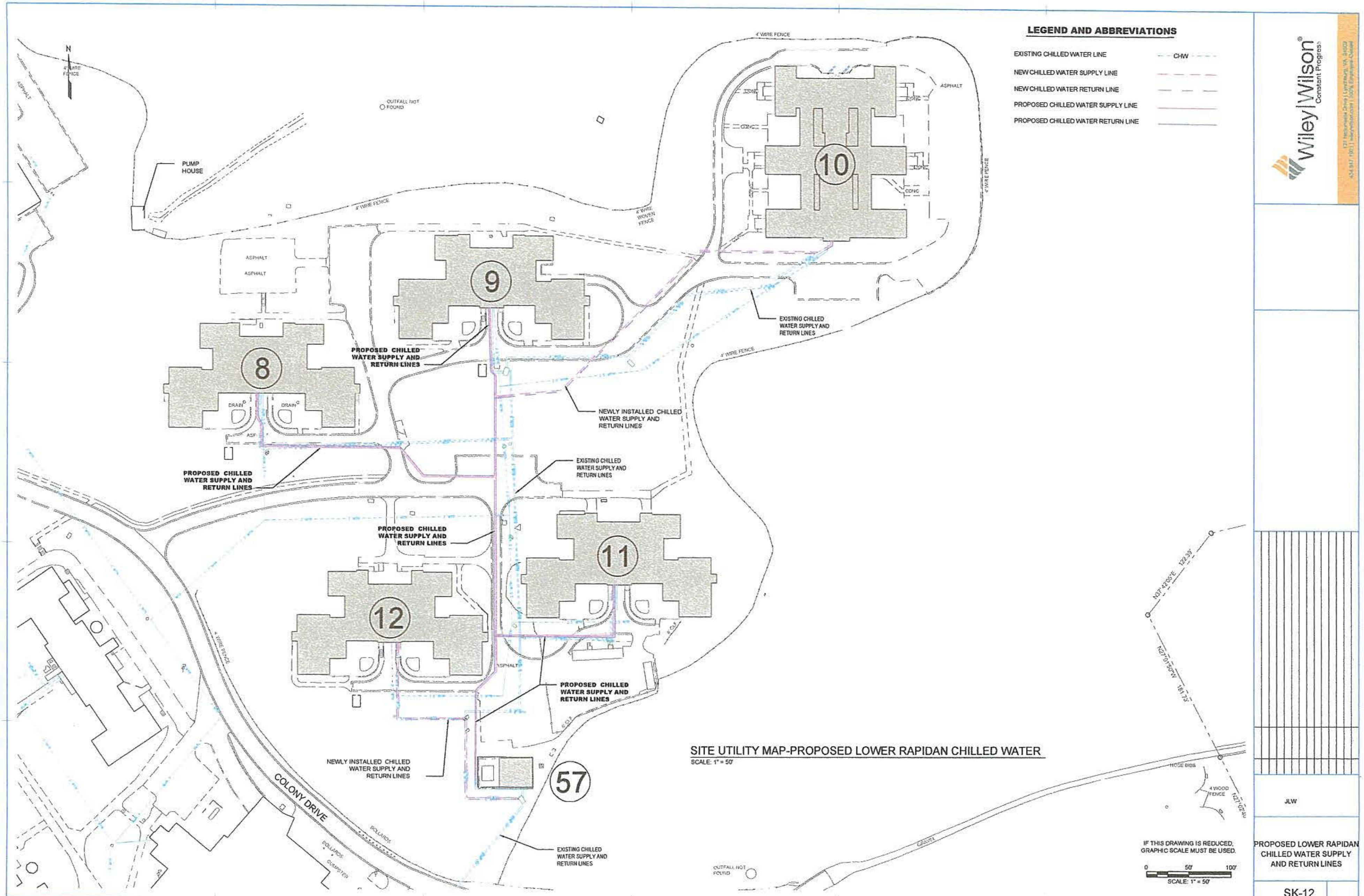
LEGEND AND ABBREVIATIONS
EXISTING CHILLED WATER LINE
CHW
NEW CHILLED WATER SUPPLY LINE
NEW CHILLED WATER RETURN LINE
PROPOSED CHILLED WATER SUPPLY LINE
PROPOSED CHILLED WATER RETURN LINE
8
9
10
11
12
57
PUMP HOUSE
OUTFALL NOT FOUND
4' WIRE FENCE
ASPHALT
PROPOSED CHILLED WATER SUPPLY AND RETURN LINES
EXISTING CHILLED WATER SUPPLY AND RETURN LINES
NEWLY INSTALLED CHILLED WATER SUPPLY AND RETURN LINES
COLONY DRIVE
BOLLARDS
N27°01'50"W 181.73'
N37°42'05"E 122.33'
SITE UTILITY MAP-PROPOSED LOWER RAPIDAN CHILLED WATER
SCALE: 1" = 50'
IF THIS DRAWING IS REDUCED, GRAPHIC SCALE MUST BE USED.
0
50'
100'
SCALE: 1" = 50'
Wiley|Wilson
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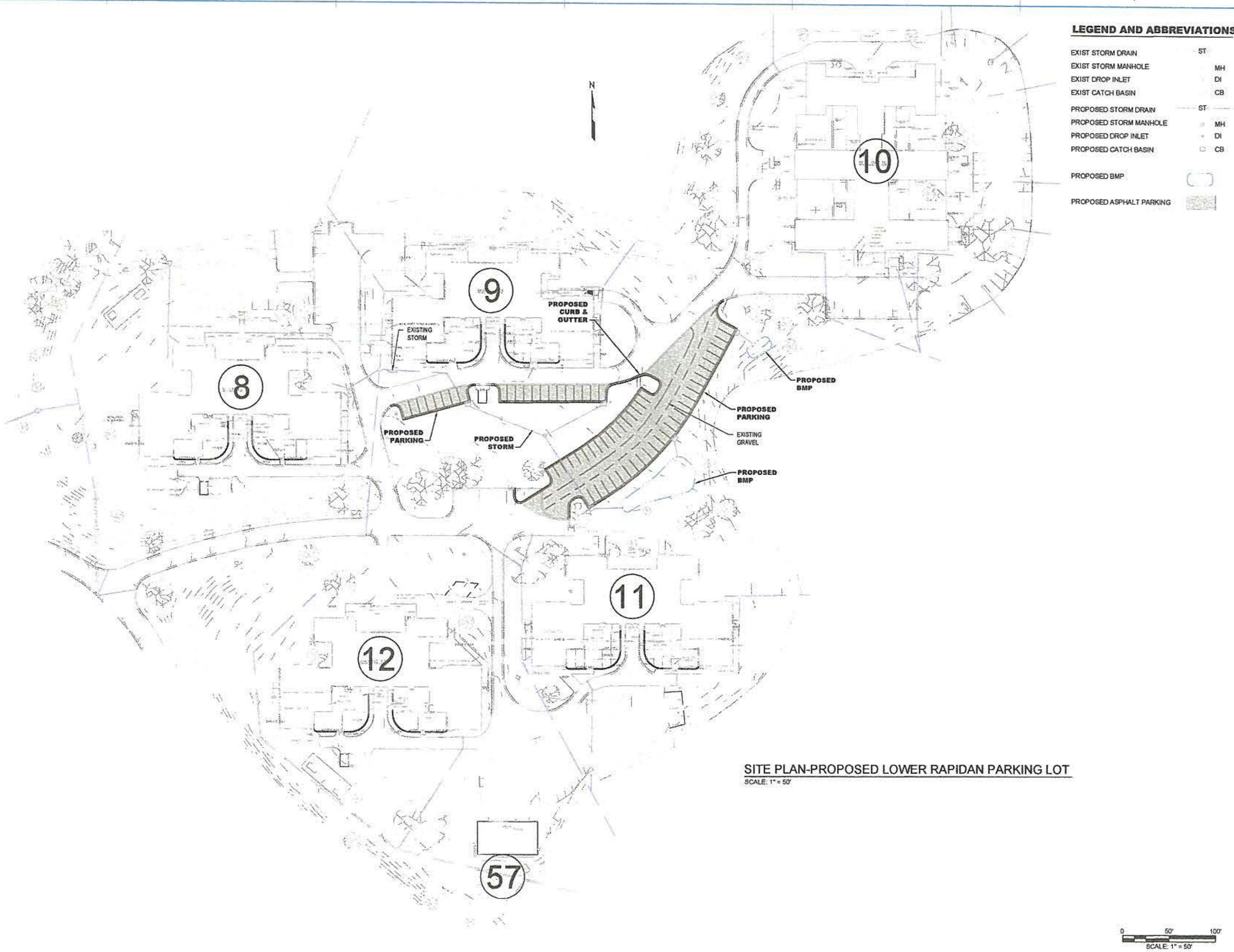
JLW
PROPOSED LOWER RAPIDAN CHILLED WATER SUPPLY AND RETURN LINES
SK-12



SITE PLAN-PROPOSED LOWER RAPIDAN PARKING LOT
SCALE: 1" = 50'

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LOWER RAPIDAN STUDY
MADISON HEIGHTS, VIRGINIA

MRK	DATE	REVISION DESCRIPTION
1	XX/XX/XX	XXX

COMM NO: 216191.00
DATE: 11/03/2016
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SHEET TITLE
PROPOSED LOWER RAPIDANPARKING LOT
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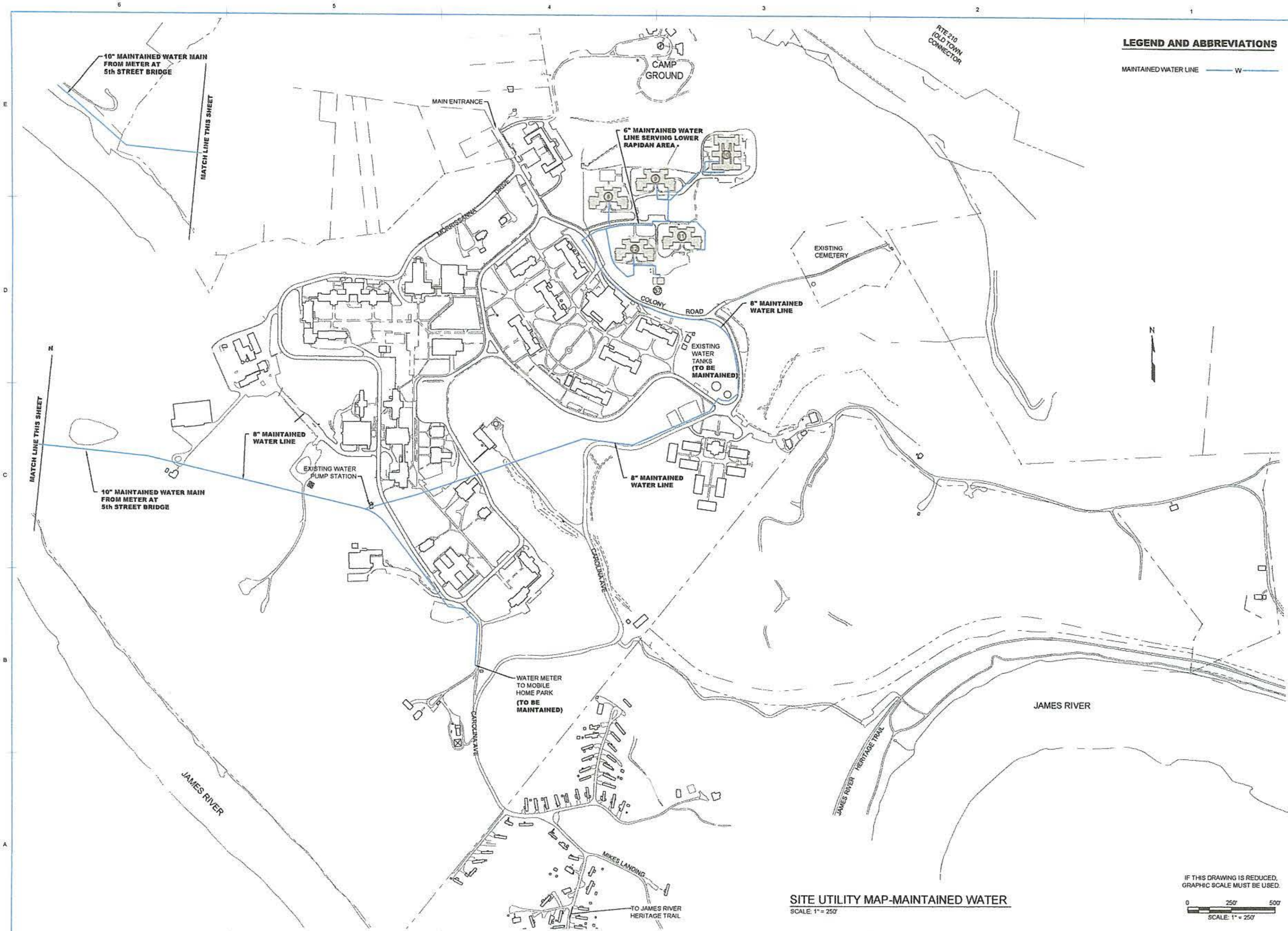

SITE UTILITY MAP-MAINTAINED WATER

SCALE: 1" = 250'

IF THIS DRAWING IS REDUCED, GRAPHIC SCALE MUST BE USED.

0 250' 500'

SCALE: 1" = 250'

DBHDS CVTV

LOWER RAPIDAN STUDY

MADISON HEIGHTS, VIRGINIA

MRK	DATE	REVISION DESCRIPTION
1	XX/XX/XX	XXX

COMM NO: 216191.00

DATE: 11/03/2016

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SHEET TITLE

SITE MAINTAINED WATER SYSTEM

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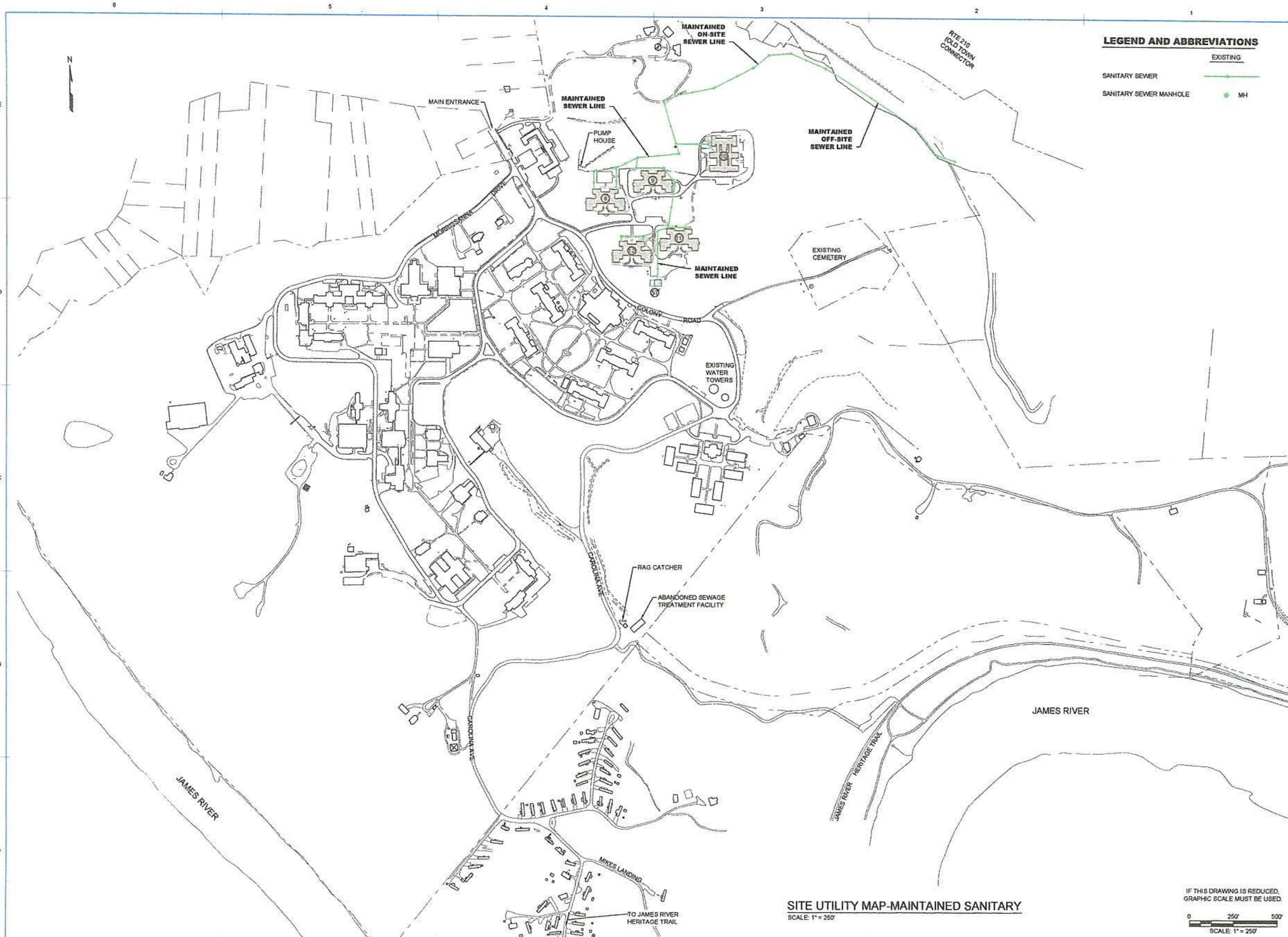

SITE UTILITY MAP-MAINTAINED SANITARY

SCALE: 1" = 250'

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DBHDS CVTV

LOWER RAPIDAN STUDY

MADISON HEIGHTS, VIRGINIA

MRK	DATE	REVISION DESCRIPTION
1	XX/XX/XX XXX	

COMM NO: 216191.00

DATE: 11/03/2016

DRAWN: JLW | DESIGN:

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SHEET TITLE

SITE MAINTAINED SANITARY SEWER LINES

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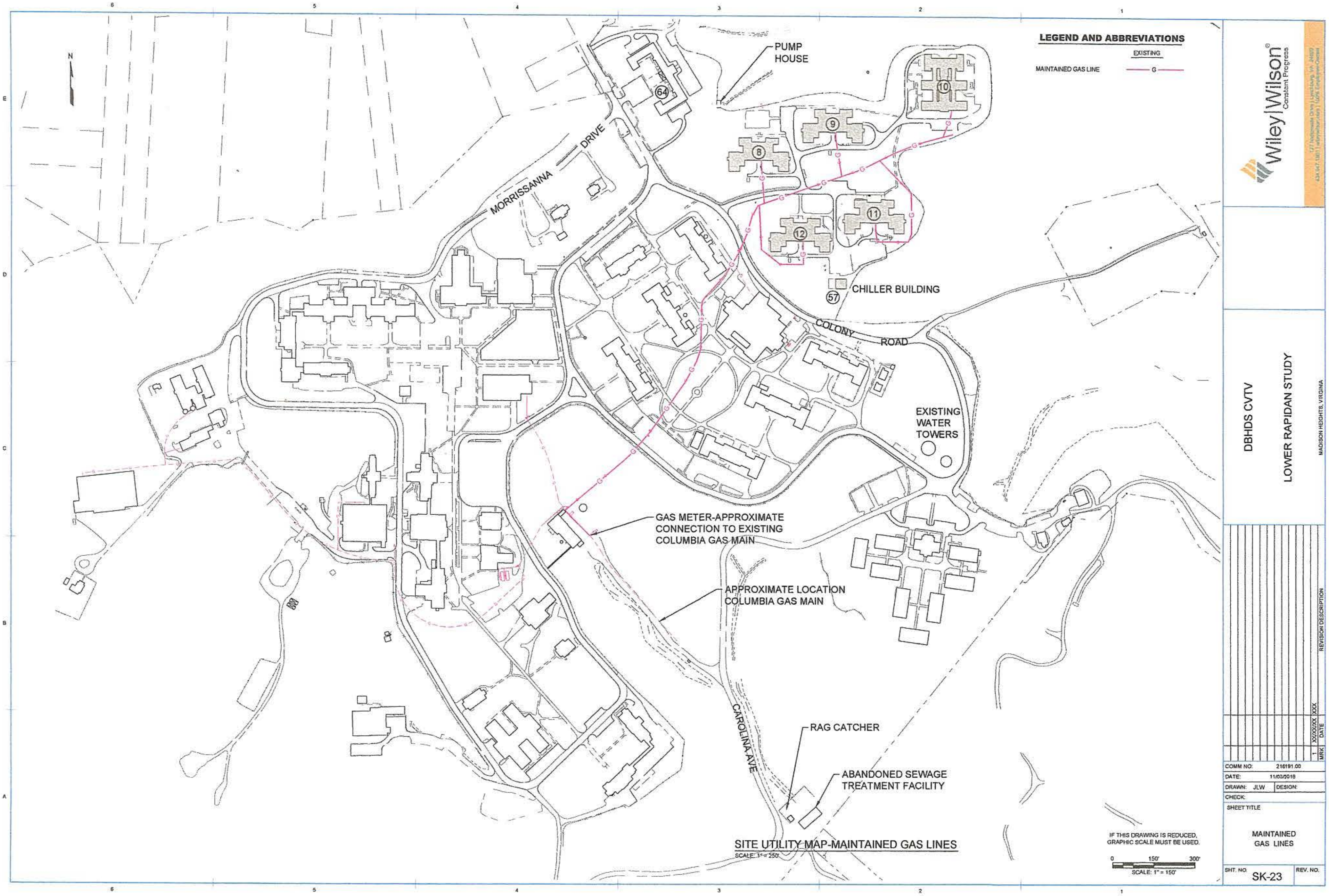

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6.e Building Assessment by JTS

PHYSICAL ASSESSMENT
BUILDINGS 8, 9, 10, 11 and 12

JTS performed the Physical Assessment of the Buildings. Mr. Kenneth J. Cordo, P.E. and Randy Craig of JTS, LLC (JTS) conducted a reconnaissance of the subject property on October 18, 2016. We were escorted through the buildings by Richard Hall, Physical Plant Director and Kevin O'Malley, Capital Outlay Inspector.

The walk-through of the site was performed to evaluate the present condition of the buildings. The grounds were evaluated as to surface drainage and conditions of sidewalks and pavements, as applicable. The building was evaluated with respect to structural, mechanical and electrical performance. Along with the building assessment, we have provided the immediate capital needs, transition costs and those items requiring repair/replacement over the requested 20-year capital term. We have defined immediate capital needs as those items requiring to be addressed by the Commonwealth prior to the scheduled 2020 closure date. Transition costs are opinions of probable cost to reduce the CVTC campus down to the Rapidan Buildings encompassing an approximately 25 acres. Twenty-year capital needs are those building components/systems which will require replacement 20 years after the transition to the compact campus. Industry standard is to apply a capital cost relative to the size and complexity of the building. For the Rapidan Buildings, we have defined a capital cost as exceeding $10,000. Costs less than $10,000 are regarded as an operating expense.

1.0 General Building Description

Overall, the buildings and site appeared in very good condition for a property of this age and type of construction. In general, the buildings were V-shaped structures with resident rooms located on the wings and program/living/day rooms in the core of the buildings. Buildings 8, 9, 11 and 12 each have 24 beds distributed in single, two and four-bed bedrooms. Building 10 has two additional beds located in isolation rooms. In addition to bedrooms, each building has day rooms, administrative offices, and support facilities including linen spaces, kitchens, and mechanical spaces. Buildings appeared well-maintained and finishes were of health-care environment grade.

Each of the Rapidan Buildings has undergone recent renovations. The renovation completion dates were; Building 11 (2009); Buildings 8 and 12 (2013); Building 9 (2014); and Building (2016). Additional work at the buildings included new condensing boilers were installed in Building 11 in 2013 and new roofs were installed on all buildings in 2012.

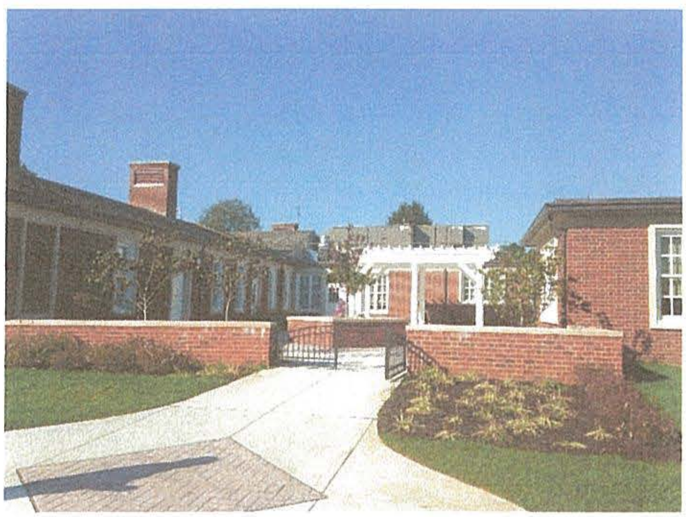
2.0 Site Improvements

2.1 <u>Flatwork:</u> Broom-finished concrete sidewalks with brick accents are located along the perimeters of the buildings and extend from doors to the asphalt-paved drives. There were also exterior courtyards located at the sides of each building.
<u>Immediate Capital Needs</u>: We did not observe potential trip hazards (greater than ½-inch height differential) or severely deteriorated concrete or brick sidewalks.
<u>Transition Costs:</u> None anticipated

20-year Capital Needs: Concrete sidewalk typically has a 50-100 year estimated useful life. We do not anticipate capital expenditures associated with the flatwork during the next 20 years other than typical maintenance.

2.2 Fencing: Chain-link fencing was located at the north perimeter and south of Building 57 where there was a significant elevation drop off. The fencing appeared in fair condition.
Immediate Needs: None anticipated.
Transition Costs: After the foot print of the campus has been reduced, a fence should be installed to demarcate the property boundary.
20-year Capital Needs: We do not anticipate capital expenditures associated with the fencing during the next 20 years.

2.3 Landscaping Appetences and Irrigation System: Landscaping adjacent the buildings was of average to above-average quality for a long-term care facility. Low level plant beds were located near the entrances and in the side courtyards. There was no irrigation system at the site. Decorative pergolas and benches were located in the courtyards.
Immediate Needs: None observed.
Transition Costs: None anticipated.
20-year Capital Needs: We do not anticipate capital expenditures associated with the landscaping in the 20 year term.



Typical courtyard area – note brick accent in walk, pergola and plantings.

Typical exterior benches

3.0 Structural Frame

3.1 <u>Building Foundation and Concrete Slab</u>: The building structures are supported on conventional spread footings and piers with concrete slab-on-grade construction. A partial basement which housed a valve room was located in the each of the buildings. Sump pumps, fire suppression pumps, controls, and other mechanical equipment were located in the basement valve room.

<u>Immediate Needs</u>: We did not observe masonry cracks, vertical or horizontal displacement or other signs of building settlement or other issues with the foundation or the concrete slab.
<u>Transition Costs:</u> None anticipated.
<u>20-year Capital Needs</u>: We do not anticipate capital costs with the building foundation.

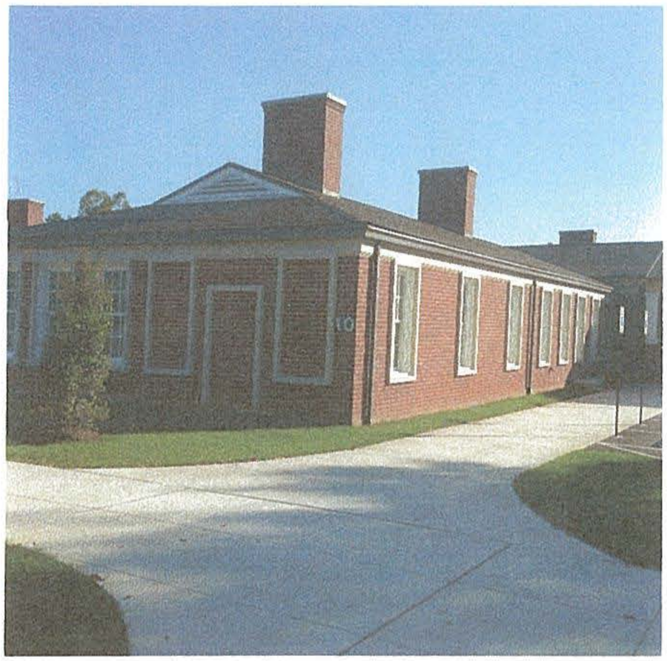
3.2 <u>Building Frames</u> The frames for the buildings consist of steel beams and columns, CMU walls and pre-fabricated steel trusses.

<u>Immediate Needs</u>: We did not observe vertical or horizontal displacement, excessive deflection or other signs of building movement indicating issues with the frames of the buildings.
<u>Transition Costs:</u> None anticipated.
<u>20-year Capital Needs:</u> We do not anticipate capital costs associated with the building structure during the 20 year term.

4.0 Building Exteriors

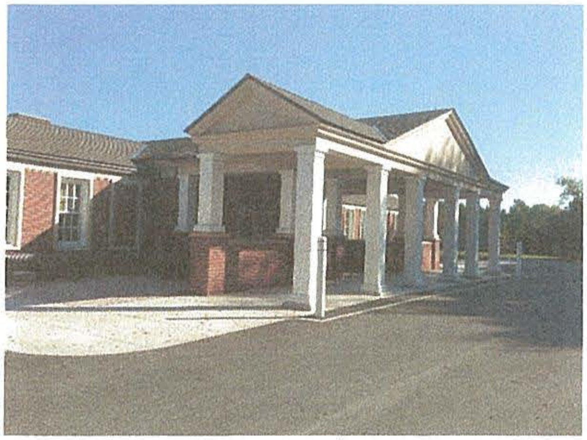
4.1 **Façades and Exterior Masonry:** The exterior façade consists of a finished brick.

Immediate Needs: We did not observe issues with the exterior masonry.
Transition Costs: None anticipated.
20-year Capital Needs: Overall, the masonry appeared in good condition. We anticipate the exterior mortar will require periodic pointing over the 20 year term. We have provided a lump sum amount during the 20-year term for pointing of the exterior masonry.



Exterior Masonry at Building 10 – Typical

4.2 **Exterior Wood Trim** The exterior wood trim encompassed eaves, soffits, window trim, door trim and louvered vents. Additionally, Building 10 wood trim included wood columns at the front entrance canopy. Paint appeared in good condition and intact on the wood trim. JTS observed the wood trim from ground level.
Immediate Needs: We did not observe areas of deteriorating or rotted wood components requiring replacement.
Transition Costs: None anticipated.
20-year Capital Needs: Assuming proper maintenance including routine painting, we do not anticipate capital costs associated with the wood trim.



Wood Trim at Building 10 – Columns, Eaves, Soffits, Fascia, and Window Trim

4.3 Roofing: The roofs predominantly consisted of an asphalt architectural shingle over ½-inch exterior grade FRT sheathing. According to documentation provided, the shingles were a 30-year GAF shingle. Buildings 8, 9, 11 and 12 each had two low-slope sections of EPDM over fluted metal decking encompassing approximately 1,100 square feet. Building 10 had a single center section of low-slope roof which provided a level surface for air handling units and encompassed approximately 2,200 square feet. There were no leaks or other problems reported with the roofs. Roof warranties were unavailable for review. Storm run-off discharges below grade presumably into the storm drainage system via a system of aluminum gutters and downspouts.

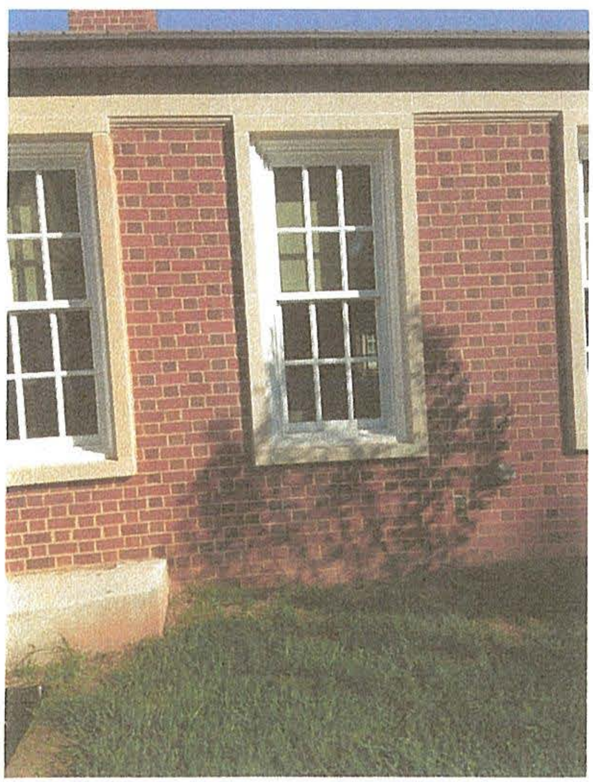
Typical Asphalt Roof Shingles with Aluminum Gutters and Downspouts

Immediate Needs: There were no roof leaks reported during our walk-thru nor did we observe signs of roof leaks such as water-stained ceilings or odors associated with mold growth.
Transition Costs: None anticipated.
20-year Capital Needs: The roofs appeared in overall condition good condition. Assuming proper preventative maintenance such as cleaning gutters and removing debris from the roof drains, the shingle roofs should have a remaining useful life in excess of the 20 year capital needs. The low-slope roofs have

an estimated useful life of 20 years and will need to be replaced after the transition period. Due to the small areas on each building we have assumed all the low-sloped roof sections would be replaced at the same time.

4.4 Exterior Doors: Exterior doors at the entrances were steel hollow core doors and were replaced during the latest major renovation to meet current ADA requirements
Immediate Needs: None observed.
Transition Costs: None anticipated.
20-year Capital Needs: These exterior doors have an estimated useful life of 50 years useful life; hence, we do not anticipate capital expenditures associated with these doors during the 20-year term. The Commonwealth should expect normal maintenance associated with these doors such as replacement of tumblers.

4.4 Windows The windows were replaced during the latest renovations with new insulated energy efficient windows. Windows are operable, double hung six over six. Signs of leakage or condensation were not observed nor reported during our walk-thru.
Immediate Needs: None observed.
Transition Costs: None anticipated.
20-year Capital Needs: Windows have an Estimated Useful Life of 35 years; hence, we do not anticipate capital expenditures associated with these windows during the 20 year capital reserve term.



Typical Window

5.0 PLUMBING

5.1 Piping: Piping throughout the buildings consisted of copper supply lines and a combination of PVC and cast iron for sanitary waste. Piping was replaced during the recent building renovations.

For a review of the piping exterior to the building, see the Wiley/Wilson Utilities report.

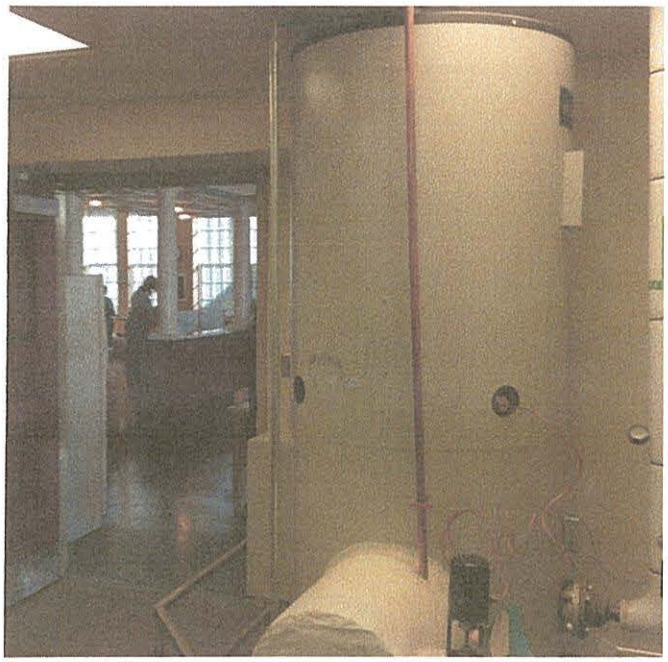
Immediate Needs: No issues were reported nor were they observed with the piping.
Transition Costs: None anticipated.
20-year Capital Needs: The piping has an Estimated Useful Life of 40 years; thus, we do not anticipate capital expenditures associated with the piping over the 20 year capital reserve term; however, the Commonwealth should anticipate normal maintenance such as the replacement of leaky fittings or valves.

5.2 Plumbing Fixtures Restrooms are multi-user restrooms. Plumbing fixtures consist of vitreous china sinks and toilets with ADA grab bars. Shower facilities consist of shower head with hose attachment. Residents are placed on a "gurney" and bathed by staff. Reportedly, all current residents require assistance during bathing and restroom functions.

Immediate Needs: No issues were reported nor were they observed with the plumbing fixtures.
Transition Costs: None anticipated.
20-year Capital Needs: Based on current use and occupancy, we do anticipate capital expenditures during the 20 year capital reserve term. We do anticipate individual plumbing fixtures will require replacement; however, we do not anticipate that they will exceed the capital cost threshold established.

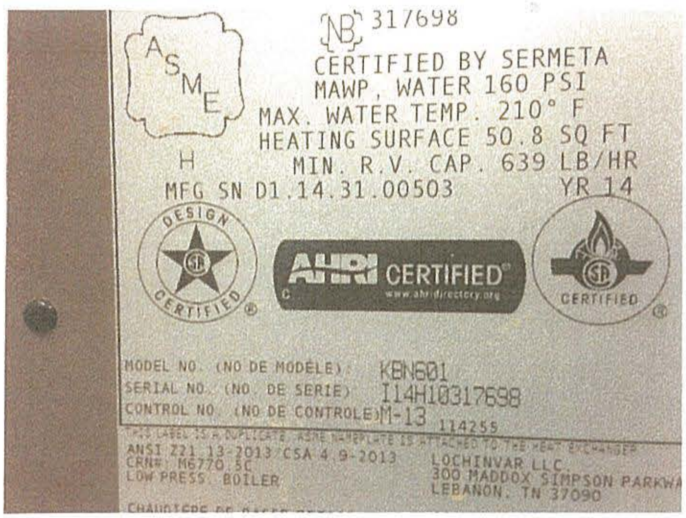
5.3 Water Heaters Each building has its own 257-gallon Lochinvar® stainless steel water heater. Water is heated by Lochinvar® Natural Gas Fired Condensing Boilers which also provide building heat. Tanks have 2 inches of foam insulation and a single steel shell with a stainless steel 8-inch tube.

Immediate Needs: No issues were reported nor were they observed with the condensing boilers or tanks.
Transition Costs: None anticipated.
20-year Capital Needs: We anticipate the water heaters will have an average estimated service life of 20 years. For purposes of this assessment, we have averaged the remaining useful life of the water heaters and associated tanks. See the HVAC section for a discussion of the condensing boilers.



Lochinvar 257-gallon Water Heater

Lochinvar Natural Gas Condensing Boilers



Lochinvar Label Plate

6.0 Mechanical Equipment

6.1 <u>HVAC System:</u> The buildings are heated and cooled by Trane® manufactured air handling units located in the attic spaces with the exception of Building 10 where the air handling units are mounted on the roof. Air handling units use indirect coils with Lochinvar® natural gas-fired condensing boilers supplying hot water. Chilled water is supplied by two 400-ton Trane® chillers (Model Number CVHE 50FAEF03UL2255Q7E5NV3C) located in Building 57. The chillers were installed in 2001. Chilled water is distributed via an asbestos transite pipe. Additionally, the chilled water loop supplies chilled water to Air Handlers in Buildings 15 – 18 and 20. Building 19 has been closed. Equipment is wired into a central

Siemens® Energy Management System. Additional equipment associated with the HVAC system include pumps, controllers, ductwork and blowers.

Immediate Needs: We do not anticipate capital expenditures associated with the HVAC equipment to operate the buildings until 2020.
Transition Costs: As buildings close and the campus consolidates to the Rapidan Buildings, it will be necessary to modify the chill water loop to service only the Rapidan Buildings. Additionally, the existing chillers are oversized based on the reduced building square footage. An opinion of probable cost to reduce the chill water loop and install optimum-sized chillers has been included as a transition cost in the Wiley/Wilson Report.

20-Year Capital Needs: The following is an assessment of the significant HVAC equipment.
Boilers: The Lochinvar® Boilers were installed in 2013. These gas-fired boilers have an Estimated Useful Life of 25 years. We have provided an opinion of probable cost to replace after 25 years of service life.

Chillers: The two 400-ton chillers were installed in 2001 and were designed to serve more than twice the capacity. Currently, the chillers are operated lead-lag. As buildings are removed from the chill water loop, the loop can be serviced by a smaller and/or a single chiller. For this report, we have assumed the chillers will be replaced as part of the transition costs and subsequently, will not require future capital expenditures. Prior to replacing the chillers, an engineering analysis should be completed to determine the optimum chiller size based on final occupancy.

Air Handlers and VAV units: Inside the buildings, air handling equipment consisted of two air handling units and 36 VAV units; with the exception of Building 10 which included one additional air handler and additional VAV units. The air handling equipment was installed within the last renovations. Assuming proper preventative maintenance, these units should have an Estimated Useful Life of 35 years; thus, we do not anticipate capital expenditures associated with the air handling equipment during the 20 year term.

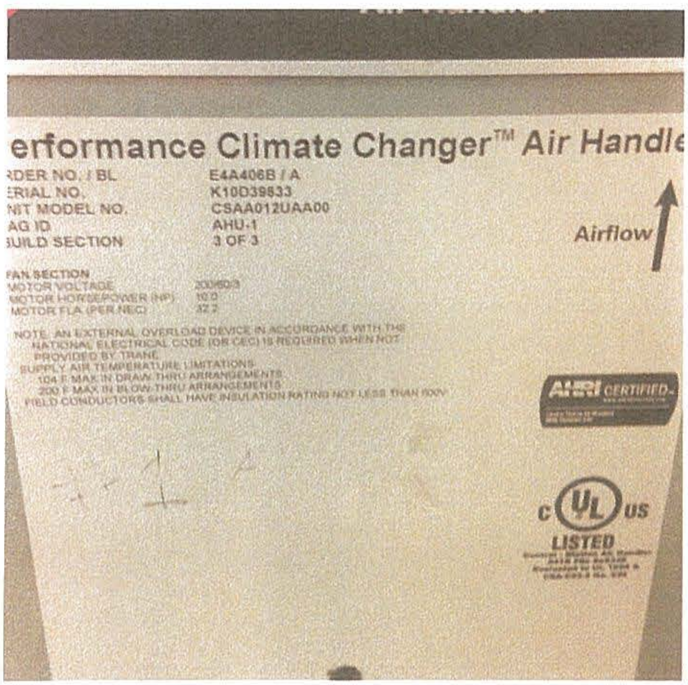
Pumps: There were two hot water pumps (80 GPM, 1.5 HP) and two chill water pumps (130 GPM, 2.0 HP) located in each Rapidan Building. Two additional pumps were located in Building 57. We have provided an opinion of probable cost to replace the pumps during the 20 year period.

Electric Wall Heater: There was one 2.0 Kw electric wall heater located in each building. We have provided for its replacement during the 20 year term.

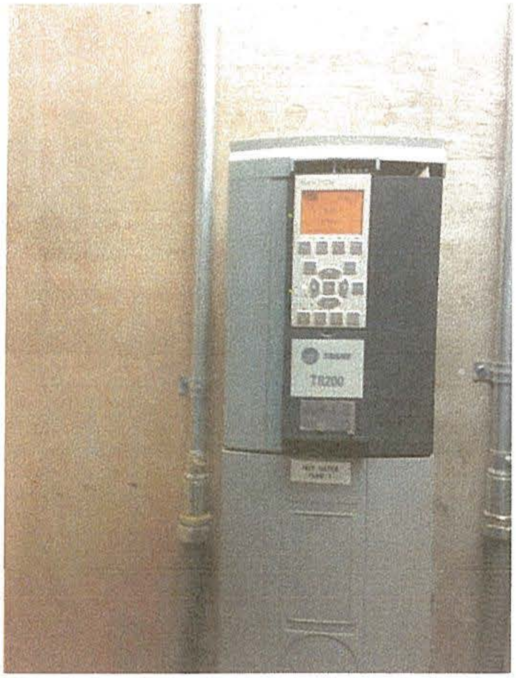
Air Separators: There were two in-line air separators used to separate air from circulating water in the hyrdronic heating and cooling system to ensure quiet operations. The Estimated Useful Life of these air separators should exceed the 20 year capital term requested.

Building Automation System (BAS): The BAS on site is a Siemens System. The main components of the BAS associated with the Rapidan Buildings was installed in phases with the majority of the system installed in 2013 . Based on a review of the building drawings, there is approximately 200 points for the BAS system in these buildings with Building 10 having slightly more points than Buildings 8, 9, 11 and 12. The estimated useful life of the BAS System should exceed the 20 year term; however, we have provided an allowance for component replacement during the 20 year term based on our experience with these type of systems.

Attic Air Handling Unit-Typical



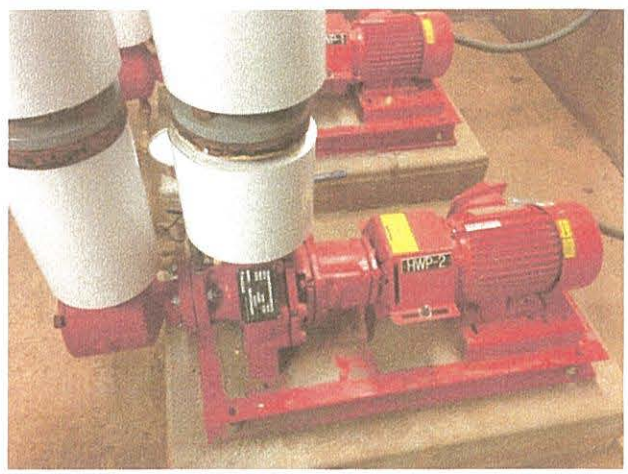
Label Plate for AHU



HW Controls

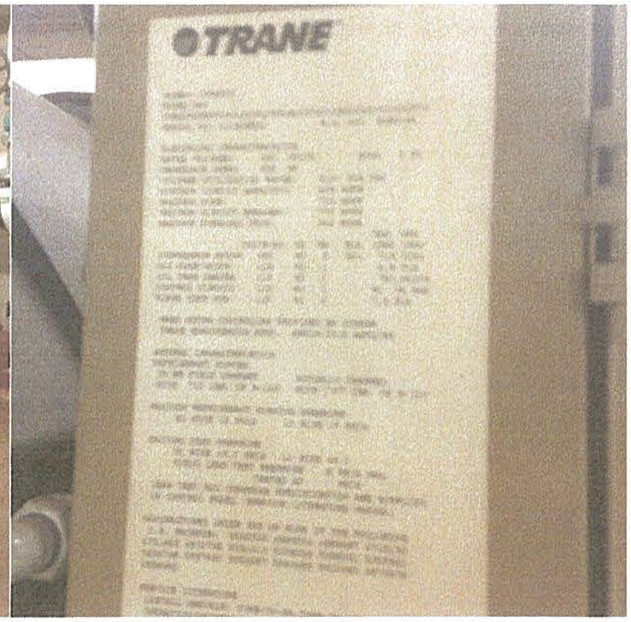
Siemens Thermostat

Lochinvar® Boiler



Hot Water Pumps - Typical

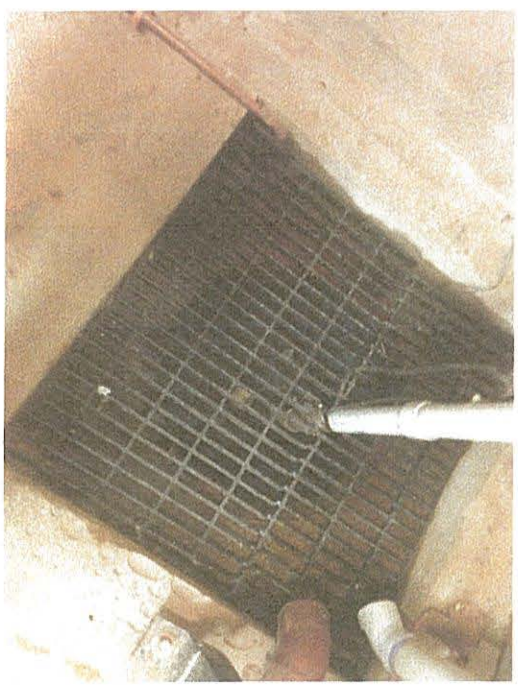
400-Ton Chiller



Label Plate for Chiller

6.2 Sump Pumps Each of the Rapidan Buildings has a partial basement which houses mechanical equipment and is accessed from the exterior. Because of the below-grade location and the

Immediate Needs: We do not anticipate capital expenditures associated with the sump pumps to maintain until the Year 2020.
Transition Costs: None anticipated.
20-Year Capital Needs: We have provided for replacement of the sump pumps in the 20 year term.



Sump Pump located in the basement of each building.

7.0 Electrical

7.1 Electrical Service:

7.1.1 Electrical Service – Buildings 8, 9, 10, 11 and 12 (Rapidan Buildings)
During the 2013 renovation of the Rapidan Buildings, Appalachian Electrical Power (AEP) installed service meters to each building. At this time, new underground lines with new pad-mounted transformers were installed for Buildings 8, 9, 10, 11 and 12. Electrical service is supplied to each building from these pad-mounted transformers.

Electrical requirements for each building is estimated to be approximately 65 kW. According to a prior engineering report, in general, each building receives service at 208/120 volts to a 500 amp, 208/120 volt main distribution panel located in the attic via 2 service disconnects; one outside at the transformer/generator service equipment and one in the basement valve room. The overall electric systems for the building interiors were upgraded within the past 10 years.

There is a 180 kW generator which serves each building with the exception of Buildings 9 and 10 which are served by a single generator. Generators supply power to a transfer switch which provides backup power to a 225 amp life safety load distribution. Generators also provide backup power for non-essential equipment loads via an automatic transfer switch.

7.1.2 Electrical Service Building 57 (Chiller Building) According to information provided, the building has a 2,000 Amp, 480/277V, 3 Phase, 4 Wire Service with the two 400-ton chillers as the main load on the electrical service. The electrical service, distribution and motor control center equipment has exceeded its useful life. The service entrance equipment does not meet the current requirements of the National Electric Code for Service Entrance Ground Fault Protection (services 1,000 amps and higher)

It is our understanding, that a new pad-mounted transformer is scheduled to be installed by AEP. There is no emergency generator for this building. Historically, the facility has rented a portable generator during power outages. The building lacks a direct connection and transfer switch for the portable generator. It has been recommended that the direct connection and transfer switch be installed for safety and to prevent feed back into the AEP System.

Immediate Needs: We do not anticipate capital expenditures associated with the electrical system to maintain until the Year 2020.
Transition Needs: Based on recommendations from a previous engineering study, in Building 57, upgrade building's electrical service and install transfer switch for emergency generator. Additionally, we recommend relocating the emergency generator from Building 31 or other subsequently closed building on campus.
20-Year Capital Needs: We do not anticipate capital costs for the 20 year capital term.

7.2 Lighting:

Emergency Lighting: Throughout the buildings, emergency exit signs with emergency lighting and stand-alone emergency lights were observed and reported to be functioning.

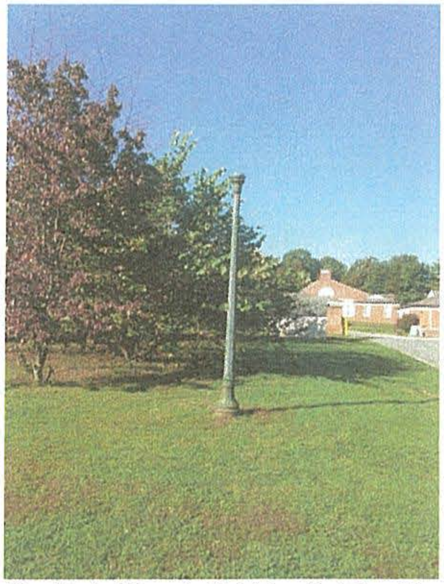
Interior: Interior lighting is a mixture of LED, incandescent and fluorescent fixtures. Interior lighting was updated within the past renovations. Overall, the lighting appeared adequate for the building's usage. No issues were reported.

Exterior: The exterior site lighting has exceeded its useful life. There are six steel pole-mounted lights servicing the Rapidan Buildings. These lights are not functioning because the underground wiring to each pole has failed due to corrosion. At one location the facility has run an extension cord from the building interior. Although, we observed the site during the day, it is apparent that site lighting is inadequate and poses a safety hazard to site personnel.

Immediate Needs: The exterior site lighting has failed and exceeded its useful life. The lack of adequate site lighting is a safety hazard to employees, visitors, and contractors. This site lighting should be replaced as soon as feasible. As an interim measure, the Commonwealth should consider installing exterior fixtures on wood poles until long-term plans for the facility have been finalized. We have provided for the installation of these interim lights as a capital cost to be incurred by the Commonwealth prior to 2020.

Transition Costs: There are no interior or emergency lighting costs associated with the transition of this campus to just the Rapidan Buildings. However, we anticipate there will be additional exterior site lighting required to illuminate a new entrance and directional signage. We have allocated costs for site lighting incindental to the signage at the transition period which have been included in the transition costs; however, the exact costs will depend on the final roadway modifications.

20-Year Capital Reserve Needs: We do not anticipate capital expenditures associated with lighting over the 20 Year term assuming site lighting is installed as noted above.



Steel Pole Mounted Light – Not Functioning - Typical

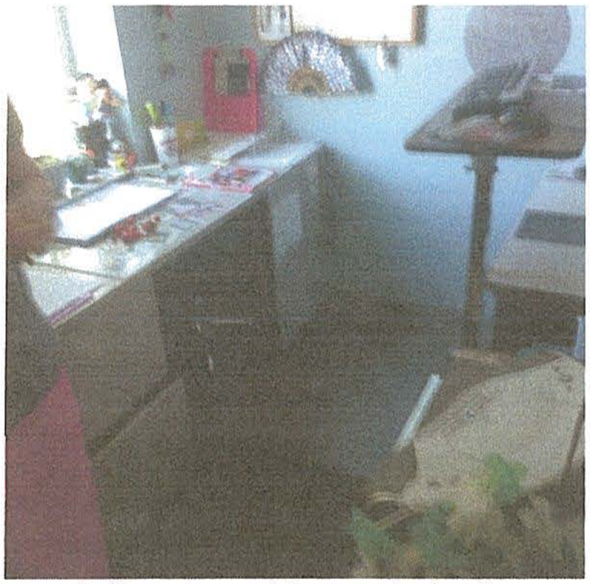
8.0 Fire Suppression: The fire suppression systems were recently installed during recent project renovations; Building 8 (2013); Building 9 (2014); Building 10 (2015); Building 11 (2006); and Building 12 (2013). The fire suppression systems have been tested and annually inspected.

Immediate Needs: We do not anticipate capital expenditures associated with the system prior to 2020. The system will require normal operations and maintenance and annual testing and inspection.
Transition Costs: There are no anticipated transition costs associated with fire suppression system.
20-year Capital Reserve Needs: We do not anticipate capital expenditures associated with the fire suppression system over the 20 year term.

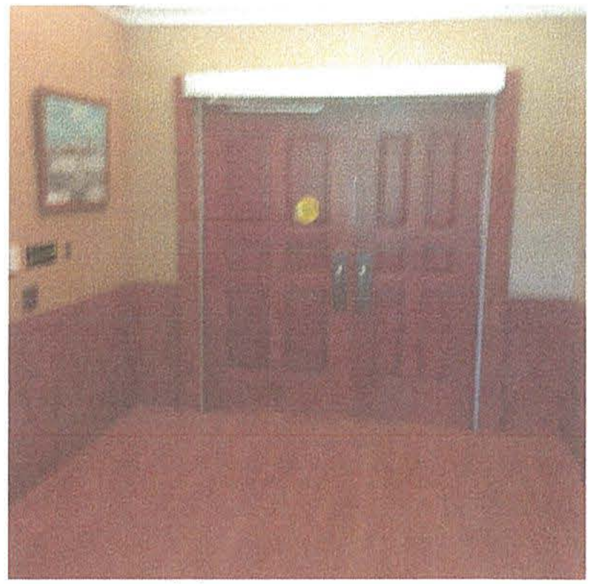
9.0 Interiors/Architectural Finishes: Finishes generally included the following:
Ceilings: Lay-in acoustical ceiling panels in corridors, offices and service rooms. Painted gypsum board in resident rooms and common rooms.
Walls: Painted gypsum board walls with wood wains coat and bumper guards in corridors. Painted gypsum board walls and wallpaper trim in resident rooms. Painted gypsum board walls in offices and service rooms.
Floors: Healthcare Grade Vinyl Sheet Flooring in Living Areas, Carpeting in Offices, Terrazo Tile in Wet Areas
Resident Restroom/Shower Areas: ceramic tile on floors and walls
Interior Doors: Wood finish, corridor and service rooms are U/L rated.

The interior finishes were replaced during the most recent renovations. Finishes appeared in good condition and of above average quality.
Immediate Needs: None anticipated between now and 2020 other than typical maintenance.
Transition Costs: There are no anticipated transition costs associated with the interior finishes.
20-Year Capital Reserve Needs: Painting of bedrooms and replacement of wall paper is regarded as an on-going maintenance need in order to maintain a healthy environment. Carpeting is located in low traffic

areas such as offices. Thus, we do not anticipate carpet replacement during the reserve period. The ceramic tile floors have an estimated useful which exceeds our reserve term. Finally, the resilient sheet flooring is located in high abuse areas and has an estimated useful life of 15 years. Based on existing drawings, there is approximately 9,900 square feet of resilient sheet flooring square feet in Buildings 8, 9, 11 and 12. Building 10 has approximately 12,000 square feet of hospital-grade sheet flooring. In our capital reserve needs, we have provided for replacement of the flooring after at the end of the 15 estimated useful life

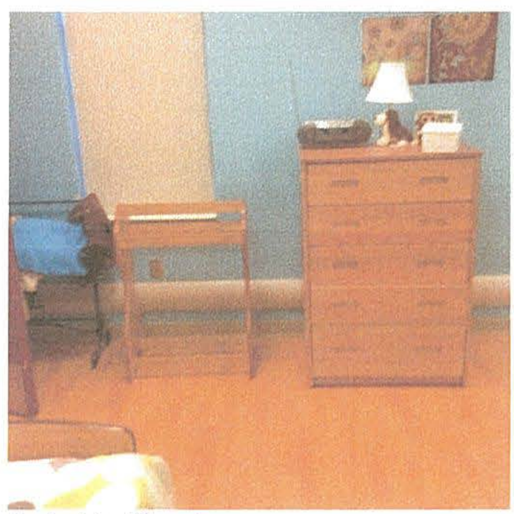


Typical Office – Carpeted Floors and Painted Gypsum Walls



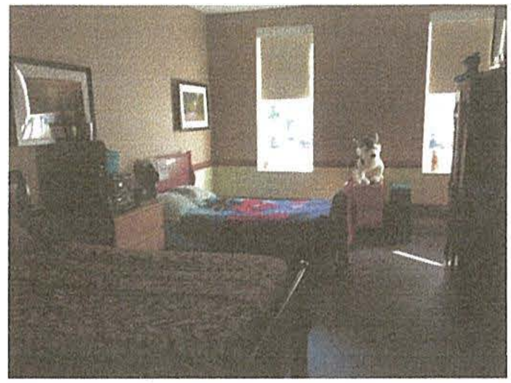
Entryway Vestibule

Typical Resident Room

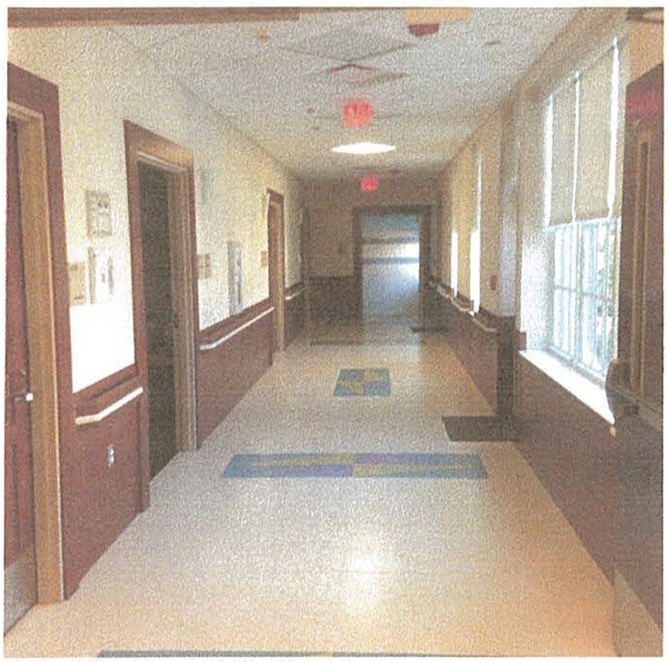


Typical Resident Room

Typical Resident Room



Typical Resident Room



Typical Corridor with Resident Rooms

10.0 <u>Furnishings</u>: Each resident bedroom is furnished with a bed, dresser, wardrobe, and stand per resident. Furnishings varied in style and quality. Repair/replacement will be an on-going need at CVTC. Day rooms include sofas, chairs, end tables, and storage units. Office furniture is standard state-issued metal furniture including desks and file cabinets.

<u>Immediate Needs</u>: None anticipated between now and 2020 other than typical maintenance or replacement of individual items.
<u>Transition Costs:</u> There are no anticipated transition costs associated with the furnishings.
<u>20-Year Capital Needs</u>: The furniture will require replacement during the 20 year term. Furniture replacement can be undertaken in a phased approach or whole scale replacement. For purposes of this report, we have provided for replacement in a phased approach with each building obtaining new furniture with the initial year after 12 years of service. We do not anticipate replacement of the office furniture during the 20 year term.

11.0 Specialized Equipment/Lift Equipment As a functioning healthcare facility, the Rapidan Buildings are equipped with specialized patient lift equipment. In order to project the capital needs for these Buildings, JTS inventoried the built-in specialized equipment. We inventoried the following:

- Shower Lifts (Maxi Sky Lift) 2 per building (Buildings 8, 9, 11 and 12) and 5 in Building 10
- Shower Trolley Wall Panels (Arjohuntleigh) 2 per building (Buildings 8, 9, 11 and 12) and 5 in Building 10
- Patient Chair Lifts (Vander Lifts) 3 per living area or 6 per building

Immediate Needs: None anticipated between now and 2020 other than typical maintenance or replacement of individual items.
Transition Costs: There are no anticipated transition costs associated with the built-in equipment.
20-Year Capital Needs: Determining the remaining useful life of specialized lift equipment is difficult because there is a lack of published historical data on the estimated useful life of this equipment. Also, there are a greater number of variables that must be taken into account such as frequency of use, size and mobility of the user and operator skill. For purposes of this report, we have assumed since this equipment is motorized; we have assumed a 15-year life cycle which is consistent with other motorized equipment. Our assumptions, were confirmed during interviews with the physical plant staff.

Central Virginia Training Center **CAPITAL NEEDS INVENTORY**
Lynchburg, Virginia

		Year in Service	EUL	RUL	Expected Replacement Year	Estimated Quantity Per Building	Unit	Unit Cost	Percent Replacement	Cost Per Building	Cost For All 5 Buildings
	Building Component										
4.0	Building-Façade - Point Masonry	2010	25	19	2035	6,280	sf	$ 16.00	5%	$ 5,024	$ 25,120
4.3	EPDM Roof - all buildings	2012	20	16	2032	6,600	sf	$ 10.80	100%	N/A	$ 71,280
5.3	Water Heater -257 gallon, Natural Gas	2013	20	17	2033	1	each	$ 22,800.00	100%	$ 22,800	$ 114,000
6.1	Boilers, Natural Gas Condensing	2013	20	17	2033	2	each	$ 16,800.00	100%	$ 33,600	$ 168,000
6.1	HW Pumps (80 GPM, 1.5 HP)	2012	15	11	2027	2	each	$ 3,980.00	100%	$ 7,960	$ 39,800
6.1	CW Pumps (130 GPM, 2.0 HP)	2012	15	11	2027	2	each	$ 4,475.00	100%	$ 8,950	$ 44,750
6.1	BAS System-200 Points	2013	20	17	2030	1	each	$ 275,000.00	15%	$ 41,250	$ 206,250
6.2	Sump Pumps	2010	20	14	2030	1	each	$ 2,200.00	100%	$ 2,200	$ 11,000
9.1	Replace Resilient Flooring-Building 8	2013	15	12	2028	9,800	sf	$ 8.47	100%	$ 83,006	N/A
9.1	Replace Resilient Flooring-Building 9	2014	15	13	2029	9,800	sf	$ 8.47	100%	$ 83,006	N/A
9.1	Replace Resilient Flooring-Building 10	2016	15	15	2031	12,100	sf	$ 8.47	100%	$ 102,487	N/A
9.1	Replace Resilient Flooring-Building 11	2009	15	8	2024	9,800	sf	$ 8.47	100%	$ 83,006	N/A
9.1	Replace Resilient Flooring-Building 12	2013	15	12	2028	9,800	sf	$ 8.47	100%	$ 83,006	N/A
9.1	Replace Resileint Flooring - All Buildings										$ 434,511
10.0	Bedroom Furnishings - per bed (includes bed, wardrobe, chest and stand)										
10.1	Bedroom Furnishings - Building 8	2013	15	12	2028	24	each	$ 1,800.00	100%	$ 43,200	
10.1	Bedroom Furnishings - Building 9	2014	15	13	2029	24	each	$ 1,800.00	100%	$ 43,200	
10.1	Bedroom Furnishings - Building 10	2016	15	15	2031	26	each	$ 1,800.00	100%	$ 46,800	
10.1	Bedroom Furnishings - Building 11	2009	15	8	2024	24	each	$ 1,800.00	100%	$ 43,200	
10.1	Bedroom Furnishings - Building 12	2013	15	12	2028	24	each	$ 1,800.00	100%	$ 43,200	
10.1	Bedroom Furnishings - all Buildings										$ 219,600
10.2	Day Room Furnishings - Sofa (2), Upholstered Chair (4), Standing										
10.2	Day Room Furnishings - Building 8	2013	12	9	2025	2	each	$ 2,920.00	100%	$ 5,840	
10.2	Day Room Furnishings - Building 9	2014	12	10	2026	2	each	$ 2,920.00	100%	$ 5,840	
10.2	Day Room Furnishings - Building 10	2016	12	12	2028	2	each	$ 2,920.00	100%	$ 5,840	
10.2	Day Room Furnishings - Building 11	2009	12	5	2021	2	each	$ 2,920.00	100%	$ 5,840	
10.2	Day Room Furnishings - Building 12	2013	12	9	2022	2	each	$ 2,920.00	100%	$ 5,840	
10.2	Day Room - All Buildings										$ 29,200
11.0	Specialized Equipment										
11.1	Shower Lift/Max Sky Lift-Building 8	2013	15	12	2028	2	each	$ 3,500.00	100%	$ 7,000	
11.1	Shower Lift/Max Sky Lift-Building 9	2014	15	13	2029	2	each	$ 3,500.00	100%	$ 7,000	
11.1	Shower Lift/Max Sky Lift-Building 10	2016	15	15	2031	5	each	$ 3,500.00	100%	$ 17,500	
11.1	Shower Lift/Max Sky Lift-Building 11	2009	15	8	2024	2	each	$ 3,500.00	100%	$ 7,000	
11.1	Shower Lift/Max Sky Lift-Building 12	2013	15	12	2028	2	each	$ 3,500.00	100%	$ 7,000	
11.2	Shower Trolley (Arjonhuntleigh) Bldg 8	2013	15	12	2028	2	each	$ 3,200.00	100%	$ 6,400	
11.2	Shower Trolley (Arjonhuntleigh) Bldg 9	2014	15	13	2029	2	each	$ 3,200.00	100%	$ 6,400	
11.2	Shower Trolley (Arjonhuntleigh) Bldg 10	2016	15	15	2031	5	each	$ 3,200.00	100%	$ 16,000	
11.2	Shower Trolley (Arjonhuntleigh) Bldg 11	2009	15	8	2024	2	each	$ 3,200.00	100%	$ 6,400	
11.2	Shower Trolley (Arjonhuntleigh) Bldg 12	2013	15	12	2028	2	each	$ 3,200.00	100%	$ 6,400	
11.3	Patient Lift (Vander Lifts) Bldg 8	2013	15	12	2028	6	each	$ 2,110.00	100%	$ 12,660	
11.3	Patient Lift (Vander Lifts) Bldg 9	2014	15	13	2029	6	each	$ 2,110.00	100%	$ 12,660	
11.3	Patient Lift (Vander Lifts) Bldg 10	2016	15	15	2031	6	each	$ 2,110.00	100%	$ 12,660	
11.3	Patient Lift (Vander Lifts) Bldg 11	2009	15	8	2024	6	each	$ 2,110.00	100%	$ 12,660	
11.3	Patient Lift (Vander Lifts) Bldg 12	2013	15	12	2028	6	each	$ 2,110.00	100%	$ 12,660	
11	Total Specialized Equipment - All Bldgs										$ 150,400

Central Virginia Traning Center - Lynchburg, Virginia **Building Capital Expenditures**
Years 1 thru 10

	Year	0	1	2	3	4	5	6	7	8	9	10
	Calendar Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Building Component											
4.0	Building-Façade - Point Masonry											
4.3	EPDM Roof - all buildings											
5.3	Water Heater -257 gallon, Natural Gas											
6.1	Boilers, Natural Gas Condensing											
6.1	HW Pumps (80 GPM, 1.5 HP)								$ 39,800			
6.1	CW Pumps (130 GPM, 2.0 HP)								$ 44,750			
6.1	BAS System-200 Points											$ 206,250
6.2	Sump Pumps											$ 11,000
9.1	Replace Resilient Flooring-Building 8									$ 83,006		
9.1	Replace Resilient Flooring-Building 9										$ 83,006	
9.1	Replace Resilient Flooring-Building 10											
9.1	Replace Resilient Flooring-Building 11					$ 83,006						
9.1	Replace Resilient Flooring-Building 12									$ 83,006		
10.0	Bedroom Furnishings - per bed (includes bed, wardrobe, chest and stand)											
10.1	Bedroom Furnishings - Building 8									$ 43,200		
10.1	Bedroom Furnishings - Building 9										$ 43,200	
10.1	Bedroom Furnishings - Building 10											
10.1	Bedroom Furnishings - Building 11					$ 43,200						
10.1	Bedroom Furnishings - Building 12									$ 43,200		
10.2	Day Room Furnishings - Sofa (2), Upholstered Chair (4), Standing											
10.2	Day Room Furnishings - Building 8						$ 5,840					
10.2	Day Room Furnishings - Building 9							$ 5,840				
10.2	Day Room Furnishings - Building 10									$ 5,840		
10.2	Day Room Furnishings - Building 11		$ 5,840									
10.2	Day Room Furnishings - Building 12			$ 5,840								
10.2	Day Room - All Buildings											
11.0	Specialized Equipment											
11.1	Shower Lift/Max Sky Lift-Building 8									$ 7,000		
11.1	Shower Lift/Max Sky Lift-Building 9										$ 7,000	
11.1	Shower Lift/Max Sky Lift-Building 10					$ 43,200						
11.1	Shower Lift/Max Sky Lift-Building 11											
11.1	Shower Lift/Max Sky Lift-Building 12					$ 7,000						
11.2	Shower Trolley (Arjonhuntleigh) Bldg 8									$ 6,400		
11.2	Shower Trolley (Arjonhuntleigh) Bldg 9										$ 6,400	
11.2	Shower Trolley (Arjonhuntleigh) Bldg 10											
11.2	Shower Trolley (Arjonhuntleigh) Bldg 11					$ 6,400						
11.2	Shower Trolley (Arjonhuntleigh) Bldg 12									$ 6,400		
11.3	Patient Lift (Vander Lifts) Bldg 8									$ 12,660		
11.3	Patient Lift (Vander Lifts) Bldg 9										$ 12,660	
11.3	Patient Lift (Vander Lifts) Bldg 10											
11.3	Patient Lift (Vander Lifts) Bldg 11					$ 12,660						
11.3	Patient Lift (Vander Lifts) Bldg 12										$ 12,660	
	Total in 2016 Dollars	$ -	$ 5,840	$ 5,840	$ -	$ 195,466	$ 5,840	$ 5,840	$ 84,550	$ 290,712	$ 164,926	$ 217,250
	Inflation Factor at 3%	1	1.03	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344
	Adjusted Total	$ -	$ 6,015	$ 6,196	$ -	$ 219,999	$ 6,770	$ 6,973	$ 103,986	$ 368,265	$ 215,191	$ 291,966

Central Virginia Training Center - Lynchburg, Virginia **Capital Expenditures**
Years 11-20

	Year	11	12	13	14	15	16	17	18	19	20
	Calendar Year	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
	Building Component										
4.0	Building-Façade - Point Masonry					$ 25,120					
4.3	EPDM Roof - all buildings		$ 71,280								
5.3	Water Heater -257 gallon, Natural Gas			$ 114,000							
6.1	Boilers, Natural Gas Condensing			$ 168,000							
6.1	HW Pumps (80 GPM, 1.5 HP)										
6.1	CW Pumps (130 GPM, 2.0 HP)										
6.1	BAS System-200 Points										
6.2	Sump Pumps										
9.1	Replace Resilient Flooring-Building 8										
9.1	Replace Resilient Flooring-Building 9										
9.1	Replace Resilient Flooring-Building 10	$ 102,487									
9.1	Replace Resilient Flooring-Building 11										
9.1	Replace Resilient Flooring-Building 12										
10.0	Bedroom Furnishings - per bed (includes bed, wardrobe, chest and stand)										
10.1	Bedroom Furnishings - Building 8										
10.1	Bedroom Furnishings - Building 9										
10.1	Bedroom Furnishings - Building 10	$ 46,800									
10.1	Bedroom Furnishings - Building 11										
10.1	Bedroom Furnishings - Building 12										
10.2	Day Room Furnishings - Sofa (2), Upholstered Chair (4), Standing										
10.2	Day Room Furnishings - Building 8										
10.2	Day Room Furnishings - Building 9										
10.2	Day Room Furnishings - Building 10										
10.2	Day Room Furnishings - Building 11										
10.2	Day Room Furnishings - Building 12										
10.2	Day Room - All Buildings										
11.0	Specialized Equipment										
11.1	Shower Lift/Max Sky Lift-Building 8										
11.1	Shower Lift/Max Sky Lift-Building 9										
11.1	Shower Lift/Max Sky Lift-Building 10	$ 17,500									
11.1	Shower Lift/Max Sky Lift-Building 11										
11.1	Shower Lift/Max Sky Lift-Building 12										
11.2	Shower Trolley (Arjonhuntleigh) Bldg 8										
11.2	Shower Trolley (Arjonhuntleigh) Bldg 9										
11.2	Shower Trolley (Arjonhuntleigh) Bldg 10	$ 16,000									
11.2	Shower Trolley (Arjonhuntleigh) Bldg 11										
11.2	Shower Trolley (Arjonhuntleigh) Bldg 12										
11.3	Patient Lift (Vander Lifts) Bldg 8										
11.3	Patient Lift (Vander Lifts) Bldg 9										
11.3	Patient Lift (Vander Lifts) Bldg 10	$ 12,660									
11.3	Patient Lift (Vander Lifts) Bldg 11										
11.3	Patient Lift (Vander Lifts) Bldg 12										
	Total in 2016 Dollars	$ 195,447	$ 71,280	$ 282,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Inflation Factor at 3%	1.344	1.384	1.426	1.469	1.513	1.558	1.605	1.653	1.702	1.754
	Adjusted Total	$ 262,664	$ 98,668	$ 402,065	$ -	$ -	$ -	$ -	$ -	$ -	$ -

7. Operational Costs

Operating costs are comprised of four components; labor, materials and supplies, contracted services; and utilities. Of the four components, the majority of the operational costs are attributed to labor.

The current and FY 2015 and 2016 operating budgets along with the labor expenditures for the Central Virginia Training Center are as follows:

	Total Operations Cost ($)	Labor Costs ($)	FTEs	Labor Costs as a Percentage of Total Operating Costs
FY 2015 (Actual)	$80,654,778	$62,923,572	1,082	78%
FY 2016 (Actual)	$69,248,957	$53,549,788	779	77%
FY 2017 (Budgeted)	$66,932,195	$51,966,410	729	78%

Above operational cost data provided by DBHDS.

At the Central Virginia Training Center, labor costs can be further categorized by Direct Care and Support Services. For Direct Care Costs, we utilized the Direct Care Costs as currently expended by CVTC for just the Rapidan Buildings. **Based on information provided by CVTC, the current Direct Care Costs for the Rapidan Buildings is $11,639,954.**

The next cost component to project was the labor cost for support services. For staffing levels we used the Southeast Virginia Training Center as our initial basis for anticipated staffing levels. For average wage rates, we used a combination of Bureau of Labor of Statistics, State Job Postings, and RS Means. An average wage rate was developed and then we applied a factor to account for benefits, FICA, training, and overtime. At the end of this section, a proposed staffing plan is provided. For cost purposes, we anticipate **Support Labor Costs at approximately $5.5 MM per year.**

We then projected an annual cost for supplies and materials. As our initial starting point, we began with the expenditures by CVTC concluding in fiscal 2016. In fiscal 2016, CVTC spent $4,868,322 on materials and supplies. The three biggest line items were pharmacy, food, and power plant which constituted over 50% of the costs. Most of the costs appeared directly correlated to the resident level such as food, pharmacy, food, radiology, barber, housekeeping, etc. We then subtracted the power plant costs as the power plant will not be incorporated into a consolidated CVTC campus consisting of just the Rapidan Buildings and determined a per resident cost for supplies and materials and then projected this cost based on just the Rapidan occupancy.

CVTC 2016 Materials and Supplies Expenses	$4,868,322
(Power Plant)	($ 623,851)
Material and Supply Costs	$4,244,471
Cost per Resident based on 180	$23,580
Annual Cost for 124 Residential Facility	**$2,923,970**

The next annual cost was the utilities. For electricity costs, the buildings are separately metered and we based our projections on historical records. Gas, water, and sewer costs are not separately metered so costs were proportioned just for the Rapidan Buildings. Our estimated annual costs were as follows:

Electrical	$220,000
Water	$132,000
Sewer	$242,000
Natural Gas	$ 68,000
Estimated Annual Utilities	$662,000

The final operational cost we projected was the costs for contracted services. We assumed that the following services would be outsourced: laundry (via Department of Corrections), grounds keeping, snow removal, medical doctors, dentistry, vehicle maintenance, major HVAC and electrical maintenance, food service, and ambulance service. To arrive at a value we compared current operational costs and contracted costs at like facilities. Adjustments were made for geographical differences and we arrived at **an approximate cost of $3,180,000 for contracted services.**

Thus, our opinion of annual operating costs in 2016 Dollars is approximately $23,901,000 and allowing for a 5% contingency **our opinion of annual operating costs would be approximately $25,100,000.**

POSITION ROLE/CLASS ABBREVIATION	Current Staffing	Avg Pay Loaded	Total
Admin and Office Spec II	3	$ 52,144.00	$ 156,432.00
Admin and Office Spec III	13	$ 67,600.00	$ 878,800.00
Counselor I	7	$ 74,000.00	$ 518,000.00
Counselor II	1	$ 68,888.00	$ 68,888.00
Direct Service Associate II	163	$ -	$ -
Direct Service Associate III	10	$ -	$ -
Engineering Technician III	1	$ 91,000.00	$ 91,000.00
Financial Services Manager I	1	$ 64,722.00	$ 64,722.00
Financial Services Spec I	3	$ 59,488.00	$ 178,464.00
Food Service Technician I	5	$ 32,488.00	$ 162,440.00
Food Service Technician II	1	$ 37,856.00	$ 37,856.00
Food Service Technician III	3	$ 43,264.00	$ 129,792.00
Gen Admin Manager II	1	$ 109,200.00	$ 109,200.00
Gen Admin Manager III	1	$ 114,800.00	$ 114,800.00
Gen Admin Supv I/Coord I	1	$ 81,200.00	$ 81,200.00
Health Care Compliance Spec II	1	$ 117,600.00	$ 117,600.00
Hsekeep &/or Apparel Mgr I	1	$ 44,561.92	$ 44,561.92
Hsekeep &/or Apparel Worker I	15	$ 40,644.00	$ 609,660.00
Human Resource Analyst I	3	$ 46,887.36	$ 140,662.08
Human Resource Analyst II	1	$ 66,166.88	$ 66,166.88
Info Technology Manager I*	1	$ 122,484.00	$ 122,484.00
Info Technology Specialist II	1	$ 81,404.00	$ 81,404.00
Licensed Practical Nurse	1	$ 72,800.00	$ 72,800.00
Physician Manager II	1	$ 210,000.00	$ 210,000.00
Prog Admin Manager II	2	$ 92,880.00	$ 185,760.00
Prog Admin Specialist I	16	$ -	$ -
Prog Admin Specialist II	4	$ -	$ -
Psych II/Psychology Assoc II	2	$ -	$ -
Psych III/Psychology Assoc III	1	$ -	$ -
Registered Nurse Manager II	1	$ 124,880.00	$ 124,880.00
RN II/Nurse Prct I/Phy Asst	15	$ -	$ -
RN III/Nurse Prct II	1	$ -	$ -
Security Officer I	3	$ 32,042.40	$ 96,127.20
Security Officer II	2	$ 37,125.92	$ 74,251.84
Store & Warehouse Spec II	2	$ 30,338.88	$ 60,677.76
Store & Warehouse Spec III	1	$ 30,338.88	$ 30,338.88
Therapist II	2	$ -	$ -
Therapist III	2	$ -	$ -
Therapy Assistant/Therapist I	4	$ -	$ -
Therapy Manager I	1	$ 62,848.00	$ 62,848.00
Trades Manager I	1	$ 83,888.00	$ 83,888.00
Trades Technician I	1	$ 32,448.00	$ 32,448.00
Trades Technician III	2	$ 60,380.32	$ 120,760.64
Trades Technician IV	1	$ 72,683.52	$ 72,683.52
Trainer and Instructor II	3	$ 68,544.00	$ 205,632.00
Trainer and Instructor III	3	$ 68,544.00	$ 205,632.00
			$ 5,412,860.72

8. Bond Funding Impact

The study requested the "impact on the current bond funds in complying with Internal Revenue Service's Regulations for Commonwealth of Virginia issued tax-exempt bonds used to renovate and maintain the facility." Based on information provided, since 2003, $35,390,362 in capital improvements were invested in the property via state issued bonds. We requested the amount of debt of remaining of this $35,390,362 and it was not provided at the writing of this report. **If the Central Virginia Training Center is sold then this debt would be due as the Central Virginia Training Center served as the collateral of this debt.**

9. Expenses to Remain DBHDS Responsibility

JTS was tasked to identify expenses that will remain the responsibility of DBHDS under the proposed scenarios.

Road System Network: The current road system throughout the campus is owned by DBHDS. Historically, VDOT has assisted CVTC in maintaining the roads. In the two scenarios, full closure or keeping just the Rapidan Buildings, the road system will still need to remain in operation. Access to the following areas will be required:

- The water storage tanks
- The water booster pumping station
- The Memorial Gardens Cemetery
- The VC Trailer Park
- Potential Access to the Heritage Trail System along the James River.

It is unclear if VDOT would assume ownership of this road network because it does not appear these roads were constructed to VDOT standards. Further evaluation is required.

Closed Buildings: Under the 2020 closure plan and the scenarios in which the Rapidan Buildings stay open for periods of 10, 15 or 20 years beyond the closing date, the remaining vacant buildings pose a potential liability to the Commonwealth. At a minimum the buildings will need to be de-commissioned. Decommissioning involves the draining of pipes, disconnecting power, securing doors and windows and endless on-going checks by security personnel. Even diligent decommissioning of the buildings will not prevent vagrants and other un-desired intruders from attempting to enter the buildings. The vacant buildings will also pose a potential fire hazard.

A building by building inspection was beyond our scope of work; however, based on our experience with the buildings at this site and the buildings we did observe; the large internal and narrowly-spaced concrete and block walls prohibit adaptive re-use of the buildings. Buildings which have already been closed are experiencing issues with moisture and un-conditioned spaces which include mold, wood rot and subsequent structural deterioration. The Amherst County Economic Development Authority has been researching potential uses of the site including meeting with potential developers. We spoke with Victoria Hanson with the authority and she confirmed our professional opinions of the existing buildings based on her meetings with developers. The feedback she has gotten from developers is that the highest and best use of the site would be residential (single/multi-family) with light commercial. According to Ms. Hanson, there has been slow northward migratory residential growth from the City of Lynchburg.

Building demolition of the existing structures will need to be addressed. If not addressed by DBHDS or the Commonwealth, then there is a potential that the state will not be able to transfer the property. There is a cost range for building demolition depending on whether DBHDS stays in the Rapidan Buildings. The costs below are in 2016 dollars and have not been adjusted for inflation. They are inclusive of an allowance for abating asbestos, lead-based paint, and fluorescent light bulbs. Demolition of buildings can be included recycling of steel and glass, and masonry and concrete building materials should be ground on site and used to fill gaps and rid the site of valleys. The on-site reuse of the demolition waste stream would demonstrate the Commonwealth as a good stewards of the environment. Additionally, the on-site re-use of building materials may potentially give following developments LEED® Points.

Demolition of All Buildings –
1,095,329 square feet @ $6.00 per square foot $6,571,974.00

Demolition of All Buildings excluding Rapidan Buildings,
1,010,185 square feet @ $6.00 per square foot $6,061,110.00

An additional 25% should be added for Project Oversight, Environmental Testing, Geotechnical Testing, and Permitting. Additionally an inflation factor of 3% per year with a project date of 2021 should be added. Adding these two cost adjustments, the **projected 2021 demolition costs would be a range of $8.8 to 9.5 MM** depending on the final number of buildings scheduled for demolition, extent of asbestos-containing building materials, and timing of the work.

Water and Sewer: The water and sewer lines at the campus serve two other end-users; an adjoining 70 lot mobile home park and a small residential/commercial property. Each of these users is separately metered. According to historical information we identified, water service to the mobile home park was extended in 1983 when ground water contamination was discovered at the mobile home park site. When CVTC closes, it is our understanding the Amherst County Service Authority would be the likely entity to take ownership of the water distribution. Approximately, 6,700 linear feet of this piping was installed in the 1940s and has likely exceeded its useful life. Should DBHDS continue to operate at the site, even on a smaller footprint, then a legal interpretation will be required to determine whom is financially liable for the operations and maintenance of the water line as well as the above ground tanks. Legal opinions are beyond the expertise of our firm and the scope of this study.

MS-4 (Storm water) Permit: Currently, CVTC pays an annual permit fee of $26,000 to maintain the MS-4 permit. It is our understanding, that DBHDS will still be responsible for this permit fee until the property is transferred.

Memorial Gardens: East of the Rapidan Buildings is the CVTC grave yard known as the Memorial Gardens. Although Virginia law protects cemeteries, graveyards, and burial sites from disturbance and damage (§18.2-127), there is no law requiring that the owner of a cemetery maintain that cemetery. Although not legally required to maintain the cemetery, DBHDS would set poor precedent by abandoning this cemetery.

Environmental CVTC has operated at the site since 1911. Environmental regulations, enforcement and compliance did not come into effect until the 1970s. Thus, what would be illegal by today's regulations was considered legal prior to 1970. According to the Resource Conservation and Recovery Act (RCRA), the Commonwealth would be responsible for any past environmental releases. Thus, at a minimum, the Commonwealth should engage in an environmental consultant to identify environmental hazards. Because the extent of environmental contamination is unknown, if any exists, we cannot apply a cost associated with environmental remediation; however, DBHDS would be the financially responsible party. Additionally, the property will probably not sell without at a minimum a Phase I Environmental Site Assessment.

10. Options

We identified three potential options; one – DBHDS stays the course and closes CVTC in 2020; two – transition the campus to a smaller layout which include just the five Rapidan Buildings and there are no Community Based Residential Services (CBRS) transfers; and the third option is for a private contractor to operate the five Rapidan Buildings via either lease or purchase. This section of the report provides advantages and disadvantages of each option. A majority of these points were raised in previous sections of this report.

Option 1 – Close CVTC in 2020

DBHDS keeps to its scheduled closure date. There would be no new admissions and the census reduction would be obtained through transfer to obtain CBRS or through mortality.

Advantages

- The continued institutionalization of persons with disabilities violates the American with Disabilities Act.
- Failure to provide an option to place individuals in an integrated environment violates the Olmstead Decision.
- In Virginia, there is a wait list of over 8,000 individuals requesting Home and Community-based Services (CBRS). Along with the DOJ Settlement Agreement, the Commonwealth decided to downsize and eventually close four of the five Training Centers, in part, so that they could use the cost savings to address the needs of the former training center residents **and** individuals on the wait list. Thus, the closing of the training centers addresses the needs of the individuals on the wait list.
- Avoids large ($22-$24 MM) transition cost at the 2020 deadline. The capital investment required could alternatively be used to fund greater access to CBRS.
- Healthcare and Medicaid trends have been towards greater use of CBRS. Closure is consistent with nationwide health care trends – 219 state-operated IDD facilities with 16 or more resident have closed between 1960 and 2013; 14 states no longer fund large state operated facilities; and 20 states reported serving no one in a setting of 16 or more.
- Individuals can be more economically cared for in a CBRS setting.
- Following through on the closure of CVTC, frees up a large tract of land for sale and future re-development. The proceeds of the sale can be used to further address the needs of individuals on the wait list.
- Infrastructure and utilities have exceeded their useful life at the CVTC campus. Major investments will be required to repair/replace facility infrastructure.
- Consistent with DOJ Settlement Agreement.

Disadvantages

- There is a segment of the resident population that has their responsible party expressing their wish for the resident to stay at the CVTC. The Olmstead Decision concedes, some individuals may be better served by a form of institutionalization.

Option 2 – Continue to Operate CVTC (Rapidan Buildings Only) 10, 15, or 20 Years Beyond the Scheduled 2020 Closure Date

CVTC does not close in 2020 and instead transitions to a smaller campus. At most there would be 1 "crisis" admission per year and the census reduction would occur through natural attrition including HCSB placement and mortality.

Advantages

- There may be a percentage of the resident's responsible party whom wish to remain at CVTC for the remainder of their lives.
- Does not appear to negatively impact the sale of the remaining portion of the property.

Disadvantages

- Assuming natural mortality rates and no or at most 1 "crisis" admission per year, then according to census projections there will be a gradual decline in population until 2030 when there will be no or single digit residents at CVTC.
- There is a great capital investment cost ($22-$24M) associated with transitioning CVTC from its existing size to a compact approximate 25 acre site. These costs could be better used to assist individuals to access CBRS.
- Among the reasons the Commonwealth determined it would close four of the five training centers was so that the savings could be used to move more individuals into integrated community settings.
- The costs to continue to operate CVTC will take CBRS funding away from individuals seeking assistance.
- Continuing to institutionalize individuals may violate the American with Disabilities Act as determined by the Olmstead Decision.
- Many of the costs of operating CVTC are fixed costs and as the census naturally declines, the per bed operating costs will substantially increase and subsequently the state's Medicaid match will increase.

Option 3 – Private Operator Continuing to Operate the Lower Rapidan Buildings

The advantages and disadvantages of this operation are the same as Option 2 with the following exceptions.

Advantages

- A private operator may be able to re-purpose the buildings. An appraisal has been provided in the Appendix of this report.
- A private operator may be able to leverage existing support services with a nearby facility; however, without knowing the specifics of the private operator we are unable to quantify this advantage.

Disadvantages

- Capital and operating costs would generally be the same as for a state operated facility.
- In addition, to the capital and operating costs previously stated, a private operator would have a lease or debt payment which further exacerbate the per bed cost.
- A private operator would likely pay more for laundry services as they would be unable to use the Department of Corrections laundry service.
- A private operator would be bound to the same requirements, including admission standards, as the Commonwealth including the Olmstead Decision, the American with Disabilities Act, and Medicaid regulations, assuming Medicaid funding continued.
- During our review of the site, we informally contacted Group Home operators in the region. The consensus was that the institutional perception of CVTC would dissuade them from wanting to continue to operate any portion of CVTC as it was believed the operation of the Rapidan Buildings would be in contradiction of the Olmstead Decision.
- We also looked at alternative uses for the Rapidan Buildings with the most likely use being a Skilled Nursing Facility (SNF). However, because the resident rooms do not have private bathrooms and the Buildings were equipped with "group" toilet and shower facilities, the Buildings were precluded from SNF. The buildings could possibly be re-purposed for other possible uses such as assisted living; however, re-purposing the buildings will require renovations and then the repositioned buildings would bring no benefit to current CVTC Residents. The building modifications required to meet building code requirements in order to re-purpose the building are beyond the scope of this study and would require further evaluation.

11. Summation of Major Findings and Conclusions

With a Capital Investment of $23-24MM in the Year 2019, the CVTC Campus could be compacted to just the Lower Rapidan Buildings with minimal capital investment for the following 20 years after transition date. The transition costs include the costs associated with the construction of a new support building, providing additional parking, and replacing utilities which have exceeded their useful life or need to be modified to match the re-configured campus layout.

CVTC is scheduled for closure in 2020 and staff appear to be on track to meet this deadline. Without the catalysts of the DOJ Settlement Agreement, the decision to close four of Virginia's five training centers, and taking into account natural attrition, mortality rates (the median age of the residents is 59), and assuming 1 "potential crisis" admission per year; in the Year 2030 the projected census for CVTC would be somewhere between zero and 10. Because there is a minimum level of funding or fixed costs for the CVTC to function, the declining population coupled with virtually no new admissions makes the continued operation of the CVTC campus untenable.

APPENDIX

A. Financial Models

Central Virginia Training Center Financial Models

	0-10-year	11-15-year	16-20-year
Transition Costs -Annualized	$ 2,749,338	$ 2,005,650	$ 1,640,843
Annual Captial Costs	$ 172,800	$ 272,500	$ -
Annual Operating Costs - Projected at Mid-point	$ 33,734,400	$ 44,025,400	$ 52,553,826
Opinion of Estimated Annual Costs	$ 36,656,538	$ 46,303,550	$ 54,194,669
Cost Per Bed Per Day based on Full Occupancy	$ 810	$ 1,023	$ 1,197
Cost Per Bed Per Day based on Projected Occupancy for years 2023 and beyond	$ 12,554	N/A	N/A
Projected Number of Patients Served*	78 in 2020 0 by 2025	0.00	0.00

Assume no new admissions and attrition via mortaility

B. Real Estate Appraisal on Buildings 8, 9, 10, 11 and 12

AN APPRAISAL REPORT

On

RAPIDIAN BUILDINGS 8, 9, 10, 11, AND 12
WITHIN THE CENTRAL VIRGINIA TRAINING CENTER
LOCATED ON COLONY ROAD,
MADISON HEIGHTS, VIRGINIA, 24572

For

Mr. Kenneth J. Cordo, P.E., LEED AP, CDT
JTS, LLC; Construction Engineering Services
7723 Rock Creek Road,
Henrico, Virginia, 23229

Prepared By

GREYLOCK ADVISORY GROUP, LTD.
1502 Franklin Road, Ste. 102
Roanoke, Virginia, 24016
File No. 2714

As of

November 2, 2016

Greylock
Advisory Group
Real Estate Consulting
and Appraisal

Charles W. Parkhurst,
MAI, SRA, AI-GRS, CCIM
President

Todd W. Ohlerich, MAI
Vice President

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Roanoke, Virginia 24016
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Web:
www.greylockadvisorygroup.com
Email:
greylock6@gmail.com

November 14, 2016

Mr. Kenneth J. Cordo, P.E., LEED AP, CDT
JTS, LLC; Construction Engineering Services
7723 Rock Creek Road,
Henrico, Virginia, 23229

Dear Mr. Cordo:

At your request, we have estimated the Market Value of Rapidian buildings 8, 9, 10, 11, and 12 within the Central Virginia Training Center located on Colony Road, Madison Heights, Virginia, 24572. The ownership interest appraised is the Fee Simple Estate. We visited the subject property on November 2, 2016. The Effective Date Of Appraisal is November 2, 2016. The indicated Market Value of the subject property as of November 2, 2016 is $19,500,000.

Attached is an appraisal report prepared under the Uniform Standards of Professional Appraisal Practice (USPAP) and to the provisions of the Federal regulations as stipulated by all appropriate federal regulatory agencies under the most recent Real Estate Appraisal Ruling (12 CFR Part 34 [Title XI of FIRREA]), as well as any other regulatory requirements that may apply.

It has been a pleasure to serve you in this matter.

Respectfully,

Charles W. Parkhurst, MAI, SRA, AI-GRS, CCIM President VA CG Real Estate Appraiser No. 3320	Todd W. Ohlerich, MAI Vice President VA CG Real Estate Appraiser No. 15972

TABLE OF CONTENTS

SUMMARY AND CONCLUSIONS

PROPERTY IDENTIFICATION	:	Rapidian buildings 8, 9, 10, 11, and 12 within the Central Virginia Training Center located on Colony Road, Madison Heights, Virginia, 24572
DATE OF APPRAISAL	:	November 2, 2016
DATE OF VISIT	:	November 2, 2016
DATE OF APPRAISAL REPORT	:	November 14, 2016
PROPERTY OWNER	:	Virginia Public Building Authority
PROPERTY RIGHTS APPRAISED	:	Fee Simple Estate
PURPOSE OF THE APPRAISAL	:	Estimate Market Value
INTENDED USE / INTENDED USER	:	For possible sale
TAX MAP NO. /ACCOUNT NO.	:	Portion of 160-A-69

CENSUS TRACT / FIPS CODE :

Census Tract	FIPS Code
0105.02	51009

FLOOD PLAIN DETERMINATION :

Flood Map	Flood Map Date	Flood Zone
51009C0415B	9/19/2007	Low Risk

LAND AREA :

Size (Acres)	Size (SF)
±26.00	±1,132,560

IMPROVEMENT DESCRIPTON : *Building 8*- A ±15,284ƒ one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices.

SUMMARY AND CONCLUSIONS
CONTINUED

IMPROVEMENT DESCRIPTON (Con't)	:	***Building 9-*** A ±17,438ft^2 one story brick one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices. ***Building 10-*** A ±21,798ft^2 one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices. ***Building 11-*** A ±15,284ft^2 one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices. ***Building 12-*** A ±15,340ft^2 one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices.
SITE IMPROVEMENTS	:	The sites are improved with ±89,000ft^2 of asphalt paving, ±10,000ft^2 of gravel area, and ±10,000ft^2 of concrete walkways.
CONDITION, EFFECTIVE AGE, AND ESTIMATED REMAINING ECONOMIC LIFE	:	All five buildings were built from 1951 to 1955 and all have had complete renovations in the last five years. The improvements are in good condition. All buildings have an Effective Age estimated at ±15 years with a Remaining Economic Life of ±30 to ±35 years.

SUMMARY AND CONCLUSIONS
CONTINUED

ZONING/CONFORM	:	P-1, Public Lands District
HIGHEST AND BEST USE	:	Assisted Living/Nursing Home Use *"As Vacant" and "As Improved."*
EXPOSURE/MARKETING TIME	:	12 Months
SPECIAL CONDITIONS AND ASSUMPTIONS	:	Please refer to the discussion presented in the following *Premise of the Appraisal and Scope of Work* discussion.
COST APPROACH	:	$20,000,000
SALES COMPARISON APPROACH	:	$19,250,000
VALUE CONCLUSION	:	$19,500,000

CERTIFICATION

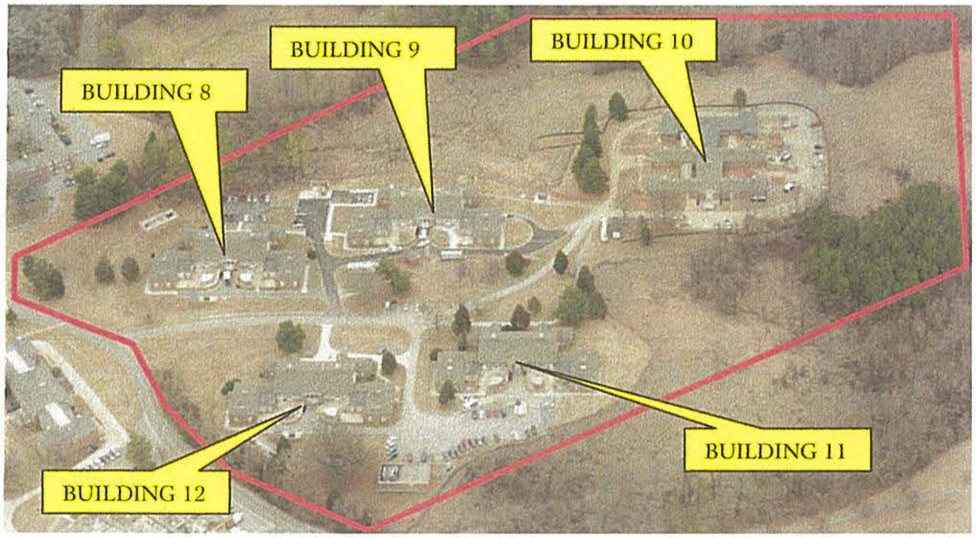
We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice.*
- Charles W. Parkhurst, MAI, SRA, AI-GRS, CCIM and Todd W. Ohlerich, MAI have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Charles W. Parkhurst, MAI, SRA, AI-GRS, CCIM has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Todd W. Ohlerich, MAI has completed the continuing education program for Designated Members of the Appraisal Institute..
- The indicated Fee Simple Estate Market Value of the subject property as of November 2, 2016 is $19,500,000.

Charles W. Parkhurst, MAI, SRA, AI-GRS, CCIM, President
Virginia Certified General Real Estate Appraiser No. 3320

Todd W. Ohlerich, MAI, Vice President
Virginia Certified General Real Estate
Appraiser No. 15972

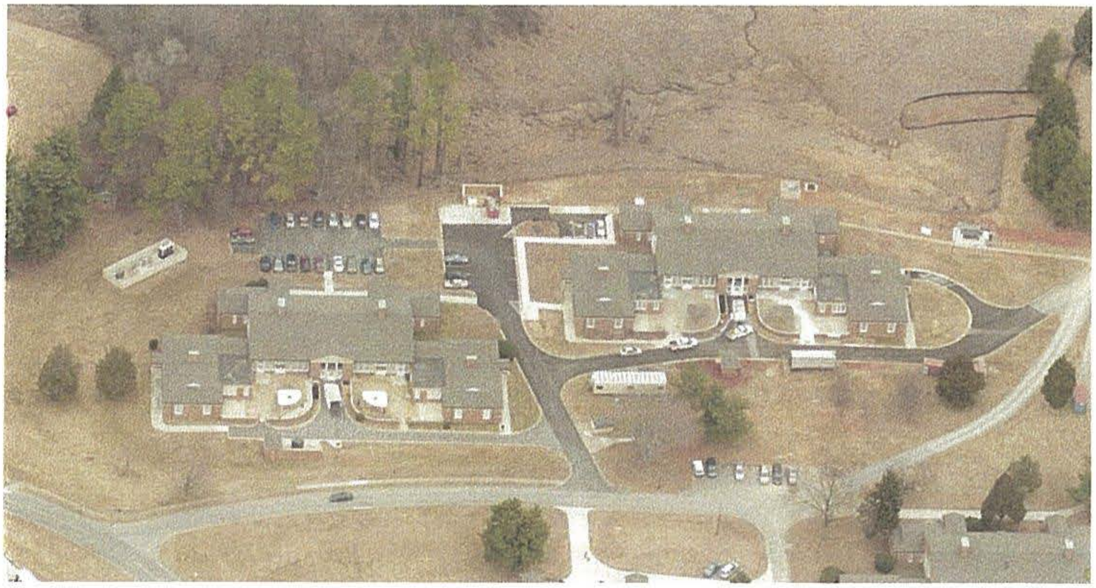
SUBJECT PHOTOGRAPHS



AERIAL VIEW NORTH OF SUBJECT PROPERTY
(LINES ABOVE ARE APPROXIMATE)

AERIAL VIEW SOUTH OF SUBJECT PROPERTY
(LINES ABOVE ARE APPROXIMATE)

SUBJECT PHOTOGRAPHS



AERIAL VIEW NORTH OF BUILDINGS 8 AND 9

AERIAL VIEW SOUTH OF BUILDINGS 8 AND 9

SUBJECT PHOTOGRAPHS

AERIAL VIEW SOUTH OF BUILDINGS 11 AND 12

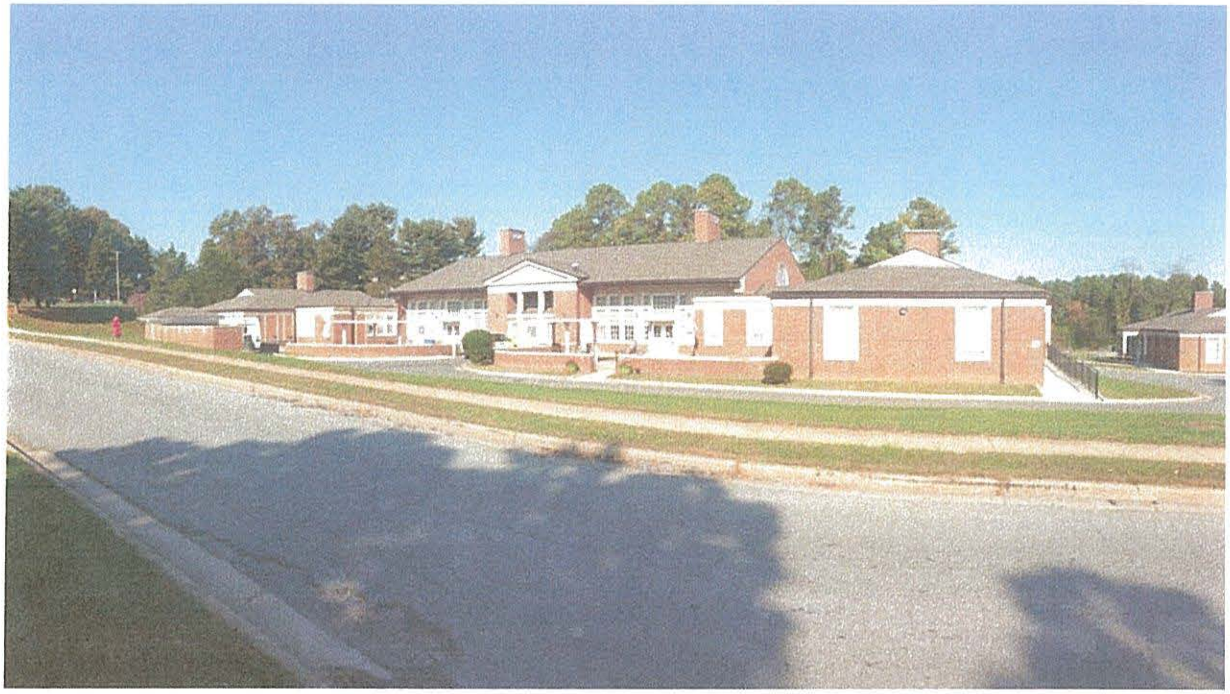
AERIAL VIEW NORTH OF BUILDINGS 11 AND 12

SUBJECT PHOTOGRAPHS

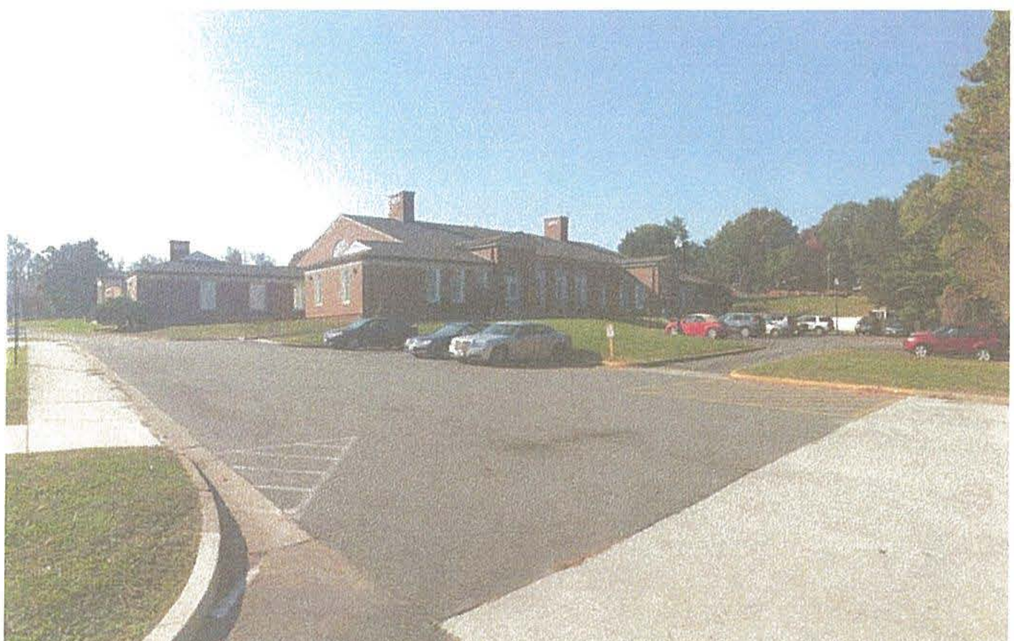
AERIAL VIEW NORTH OF BUILDING 10
(DURING RENOVATION)

AERIAL VIEW SOUTH OF BUILDING 10

SUBJECT PHOTOGRAPHS

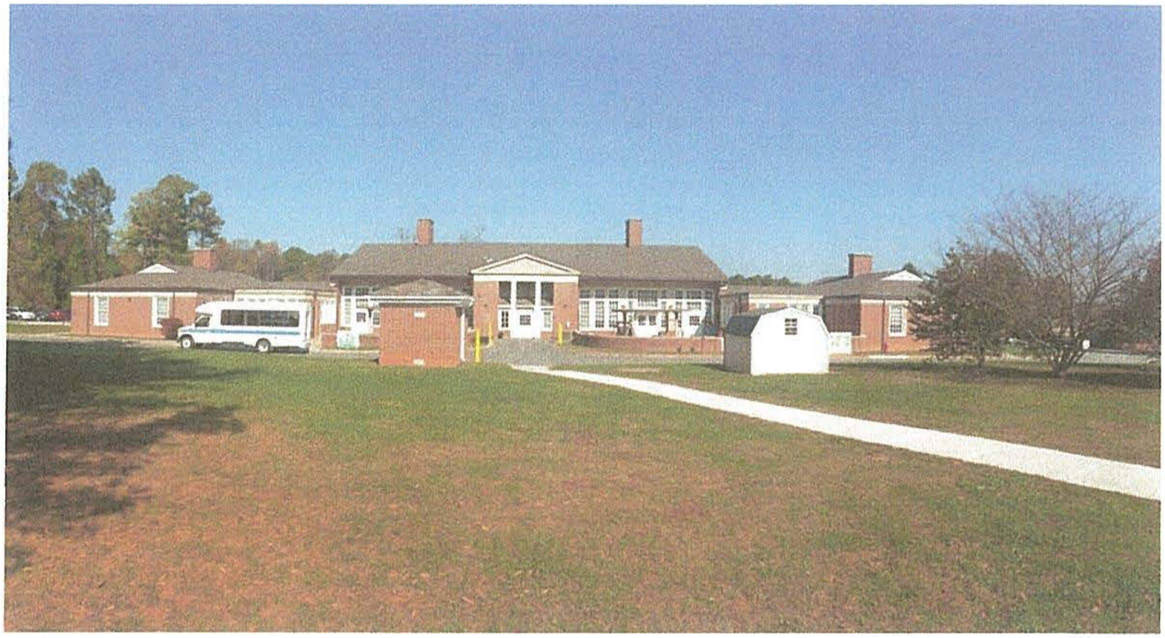


FRONT VIEW OF BUILDING 8

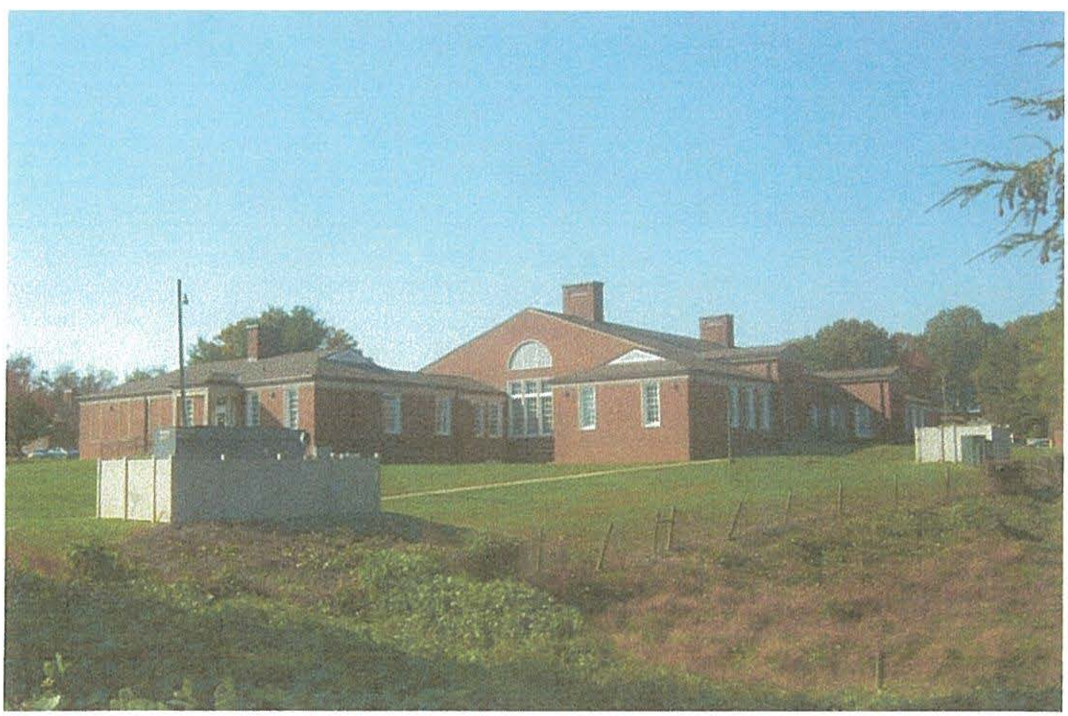


REAR VIEW OF BUILDING 8

SUBJECT PHOTOGRAPHS



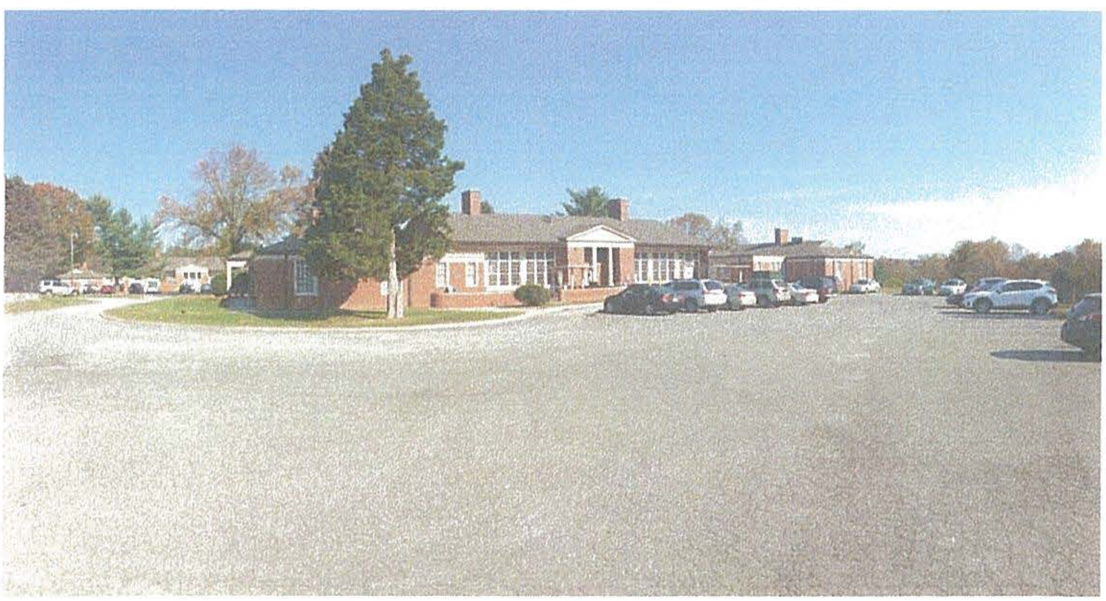
FRONT VIEW OF BUILDING 9



REAR VIEW OF BUILDING 9

SUBJECT PHOTOGRAPHS

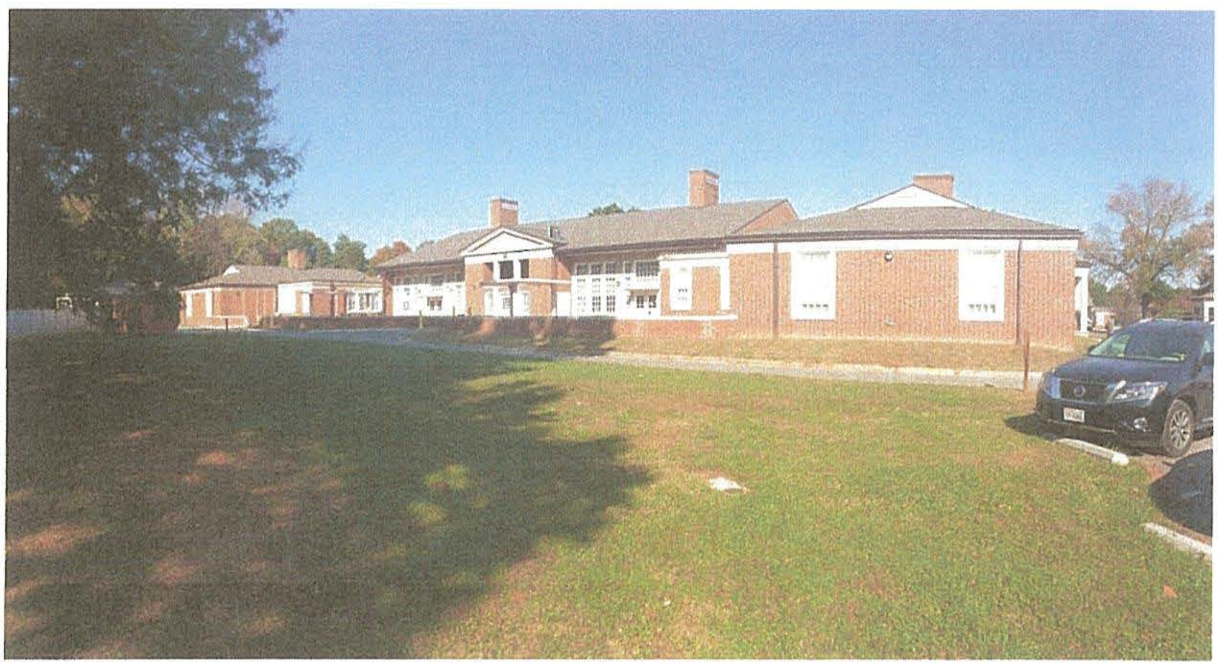
FRONT VIEW OF BUILDING 11



REAR VIEW OF BUILDING 11

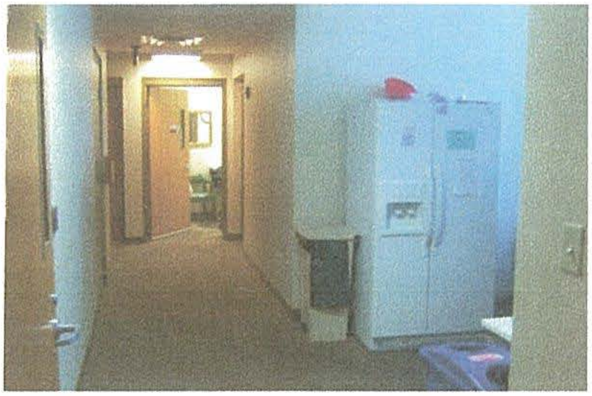
SUBJECT PHOTOGRAPHS

FRONT VIEW OF BUILDING 12

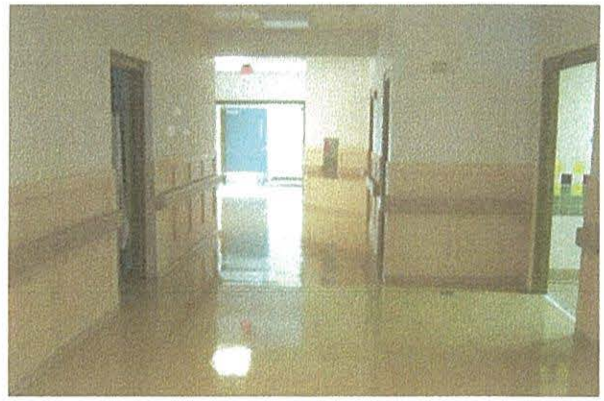


REAR VIEW OF BUILDING 12

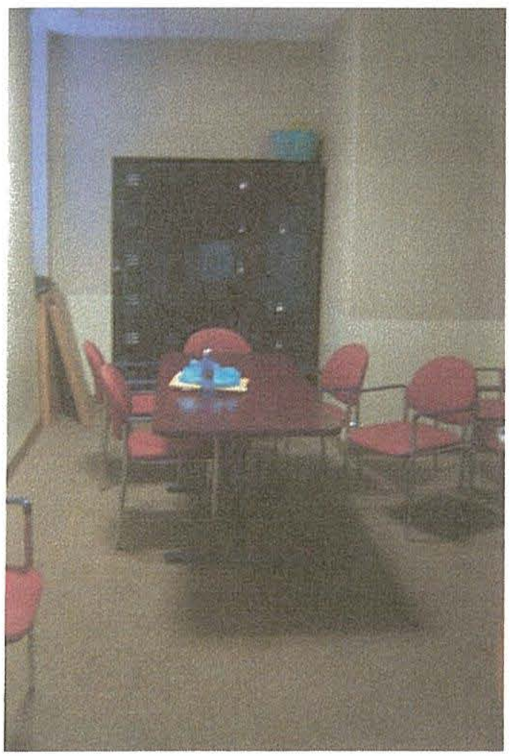
SUBJECT PHOTOGRAPHS
(BUILDINGS 8, 9, 11, AND 12)



OFFICE AND BREAK AREA



TYPICAL HALLWAY FINISH

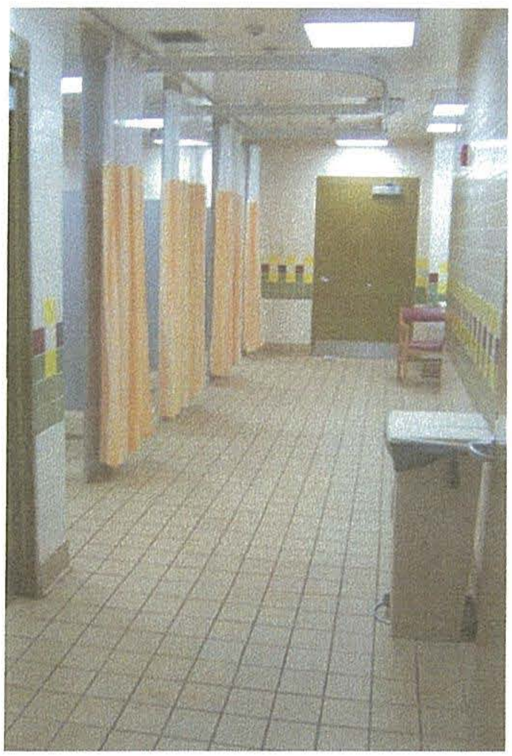
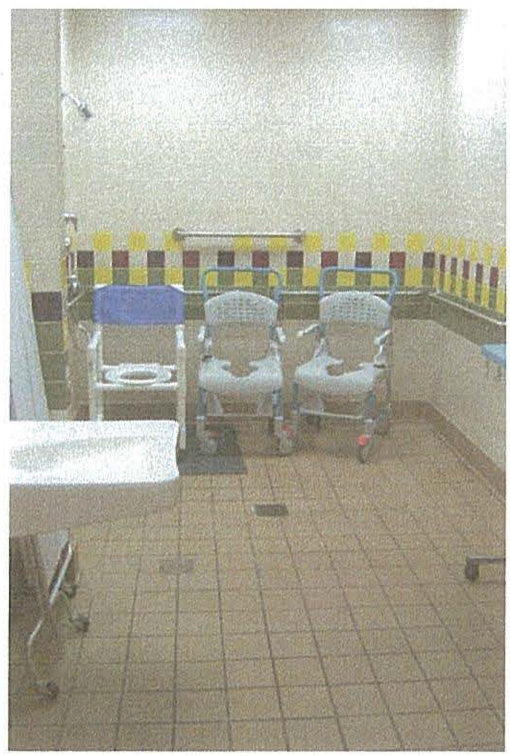


CONFERENCE ROOM

KITCHEN PREP AREA

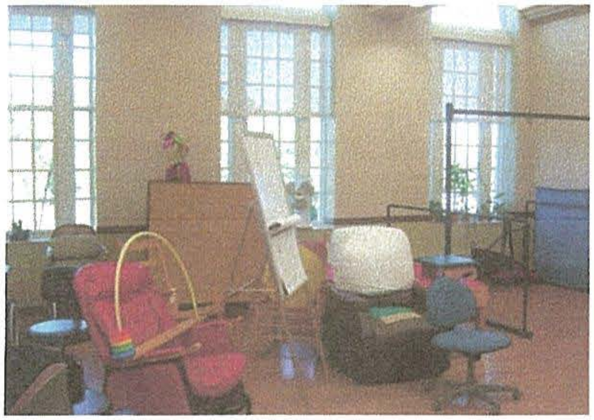
SUBJECT PHOTOGRAPHS
(BUILDINGS 8, 9, 11, AND 12)


TYPICAL RESIDENTS ROOM FINISH

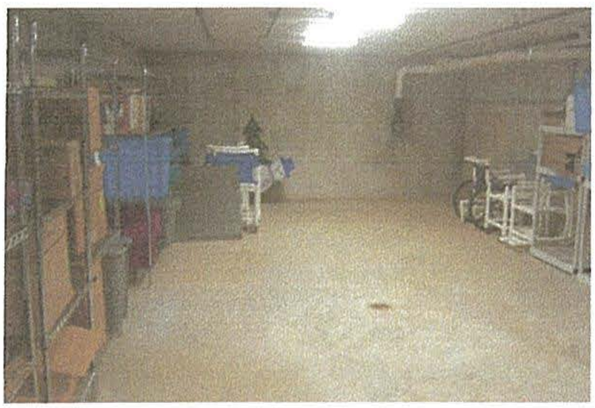
TYPICAL RESTROOM FINISH

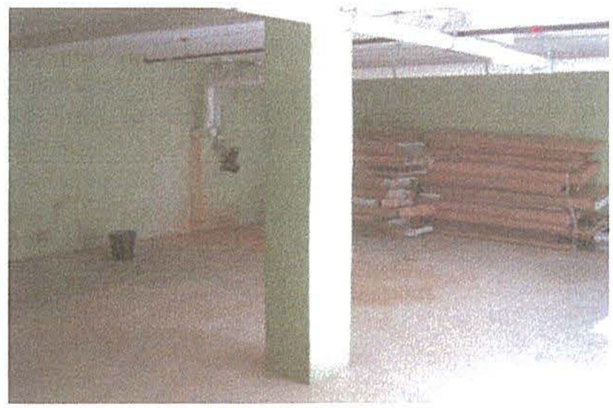
SUBJECT PHOTOGRAPHS
(BUILDINGS 8, 9, 11, AND 12)



TYPICAL THERAPY ROOM

SHOWER/BATHING ROOM

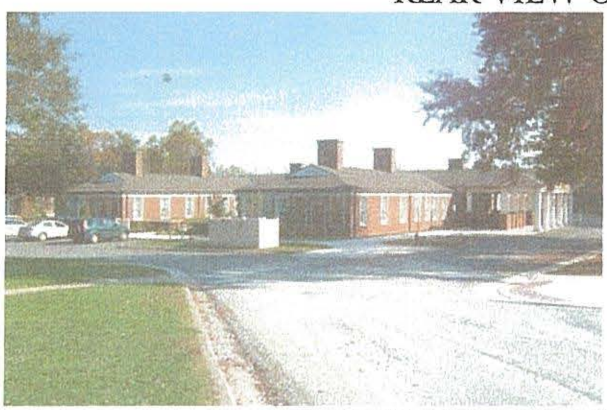




BASEMENT FINISH IN BUILDING 9

SUBJECT PHOTOGRAPHS

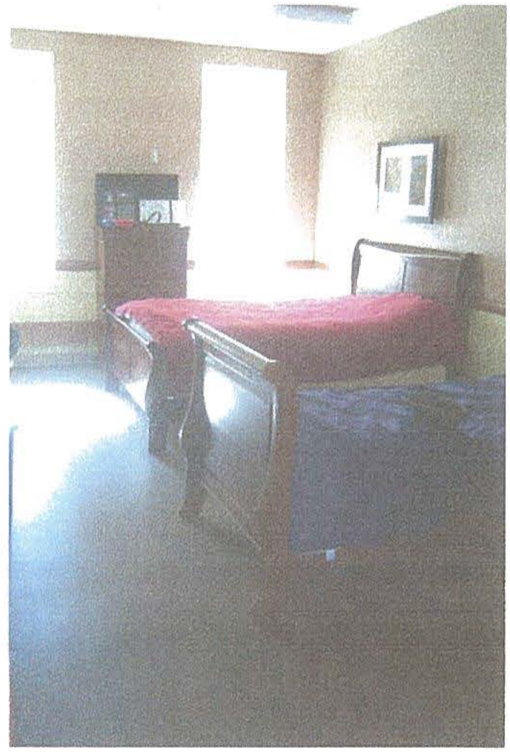
REAR VIEW OF BUILDING 10



FRONT AND SIDE VIEWS OF BUILDING 10

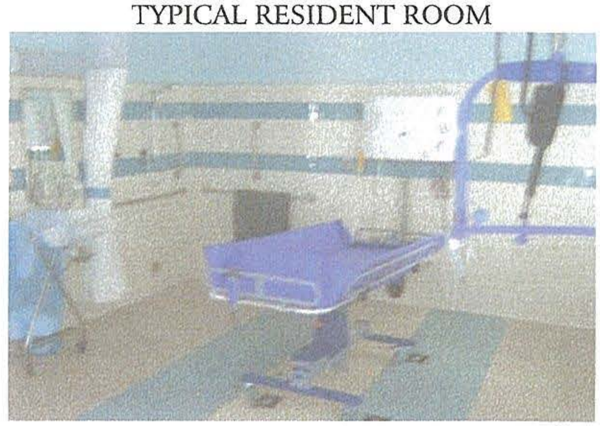
SUBJECT PHOTOGRAPHS
(BUILDING 10)

TYPICAL RESTROOM FINISH



TYPICAL RESIDENT ROOM

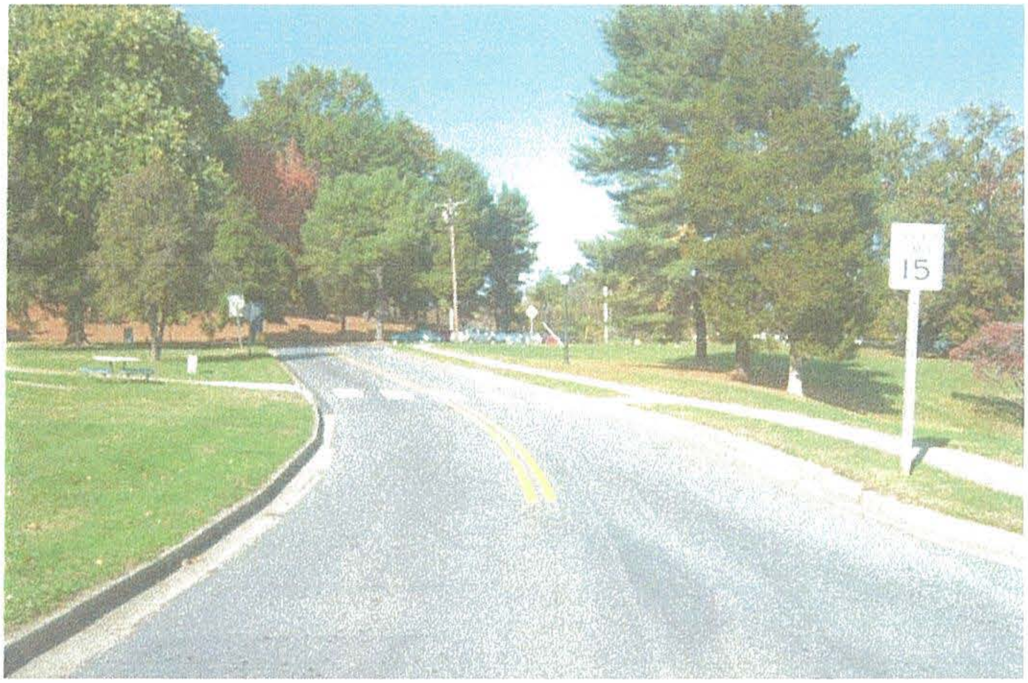
TYPICAL RESTROOM FINISH



TYPICAL SHOWER AREA

SUBJECT PHOTOGRAPHS
(BUILDING 10)

SUBJECT PHOTOGRAPHS



VIEW NORTH ON COLONY ROAD

VIEW SOUTH ON COLONY ROAD

PREMISE OF THE APPRAISAL AND SCOPE OF WORK

The ***Purpose*** of the appraisal is to estimate the ***Market Value***[1] of Rapidian buildings 8, 9, 10, 11, and 12 within the Central Virginia Training Center located on Colony Road, Madison Heights, Virginia, 24572. The ***Ownership Interest*** appraised is the Fee Simple Estate. The ***Intended Use*** of the report as requested by the ***Client*** and ***Intended User***, Mr. Kenneth J. Cordo, P.E., LEED AP, CDT, for possible sale. The ***Date of Visit*** to the property is November 2, 2016. The ***Effective Date of Appraisal*** is November 2, 2016.

This appraisal is prepared in accordance with the appraisal regulations issued by the Federal Reserve Bank regarding the enactment of Title XI of the Federal Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA). It meets all minimum standards of this regulation and requirements dated December 2, 2010.

Please refer to the Addenda for the general ***Assumptions and Limiting Conditions*** pertaining to this appraisal and Terminology for the definitions of Value and Interest used in this report.

Extraordinary Assumptions-

- The subject property is environmentally "clean" and uncontaminated.
- The financial data (including construction costs, if any) relied upon within this report was provided by the owner, the Client, or others believed to be reliable. An extraordinary assumption of this appraisal is that the provided financial data is representative of the actual financial position of the subject property.

Market Value[1]: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

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

In Addition---As Defined by the Office of the Comptroller of the Currency (OCC)

(6) The current market value of the property based upon its actual condition on your inspection date and insurable value for the improvements.

- According to the Client, we are to use ±26.0 acres for this appraisal. No Survey was available.

This/These extraordinary assumption(s) may affect the assignment results.

Hypothetical Conditions- None

Special Assumptions- None.

Jurisdictional Exceptions- None

Date of Report - November 14, 2016. A comparison of the date of the report to the Effective Date of the Appraisal indicates that our conclusions are reflective of current market conditions.

Competency Provision – Prior to accepting this assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the appraisal problem to be considered and have the knowledge and experience to complete the assignment competently. Our acceptance of this assignment is a statement of competency. No information or conditions were discovered during the course of this assignment to cause the appraisers to believe we lacked the required knowledge or experience to complete this assignment competently.

For over 20 years Greylock Advisory Group, Ltd. has appraised a wide variety of vacant land, agricultural, retail, office, industrial, institutional, and special purpose properties in the counties, cities, and towns from the Tri-City area of East Tennessee and Greensboro, NC north to Winchester, Virginia; from Richmond, Virginia west to Beckley, WV. The appraisers of Greylock Advisory Group, Ltd. maintain a good working relationship with many brokers, agents, assessors, and other appraisers in over 100 municipalities in the three states from which we gain data and understanding of the markets that influence these properties. Please refer to the Qualifications of the Appraiser's presented in the Addenda.

Reasonable Exposure and Marketing Times [2] - Typically, 30 to 60 days is considered a reasonable amount of time for the property to be made known to potential purchasers through the news media, advertising, multiple listing service, etc. At the time a contract occurs, due diligence by the buyer, loan application, etc., can take an

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2 ***Exposure time*** is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. The reasonable ***Marketing Time*** is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal. Both Exposure and Marketing times have been verified through interviews with parties to the comparable sales and brokers in the market.

additional 30 to 90 days. Historically for this property type, properties have been on the market for six months to one year, if reasonably priced. A reasonable exposure time for the subject property is 12 months.

Scope of the Appraisal Process included:

1. Analysis of the regional, city, county, and market area. We gathered available and applicable market data for use in a sales comparison approach to value and if appropriate, cost and income capitalization approaches.

2. Visual on-site observation of the subject site and improvements and the market area or neighborhood relevant to the subject property. We made a visual on-site observation of the subject property and market area or neighborhood to note the characteristics that are relevant to its valuation.

3. Reviewed relevant supporting data. We analyzed data found and reached conclusions regarding the market value, as defined in the report, of the subject property as of the date of value using the appropriate valuation approach(s).

4. Reviewed data regarding taxes zoning, utilities, easements, and city services. It is the client's responsibility to supply the appraiser with a title report. If a title report is not available, the appraiser will rely on a visual on-site observation of the property and identify any readily apparent easements or restrictions.

5. Considered comparable improved sales, comparable improved building rental information, and comparable land sales, if applicable. Our investigation includes research of public records through the use of commercial sources of data such as printed comparable data services and computerized or electronic databases. Search parameters such as dates of sales, leases, locations, sizes, types of properties, and distances from the subject will start with relative narrow constraints and, if necessary, be expanded until we have either retrieved data sufficient (in the appraiser's opinion) to estimate market value, or until the appraiser believes that he/she has reasonably exhausted the available pool of data.

6. Confirmed data with principals, managers, or real estate agents representing principals, unless otherwise noted. In addition, we consider any appropriate listings or properties found through observation during the data collection process. The appraiser endeavors to verify the information described and relied on in the analysis and reports only the data deemed to be pertinent to the valuation problem.

7. Analyzed the data and applied the applicable approaches to value. Three traditional approaches are used to arrive at an opinion of value of real estate: The sales comparison approach; the cost approach; and the income capitalization approach. All three approaches to value were considered and those most appropriate are relied on to address the appraisal problem and to arrive at an opinion of the market value of the subject property as of the date of this appraisal.

8. After development the appropriate approaches to value, the quantity and quality of data has been considered. Furthermore, the quantity and quality of market data is generally correlated with the strengths and weaknesses of the approaches. After analyzing these factors, a final opinion of market value is determined.

9. This Scope of Work is subject to the General Assumptions and Limiting Conditions, Certification and Terminology provided in other sections of this report.

DATA OF RECORD

Legal Description

According to the Amherst County public records, the subject property is recorded as:

Tax Map No.	Record No.	Instrument	Size (Acres)	Size (SF)
Portion of 160 A 69	13961	687/364	±26.00	±1,132,560

Property History[3]

The subject property is owned by Virginia Public Building Authority. Commonwealth of Virginia transferred the subject property to Virginia Public Building Authority on October 15, 1994. To our knowledge, the property has not otherwise sold or transferred in the past three years. The appraisers are not aware of any other agreements of sale, options, or listings that are current as of the Effective Date of the appraisal.

Taxes and Assessments

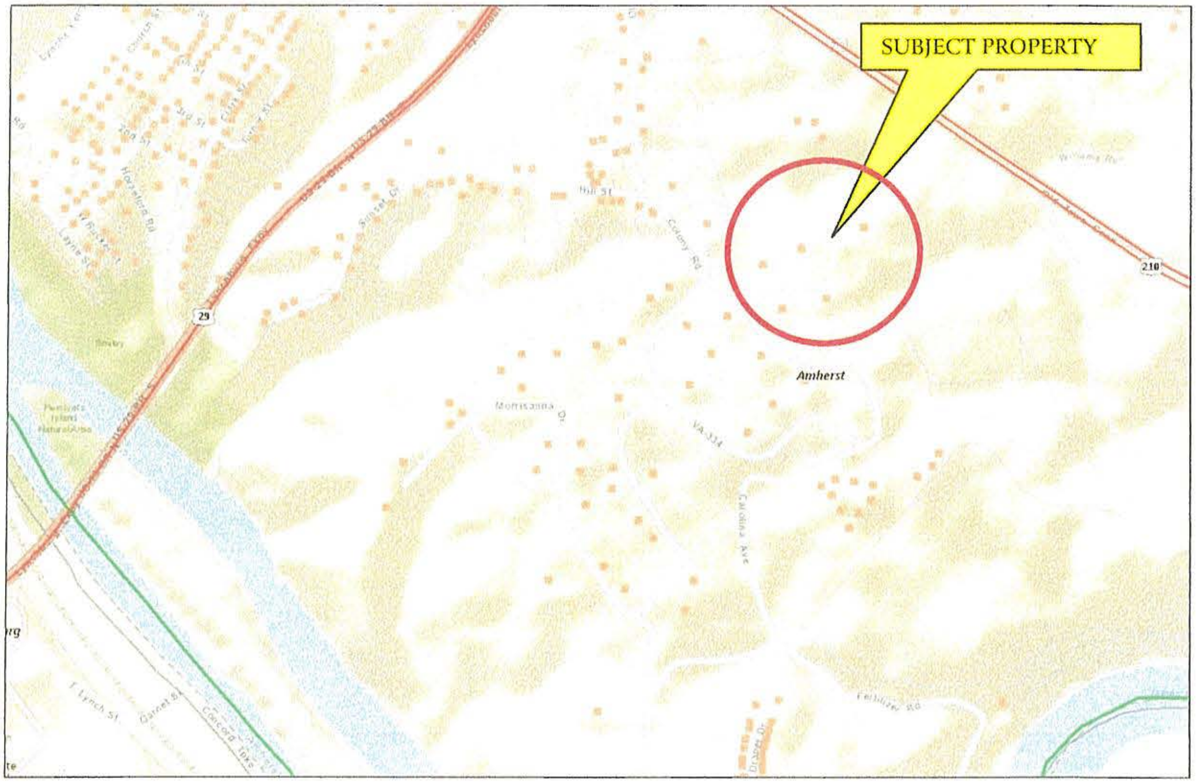
The taxes are based on 100% of market value (assessment) for the subject property. The current taxes for the subject property are as follows:

Land Value (Est.)	Improvement Value	Total Assessment
$205,608.16	$4,504,052.00	$4,709,660.16

The subject property is currently owned by the State of Virginia. Thus, the property is tax exempt. According to public officials, it is unlikely the assessment will change in the next few years. Based on similar properties, the subject's assessments appear to be reasonable.

[3] The property history was provided by individuals involved with the chain of title and, if available, various documents such as contracts, deeds, leases, and closing statements. We have not performed a title search and cannot guarantee that this history is completely accurate.

TAX MAP

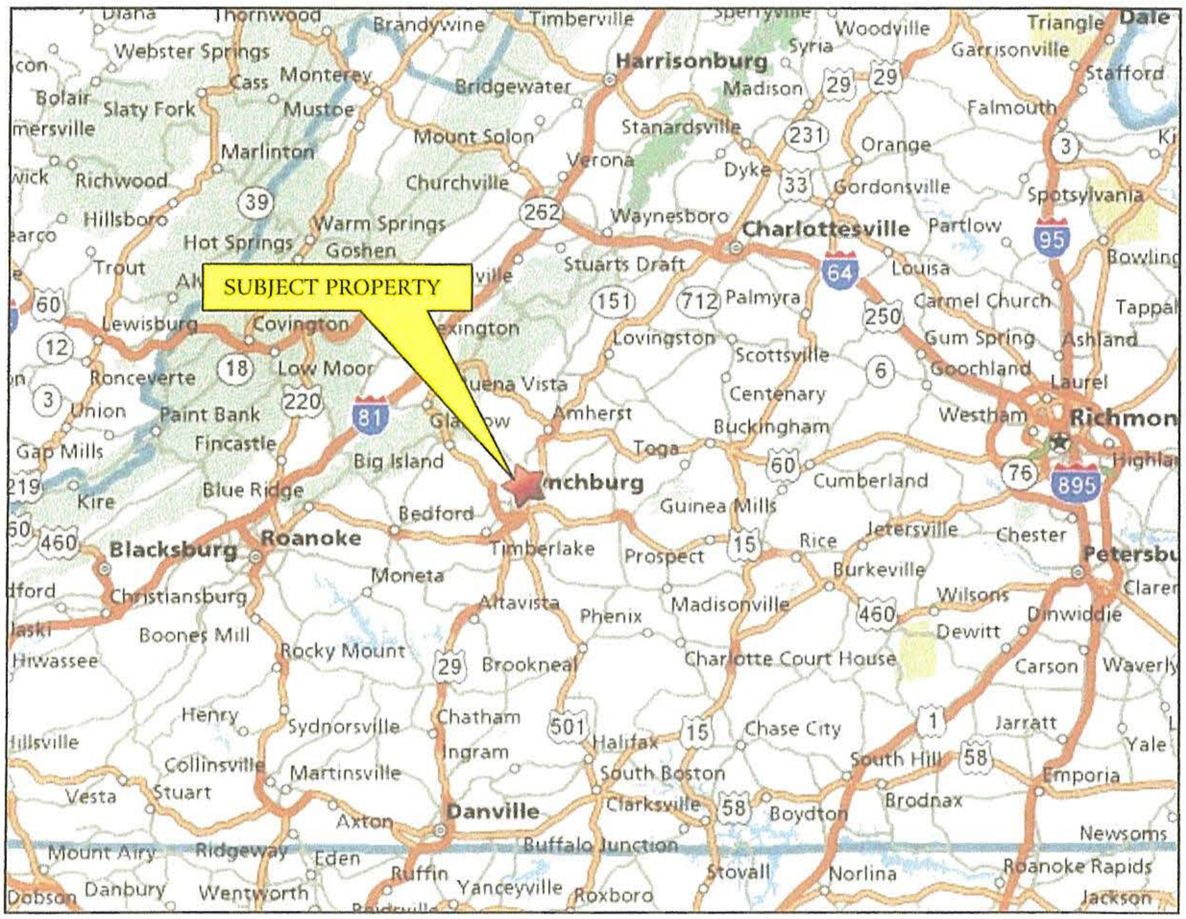


AREA DATA

AREA DESCRIPTION

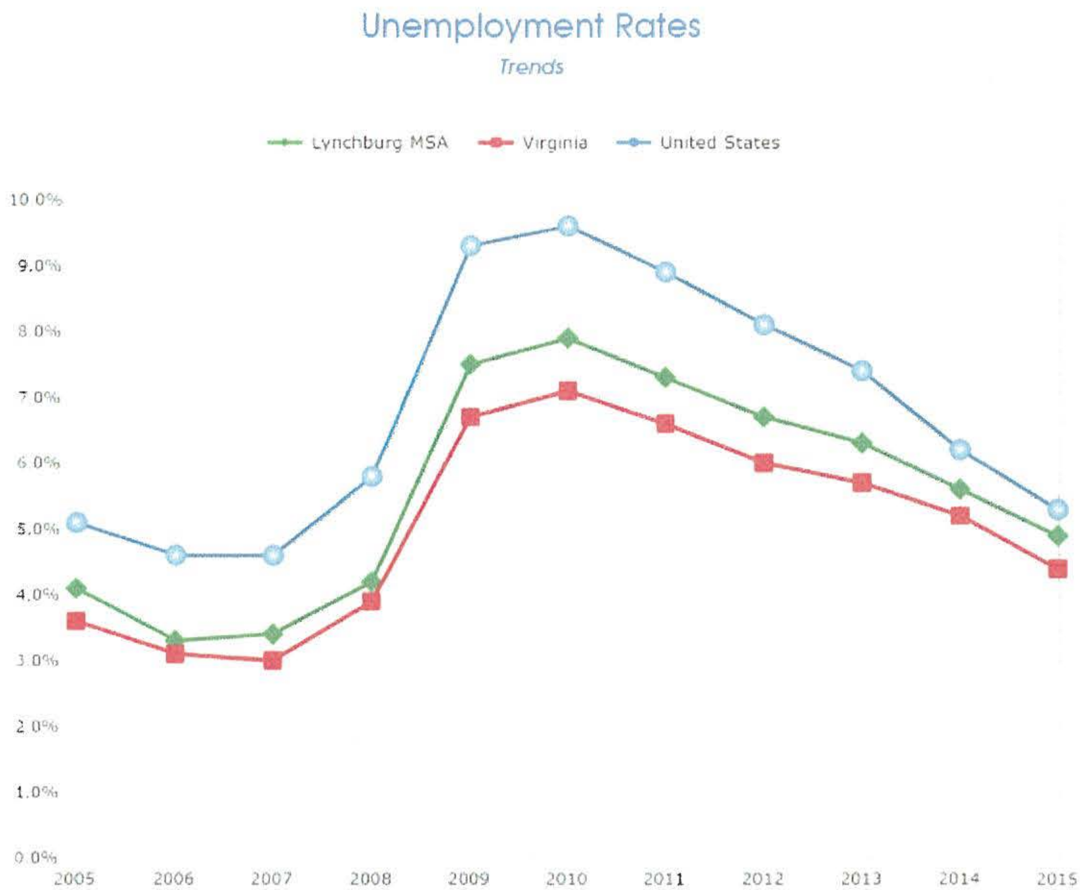
As stated earlier, the subject property is located on the north side of Colony Road, Madison Heights, Virginia, approximately a mile south of Business U.S. Hwy 29. Presented below is an Area Map and Summary of Salient Demographics for the Roanoke area.

AREA MAP



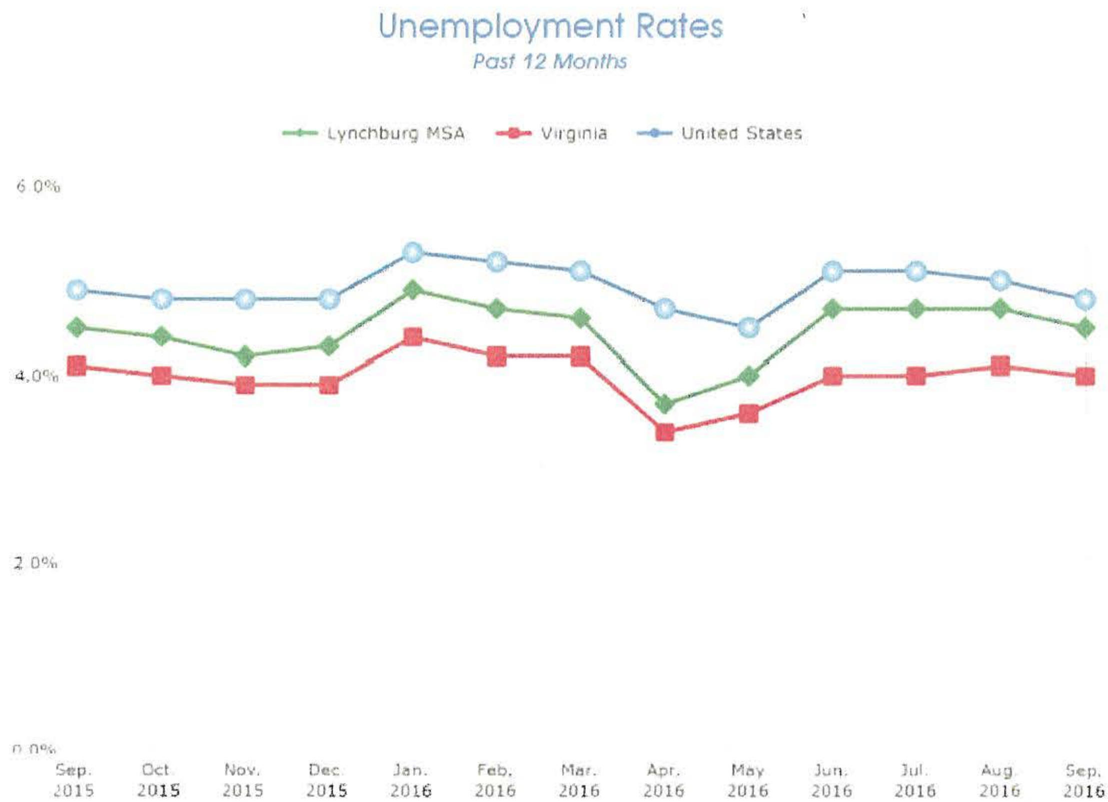
SUMMARY OF SALIENT DEMOGRAPHICS FOR MADISON HEIGHTS, AMHERST COUNTY, AND THE CITY OF LYNCHBURG

	Madison Heights	Amherst County	City of Lynchburg
Census 2010 Summary			
Population	11,285	32,353	75,568
Households	4,522	12,560	28,476
Families	3,040	8,793	16,368
Average Household Size	2.40	2.45	2.30
Owner Occupied Housing Units	3,171	9,600	15,102
Renter Occupied Housing Units	1,351	2,960	13,374
Median Age	42.2	42.0	30.4
2016 Summary			
Population	11,531	33,344	80,219
Households	4,543	12,719	30,411
Families	3,046	8,840	17,307
Average Household Size	2.43	2.49	2.30
Owner Occupied Housing Units	3,134	9,545	15,530
Renter Occupied Housing Units	1,410	3,174	14,881
Median Age	43.5	43.3	31.9
Median Household Income	$42,956	$47,324	$38,394
Average Household Income	$50,712	$56,096	$56,198
2021 Summary			
Population	11,624	33,785	84,091
Households	4,570	12,854	32,068
Families	3,050	8,898	18,145
Average Household Size	2.44	2.50	2.30
Owner Occupied Housing Units	3,142	9,638	16,291
Renter Occupied Housing Units	1,428	3,216	15,777
Median Age	44.4	44.3	33.5
Median Household Income	$41,860	$44,734	$37,600
Average Household Income	$52,601	$58,407	$58,015
Trends: 2016-2021 Annual Rate			
Population	0.16%	0.26%	0.95%
Households	0.12%	0.21%	1.07%
Families	0.03%	0.13%	0.95%
Owner Households	0.05%	0.19%	0.96%
Median Household Income	-0.52%	-1.12%	-0.42%



	Lynchburg MSA	Virginia	United States
2005	4.1%	3.6%	5.1%
2006	3.3%	3.1%	4.6%
2007	3.4%	3.0%	4.6%
2008	4.2%	3.9%	5.8%
2009	7.5%	6.7%	9.3%
2010	7.9%	7.1%	9.6%
2011	7.3%	6.6%	8.9%
2012	6.7%	6.0%	8.1%
2013	6.3%	5.7%	7.4%
2014	5.6%	5.2%	6.2%
2015	4.9%	4.4%	5.3%

Source: Virginia Employment Commission, Economic Information & Analytics, Local Area Unemployment Statistics.



	Lynchburg MSA	Virginia	United States
Sep. 2015	4.5%	4.1%	4.9%
Oct. 2015	4.4%	4.0%	4.8%
Nov. 2015	4.2%	3.9%	4.8%
Dec. 2015	4.3%	3.9%	4.8%
Jan. 2016	4.9%	4.4%	5.3%
Feb. 2016	4.7%	4.2%	5.2%
Mar. 2016	4.6%	4.2%	5.1%
Apr. 2016	3.7%	3.4%	4.7%
May 2016	4.0%	3.6%	4.5%
Jun. 2016	4.7%	4.0%	5.1%
Jul. 2016	4.7%	4.0%	5.1%
Aug. 2016	4.7%	4.1%	5.0%
Sep. 2016	4.5%	4.0%	4.8%

Source: Virginia Employment Commission, Economic Information & Analytics, Local Area Unemployment Statistics.

50 Largest Employers

1. Centra Health
2. Babcock & Wilcox Nuclear
3. Lynchburg City Schools
4. Wal Mart
5. Bedford County School Board
6. Campbell County Schools
7. City of Lynchburg
8. J. Crew Outfitters
9. Areva NP Inc.
10. GNA Corporation
11. Amherst County School Board
12. Central Virginia Training Center
13. Food Lion
14. Central Virginia Community Services
15. Startek
16. Lynchburg College
17. Kroger
18. Sodexho
19. County of Bedford
20. BGF Industries Inc.
21. Harris Corporation
22. Southern Air Inc.
23. Abbott Laboratories
24. Moore's Electrical and Mechanical
25. Central Virginia Community College
26. Campbell County
27. Appomattox County Schools
28. Tri Tech Laboratories Inc
29. Westminster Canterbury
30. Lowes' Home Centers, Inc.
31. R.R. Donnelley Printing
32. VDOT
33. Postal Service
34. Frito Lay Inc
35. Delta Star
36. Barr Laboratories Inc
37. Bedford County Adult Detention
38. Randolph-Macon Women's College
39. Young Men's Christian Association
40. Mail America Communications
41. GP Big Island LLC
42. Workforce Solutions
43. Glad Manufacturing Company
44. Sweet Briar College
45. C.B. Fleet, Inc.
46. Star Mark Company
47. Residential Care
48. Greif Packaging LLC
49. Banker Steel Co LLC
50. County of Amherst

Source: *Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 1st Quarter (January, February, March) 2016.*

Industry Employment and Projections

Long Term

	Employment			Percent	
	Estimated 2014	Projected 2024	Change	Total	Annual
Total, All Industries	3,977,869	4,345,923	368,054	9.25%	.89%
Agriculture, Forestry, Fishing and Hunting	58,935	54,824	-4,111	-6.98%	-.72%
Mining, Quarrying, and Oil and Gas Extraction	7,470	7,259	-211	-2.82%	-.29%
Utilities	10,631	9,516	-1,115	-10.49%	-1.1%
Construction	178,203	200,963	22,760	12.77%	1.21%
Manufacturing	231,497	219,778	-11,719	-5.06%	-.52%
Wholesale Trade	110,804	114,430	3,626	3.27%	.32%
Retail Trade	413,395	442,557	29,162	7.05%	.68%
Transportation and Warehousing	107,989	113,524	5,535	5.13%	.5%
Information	71,474	69,426	-2,048	-2.87%	-.29%
Finance and Insurance	129,981	141,636	11,655	8.97%	.86%
Real Estate and Rental and Leasing	51,535	53,346	1,811	3.51%	.35%
Professional, Scientific, and Technical Servi	389,128	459,829	70,701	18.17%	1.68%
Management of Companies and Enterprises	74,283	77,075	2,792	3.76%	.37%
Administrative and Support and Waste Manageme	214,758	234,450	19,692	9.17%	.88%
Educational Services	352,778	395,156	42,378	12.01%	1.14%
Health Care and Social Assistance	418,602	515,689	97,087	23.19%	2.11%
Arts, Entertainment, and Recreation	49,367	55,167	5,800	11.75%	1.12%
Accommodation and Food Services	321,040	352,330	31,290	9.75%	.93%
Other Services (except Public Administration)	131,382	143,824	12,442	9.47%	.91%

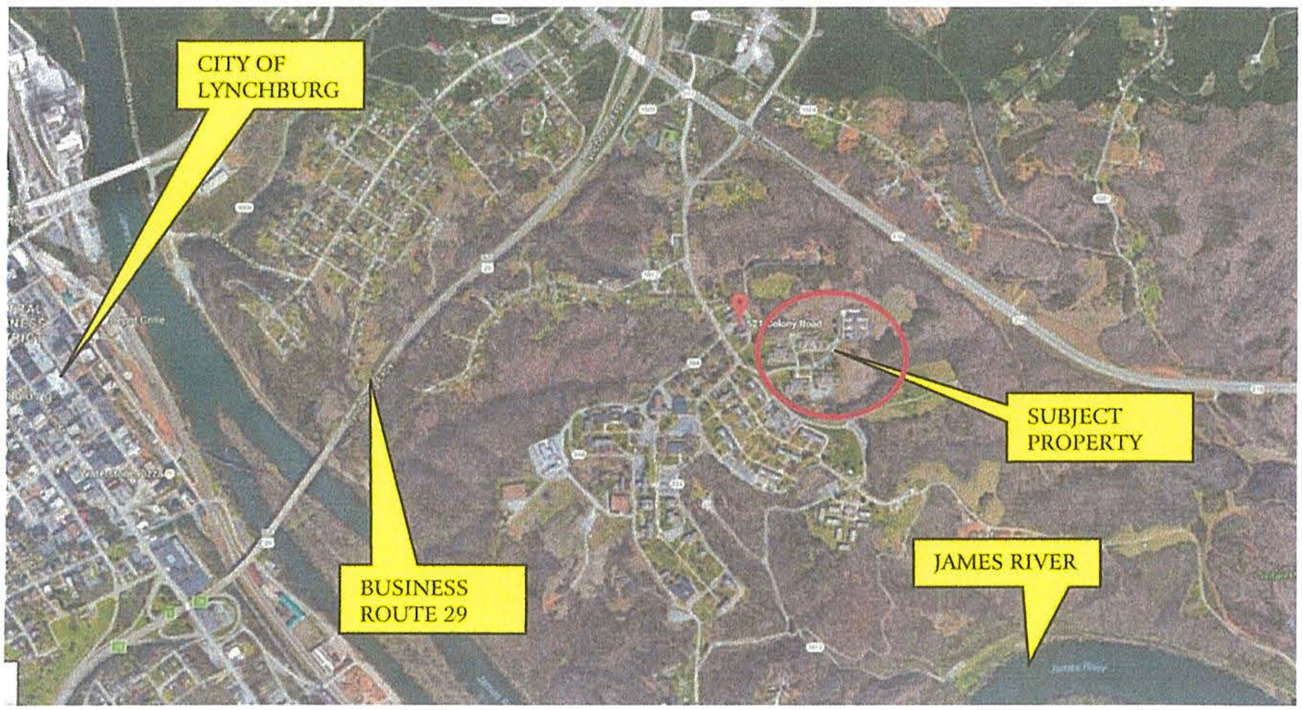
Note: Asterisks (***) indicate non-disclosable data.
Projections data is for Virginia. No data available for Lynchburg MSA.

Source: Virginia Employment Commission, Economic Information & Analytics, Long Term Industry and Occupational Projections, 2014-2024.

NEIGHBORHOOD ANALYSIS

The subject property is located just north of the Lynchburg City / Amherst County Line. The subject neighborhood is a mix of agricultural land and single-family residences. The neighborhood boundaries are defined by the James River to the south; Business U.S. Hwy 29 to the west; and State Route 210 to the north and east. A Neighborhood Map is presented below

NEIGHBORHOOD MAP



Further analysis on the subject neighborhood and the surrounding 5-mile radius is presented later in the Market Overview discussion.

PROPERTY PRODUCTIVITY ANALYSIS

SITE ANALYSIS

General Site Description- The ±26.00-acre (±1,132,560.00□), irregular shaped site features ±825' of frontage along Colony Road. The site features average access and exposure. The size and frontages were estimated from ***GIS Services*** and the ***Legal Description*** is presented in the Addenda. No ***Survey*** was provided for this appraisal.

Topography - The site has rolling topography and sits at road grade with Colony Road. Drainage from the site appears adequate.

Soils – No soil survey was available for this report.

Utilities – All public utilities are available. Colony Road is a two-lane secondary road.

Detrimental Site Conditions - None noted during visit. This appraisal assumes no value impact from detrimental environmental conditions that may exist (***A Special Assumption)***.

Legal/Regulatory Analysis

Flood Zone – According to the Federal Emergency Management Agency Flood Insurance Rate Map Community Panel No. 51009C0415B, dated September 19, 2007 the subject site is located in Zone X, a very low risk area. A copy of the ***Flood Plain Map*** is presented in the Addenda.

Zoning – According to the Amherst County Zoning Department the site is zoned P-1, Public Lands District. The site and improvements conform to the ordinance. A copy of the ***Zoning Ordinance*** is presented in the Addenda.

Easements, Encumbrances, and Restrictions – No other easements, encumbrances, or restrictions other than typical utility were found. No environmental survey was provided for this report.

Conclusion

There are no known adverse physical or legal impediments, which would restrict the subject site from development to its highest and best use.

IMPROVEMENT DESCRIPTION- Building #8

General Description- A ±15,284$\boxed{ft}$ one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices.

Use and Occupancy – The property and improvements are designed for assisted living use.

Year Built, Condition, Effective Age, and Estimated Remaining Economic Life - The improvements are in good condition built in 1951 and renovated in 2013. Effective Age is estimated at ±10 years with a Remaining Economic Life of ±35 to ±40 years.

Foundation - Spread concrete footings / concrete slab on grade.

Roofing- Asphalt shingle roof.

Exterior Finish – Brick

Interior Finish- Painted drywall ceilings and walls. Some ceilings have 2' x 4' acoustic tile ceilings. Vinyl, linoleum, and commercial grade carpet throughout.

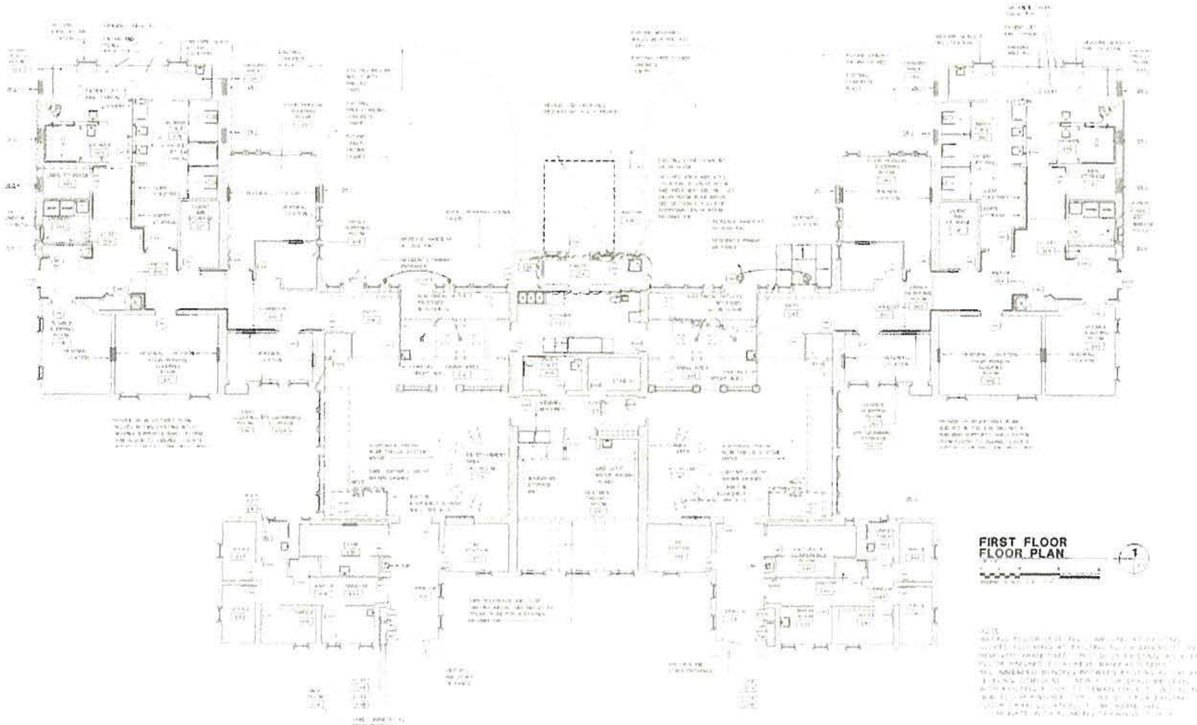
Restrooms – Multiple restrooms featuring ceramic tile.

HVAC - The building features forced air heating and central air conditioning.

Electrical - Adequate for normal loading under current use including an external generator.

Functionality and Conformance – The improvements layout is functional. With the surrounding land use being for public use along Colony Road, the subject property conforms to the surrounding land use.

FLOORPLAN BUILDING 8



IMPROVEMENT DESCRIPTION- Building #9

General Description- A ±17,438sf one story brick one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices.

Use and Occupancy – The property and improvements are designed for assisted living use.

Year Built, Condition, Effective Age, and Estimated Remaining Economic Life - The improvements are in good condition built in 1951 and renovated in 2014. Effective Age is estimated at ±10 years with a Remaining Economic Life of ±35 to ±40 years.

Foundation - Spread concrete footings / concrete slab on grade.

Roofing- Asphalt shingle roof.

Exterior Finish – Brick

Interior Finish- Painted drywall ceilings and walls. Some ceilings have 2' x 4' acoustic tile ceilings. Vinyl, linoleum, and commercial grade carpet throughout.

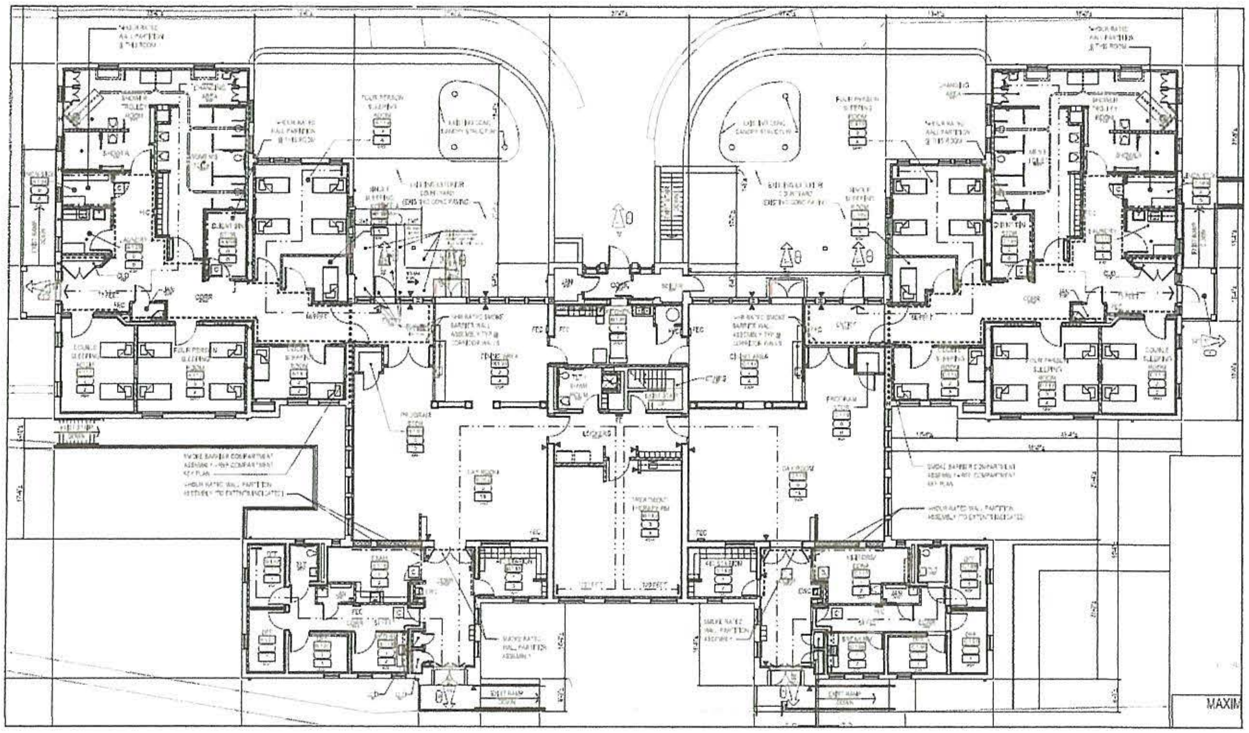
Restrooms – Multiple restrooms featuring ceramic tile.

HVAC - The building features forced air heating and central air conditioning.

Electrical - Adequate for normal loading under current use including an external generator.

Functionality and Conformance – The improvements layout is functional. With the surrounding land use being for public use along Colony Road, the subject property conforms to the surrounding land use.

FLOORPLAN BUILDING 9



IMPROVEMENT DESCRIPTION- Building #10

General Description- A ±21,798ft one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices.

Use and Occupancy – The property and improvements are designed for assisted living use.

Year Built, Condition, Effective Age, and Estimated Remaining Economic Life - The improvements are in good condition built in 1955 and renovated in 2016. Effective Age is estimated at ±10 years with a Remaining Economic Life of ±35 to ±40 years.

Foundation - Spread concrete footings / concrete slab on grade.

Roofing- Asphalt shingle roof.

Exterior Finish – Brick

Interior Finish- Painted drywall ceilings and walls. Some ceilings have 2' x 4' acoustic tile ceilings. Vinyl, linoleum, and commercial grade carpet throughout.

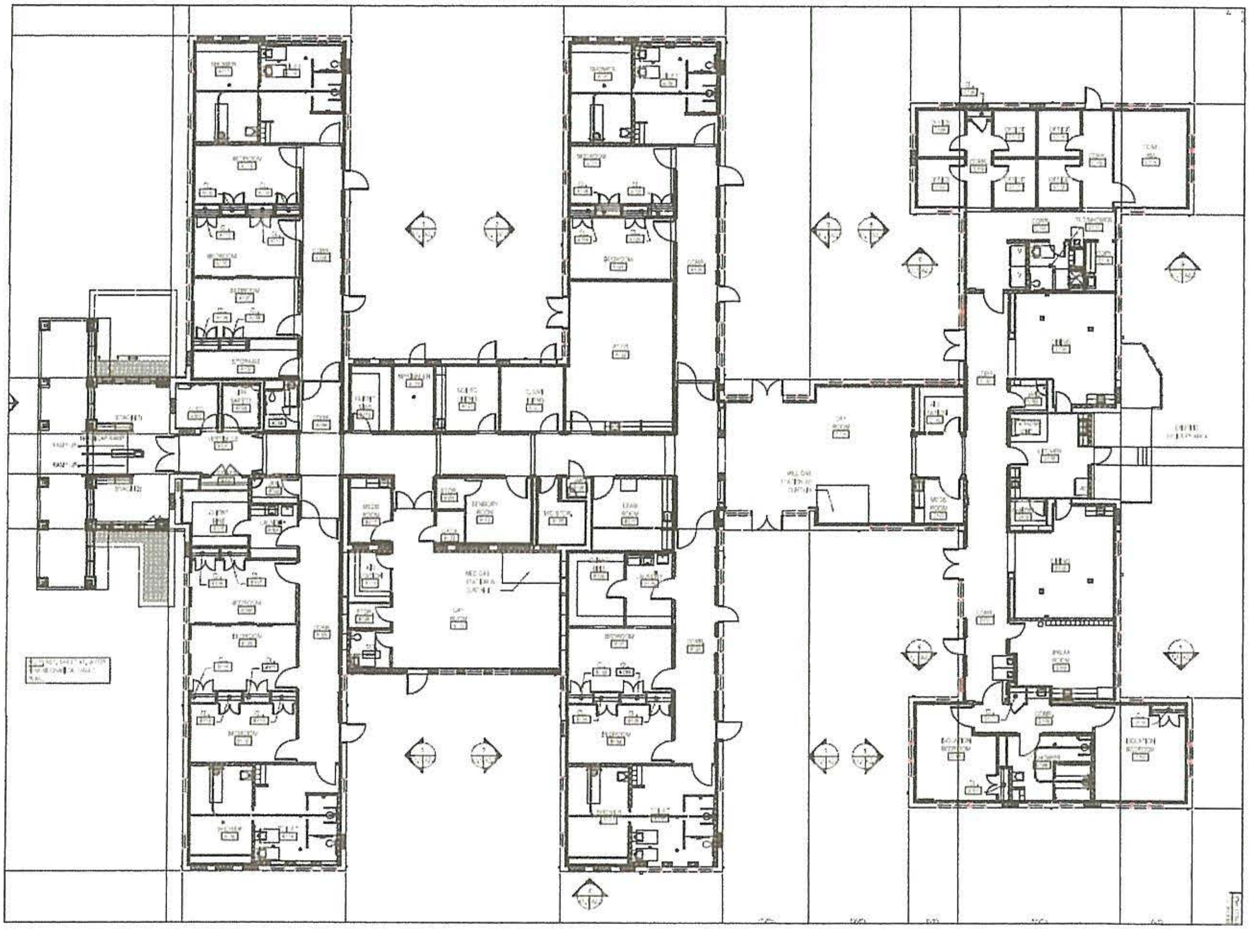
Restrooms – Multiple restrooms featuring ceramic tile.

HVAC - The building features forced air heating and central air conditioning.

Electrical - Adequate for normal loading under current use including an external generator.

Functionality and Conformance – The improvements layout is functional. With the surrounding land use being for public use along Colony Road, the subject property conforms to the surrounding land use.

FLOORPLAN BUILDING 10



IMPROVEMENT DESCRIPTION- Building #11

General Description- A ±15,284sf one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices.

Use and Occupancy – The property and improvements are designed for assisted living use.

Year Built, Condition, Effective Age, and Estimated Remaining Economic Life - The improvements are in good condition built in 1951 and renovated in 2009. Effective Age is estimated at ±10 years with a Remaining Economic Life of ±35 to ±40 years.

Foundation - Spread concrete footings / concrete slab on grade.

Roofing- Asphalt shingle roof, new roof in September 2012.

Exterior Finish – Brick

Interior Finish- Painted drywall ceilings and walls. Some ceilings have 2' x 4' acoustic tile ceilings. Vinyl, linoleum, and commercial grade carpet throughout.

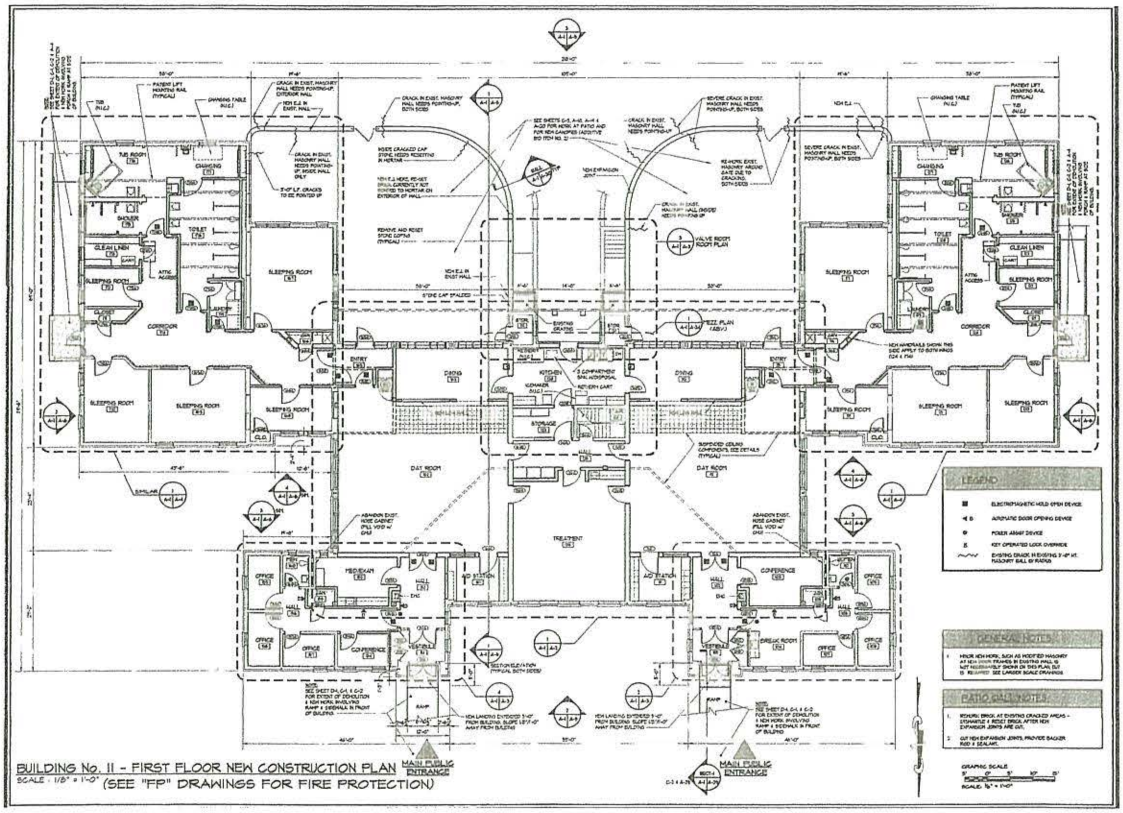
Restrooms – Multiple restrooms featuring ceramic tile.

HVAC - The building features forced air heating and central air conditioning.

Electrical - Adequate for normal loading under current use including an external generator.

Functionality and Conformance – The improvements layout is functional. With the surrounding land use being for public use along Colony Road, the subject property conforms to the surrounding land use.

FLOORPLAN BUILDING 11



IMPROVEMENT DESCRIPTION- Building #12

General Description- A ±15,340sf one story brick assisted living/nursing home featuring resident's rooms, day rooms, therapy rooms, dining rooms, restrooms, kitchen prep area, and offices.

Use and Occupancy – The property and improvements are designed for assisted living use.

Year Built, Condition, Effective Age, and Estimated Remaining Economic Life - The improvements are in good condition built in 1954 and renovated in 2013. Effective Age is estimated at ±10 years with a Remaining Economic Life of ±35 to ±40 years.

Foundation - Spread concrete footings / concrete slab on grade.

Roofing- Asphalt shingle roof.

Exterior Finish – Brick

Interior Finish- Painted drywall ceilings and walls. Some ceilings have 2' x 4' acoustic tile ceilings. Vinyl, linoleum, and commercial grade carpet throughout.

Restrooms – Multiple restrooms featuring ceramic tile.

HVAC - The building features forced air heating and central air conditioning.

Electrical - Adequate for normal loading under current use including an external generator.

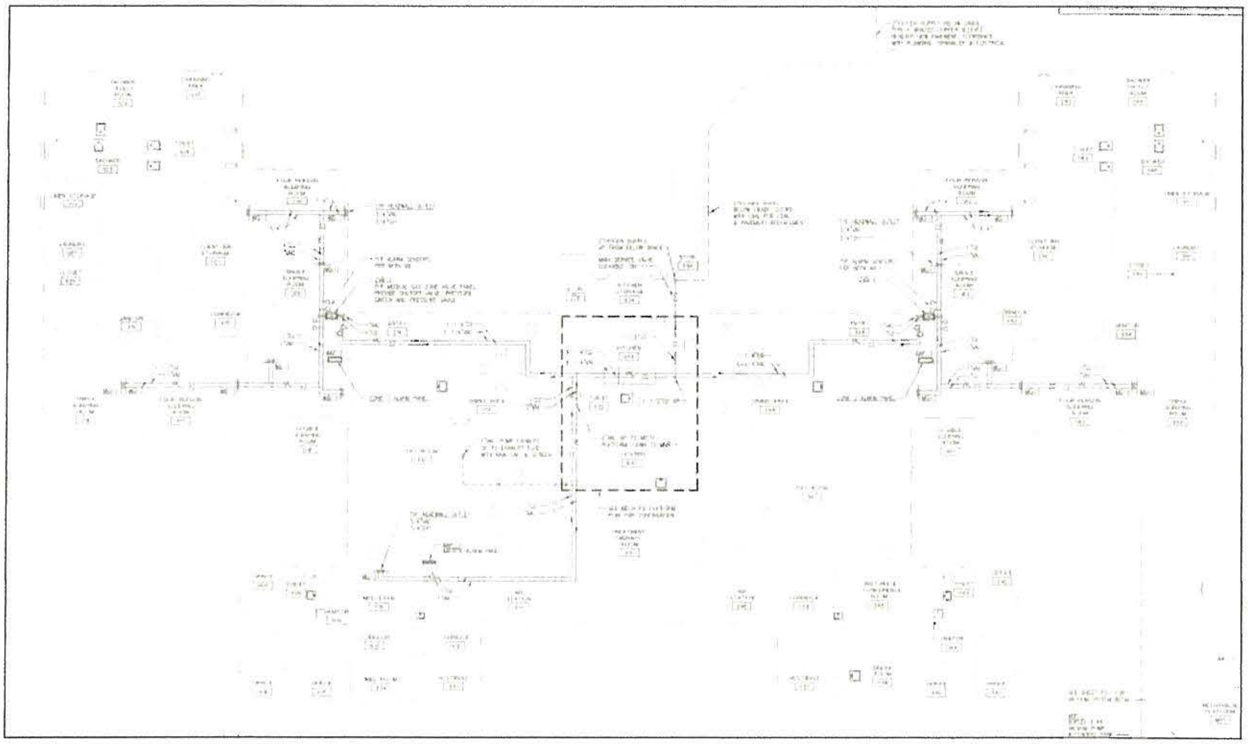
Functionality and Conformance – The improvements layout is functional. With the surrounding land use being for public use along Colony Road, the subject property conforms to the surrounding land use.

Site Improvements- The sites are improved with ±89,000sf of asphalt paving, ±10,000sf of gravel area, and ±10,000sf of concrete walkways.

Property Analysis

Land to Building Ratio (LBR- Land ÷ Building))	13.3017
Floor Area Ratio (FAR - Building ÷ Land)	0.07518
Efficiency Ratio (NLA ÷ GLA)	100%

FLOORPLAN BUILDING 12

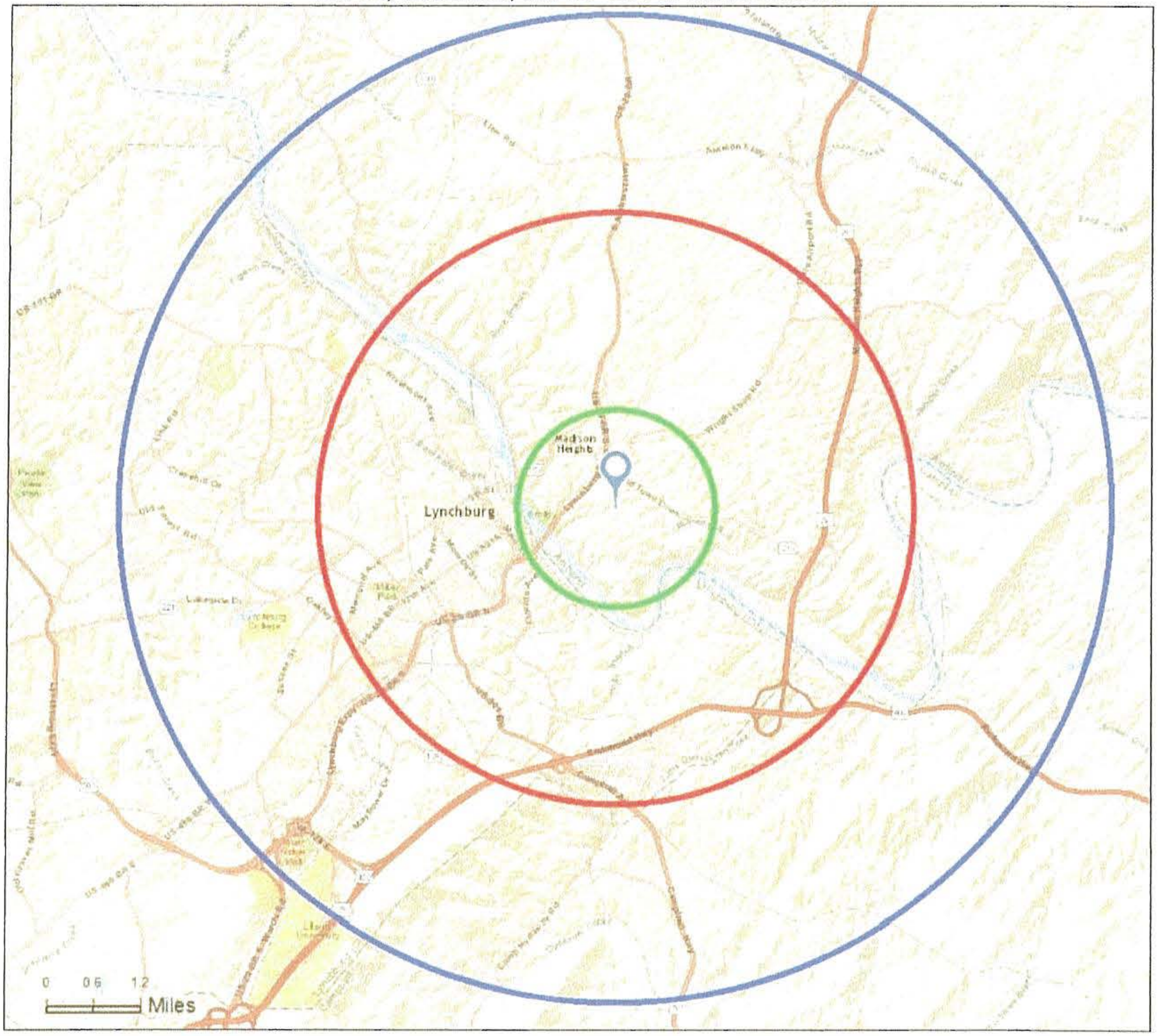


Conclusion

There are no known adverse physical or legal impediments, which would restrict the subject site from development to its highest and best use

MARKET OVERVIEW

ONE, THREE, AND FIVE-MILE MAP



The following are summaries of Salient Demographics for the one, three, and five miles radius surrounding the subject property.[4]

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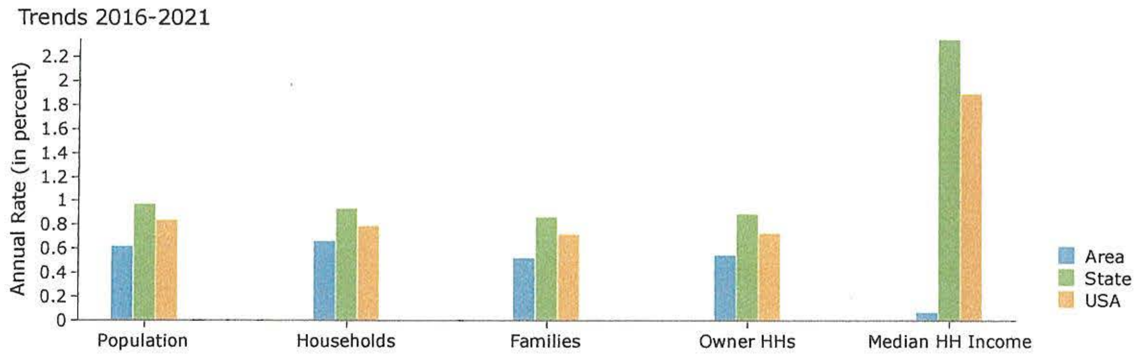
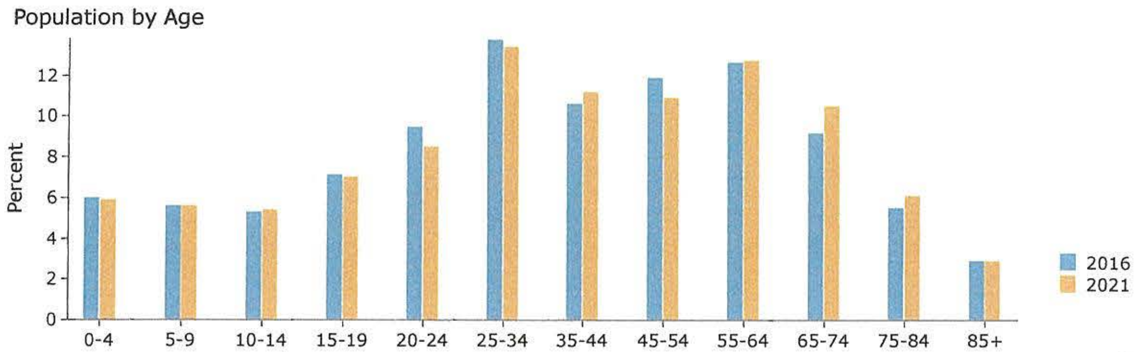
4 **Source:** U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2008 and 2013.

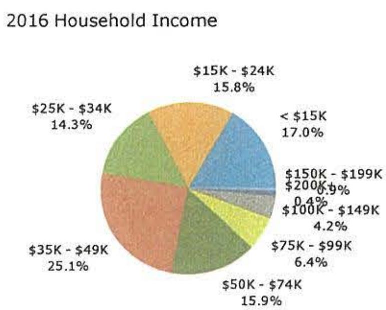
NEIGHBORHOOD SALIENT DEMOGRAPHICS

	1 mile	3 miles	5 miles
Census 2010 Summary			
Population	1,796	25,173	55,912
Households	559	9,994	22,382
Families	366	5,962	13,247
Average Household Size	2.45	2.37	2.30
Owner Occupied Housing Units	369	5,173	12,576
Renter Occupied Housing Units	190	4,821	9,806
Median Age	46.4	37.6	36.5
2016 Summary			
Population	1,820	26,609	58,064
Households	546	10,555	23,179
Families	355	6,201	13,564
Average Household Size	2.49	2.38	2.31
Owner Occupied Housing Units	349	5,225	12,547
Renter Occupied Housing Units	198	5,330	10,632
Median Age	47.5	38.6	37.5
Median Household Income	$36,124	$27,427	$35,412
Average Household Income	$41,860	$37,892	$49,842
2021 Summary			
Population	1,814	27,745	59,897
Households	541	11,032	23,951
Families	350	6,421	13,918
Average Household Size	2.50	2.38	2.31
Owner Occupied Housing Units	343	5,395	12,890
Renter Occupied Housing Units	199	5,638	11,061
Median Age	47.9	39.5	38.6
Median Household Income	$35,900	$27,528	$35,528
Average Household Income	$40,789	$37,665	$51,276
Trends: 2016-2021 Annual Rate			
Population	-0.07%	0.84%	0.62%
Households	-0.18%	0.89%	0.66%
Families	-0.28%	0.70%	0.52%
Owner Households	-0.35%	0.64%	0.54%
Median Household Income	-0.12%	0.07%	0.07%

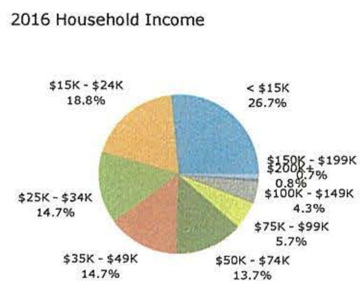




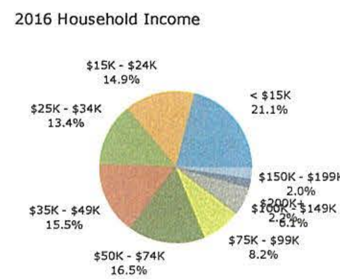
ONE-MILE



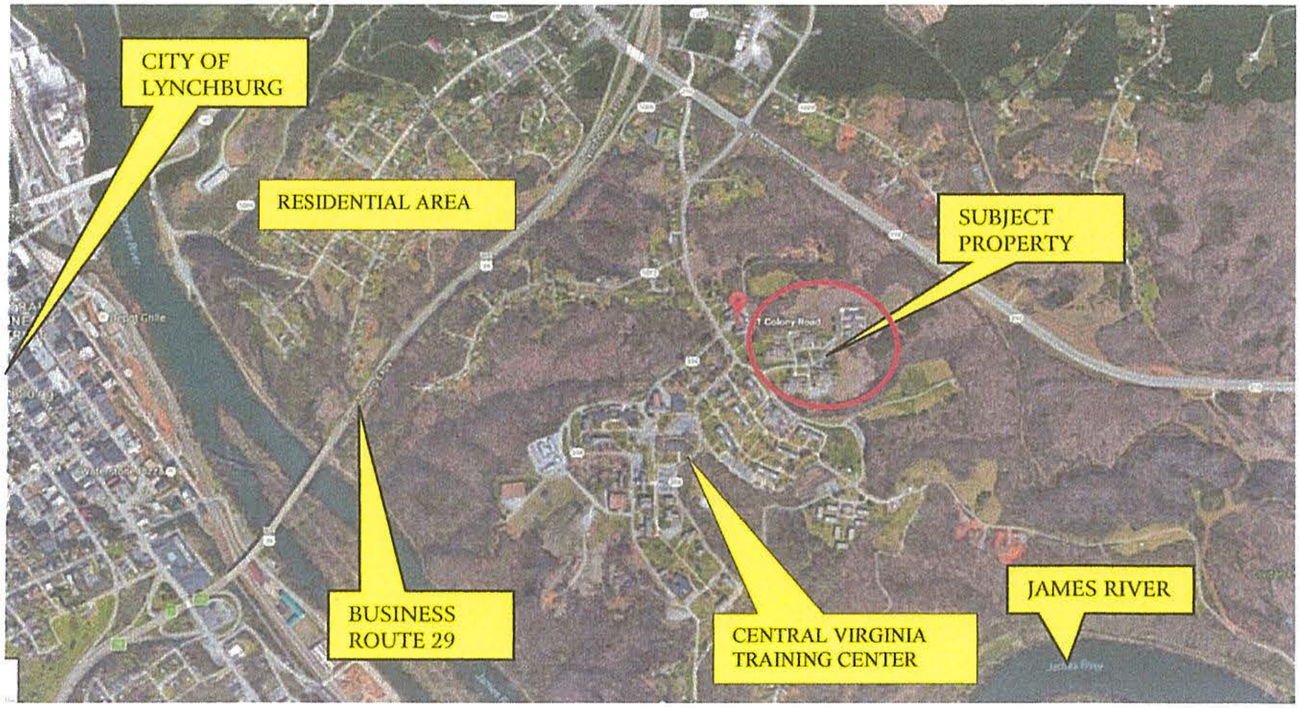
THREE-MILE



FIVE-MILE



SURROUNDING LAND USES



As stated earlier, the subject property is located on Colony Road within the Central Virginia Training Center. The immediate area surrounding the subject is a mix of agricultural land and residential areas. Land use on the south side of the James River is the Lynchburg's Central Business District. Property values have been level over the past several years, as foreclosures and the effects of the housing crisis have resided. Based on an overview of the market, the subject has ample demand to continue successfully.

HIGHEST AND BEST USE[5]

Highest and Best use is a market driven concept because market behavior and the forces that create value are crucial in its analysis. The four criteria used in finding the Highest and best use of any property are Legally Permissible, Physically Possible, Financially Feasible, and Maximally Productive. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. Highest and best use is analyzed from two perspectives. "As-Vacant" and "As-Improved."

AS-VACANT

Legally Permissible – The subject site is zoned P-1, Public Lands District. Principle uses within the district are for public use. Therefore, the subject site conforms to the zoning ordinance.

Physically Possible – The irregular-shaped site has sufficient size, frontage, and access to accommodate any public use. The rolling topography appears to have adequate drainage. Thus, use of the site for public use is physically possible.

Financially Feasible– The subject site is located in the Central Virginia Training Center. The Central Virginia Training Center provides effective compassionate and individual responsive services to persons with intellectual disabilities, both in residence and community. Considering its size, access, and exposure, any public use would be financially feasible.

Maximally Productive – The subject has been a successful public use location for over 50 years. For this and the above discussion, use as a public site is maximally productive use of the site.

After considering the physically possible, legally permissible, financially feasible, and maximally productive uses for the subject property, ***the highest and best use of the subject site is public use "As Vacant."***

[5] *Appraisal of Real Estate, 14th Edition,* Appraisal Institute, 2013, Chicago, IL.

AS IMPROVED

Legally Permissible - The subject site is zoned P-1, Public Lands District. Principle uses within the district are for public use. Therefore, the subject improvements conform to zoning ordinance.

Physically Possible - The irregular-shaped site has adequate parking, access, and exposure to support improvements and uses allowed by the zoning ordinance. The subject improvements were recently renovated and are in good condition with no severe indications of deterioration or obsolescence. The buildings are approximately 50 years old with an Effective Age of 10 years. Thus, use of the building for an assisted living/nursing home is physically possible.

Financially Feasible - Surrounding land use includes public use and single-family residences. Therefore, there is a consistent demand for assisted living/nursing home use. This justifies a financially feasible use of the site for assisted living/nursing home use.

Maximally Productive - The location has been a successful assisted living/nursing home location for over 50 years. Thus, continued use as an assisted living/nursing home is the maximally productive use of the site and improvements.

Therefore, ***the highest and best use of the subject property is assisted living/nursing home use "As Improved."***

VALUATION METHODOLOGY

Three approaches were considered in valuing the subject property (land and improvements) -- the Cost Approach, the Income Approach - Overall Capitalization, and the Sales Comparison Approach.

The Cost Approach considers the replacement cost new of the improvements, entrepreneurial profit, depreciation from all causes, and land value. The site is valued by sales comparison. A replacement cost new of the improvements and equipment, if any, is estimated from published cost services and comparable construction data. Depreciation is then deducted leaving the current value for the improvements. Depreciation can be physical, functional, or economic (external).

The ***Income Approach - Overall Capitalization*** reflects the current economic potential of the subject property. Stabilized net income is capitalized using an overall capitalization rate derived from the subject area or other similar economic areas.

Typically, improvements similar to the subject are either owner occupied or owned by governmental agencies and are not leased. Thus, there is no income and expense information available.

The ***Sales Comparison Approach*** uses a direct comparison of comparable sales. Adjustments are made for dissimilarities between the comparable sales and the subject in order to render a value indication. The value indicated by this approach reflects the entire utility that a property provides. Thus, it considers both its income-producing and non-income-producing factors.

Finally, the two estimates of value are reconciled to estimate the Market Value of the subject property in its current condition and occupancy.

COST APPROACH

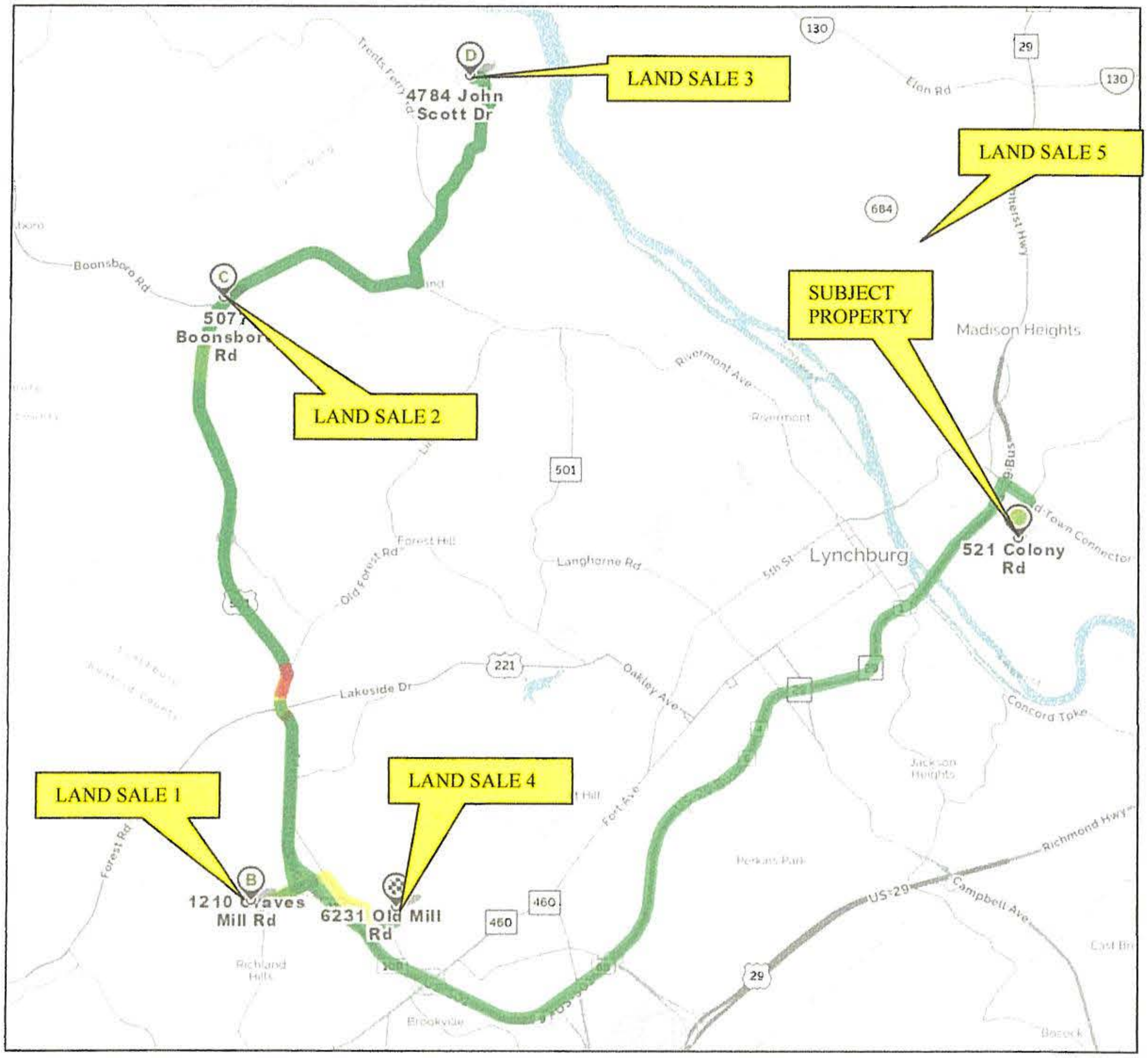
Land Value

Our research found four similar land sales in the Lynchburg area. We were not able to find any listings, pending, or failed transactions of similar land sales in the Madison Heights area. Complete descriptions of the ***Comparable Land Sales*** are presented in the Addenda. A Summary, Location Map, Photographs, and Analysis follow.

SUMMARY OF COMPARABLE LAND SALES

No.	Location	Sale Date	Price	Size (Acres)	Price/Acre
1.	1210 Graves Mill Road, Lynchburg, Virginia, 24502	10/29/2014	$350,000	9.120	$38,377
2.	5077 Boonsboro Road, Lynchburg, Virginia	11/20/2014	$320,000	9.080	$35,242
3.	4784 John Scott Drive, Lynchburg, Virginia, 24503	08/01/2016	$350,000	15.060	$23,240
4.	6231 Old Mill Road, Lynchburg, Virginia, 24502	10/03/2016	$375,000	10.840	$34,594

COMPARABLE LAND SALES LOCATION MAP



Property Rights - All sales were sold in the Fee Simple Estate or the Leased Fee at market rates. Therefore, no adjustment for property rights is warranted.

Financing and Conditions of Sale - Adjustments must first be made to equate the sales to market terms on a cash-equivalent basis. An analysis of the comparable sales indicated that no special financing terms were involved. Each sale appeared to be a "cash-to-seller" transaction or financed at or near market terms. Therefore, no adjustment is required. Each of the comparable sales appears to be an arm's-length transaction between willing buyers and sellers under no undue influence.

Costs Immediately after the Sale - No additional costs were incurred to either buyer or seller that was considered in negotiating the sale price. Therefore, an adjustment is not necessary.

Market Conditions from Date of Sale – Our research did not reveal actual resales or matched-pair sales that indicate a precise adjustment for time. Conversations with brokers and investors active in the subject area reveal that land values have stabilized. Thus, we made no adjustment.

Comparative Adjustments - Adjustments for the differences of other value factors are not readily discernible from a matched-pair sales analysis. The following adjustments were determined to be appropriate, based on an analysis of the comparable sales and our experience with similar properties. Analysis of the improved sales is based on sale price per acre. The methodology is to make quantitative adjustments to the Land Sales for any differences they might have as compared to the subject property. We analyzed the land sales based on sale price per acre.

COMPARATIVE LAND SALES ANALYSIS

COMPARABLE NO.	1	2	3	4
Price/Acre	$38,377	$35,242	$23,240	$34,594
Date of Sale	Oct-14	Nov-14	Aug-16	Oct-16
Size (Acre)	9.120	9.080	15.060	10.840
SALE ADJUSTMENTS:				
Property Rights	0%	0%	0%	0%
Financing	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%
Market Conditions	0.0%	0.0%	0.0%	0.0%
Indication per Acre	$38,377	$35,242	$23,240	$34,594
PROPERTY ADJUSTMENTS:				
Location	0%	0%	0%	0%
Access	0%	0%	0%	0%
Exposure	-5%	-5%	-5%	0%
Size	-10%	-10%	0%	-10%
Zoning	-5%	-10%	-5%	-10%
Shape	0%	0%	0%	0%
Topography	0%	0%	0%	0%
Utilities	0%	0%	0%	0%
Adjustment to Indication	-20%	-25%	-10%	-20%
Adjusted Price/Acre	$30,702	$26,432	$20,916	$27,675

Land Sale 1 requires a downward adjustment for superior exposure on more traveled road, a downward adjustment for smaller size site (due to "economies of scale," typically, the smaller the size site the higher the sale price per acre), and a downward adjustment for superior more dense zoning.

Land Sale 2 requires a downward adjustment for superior exposure on more traveled road, a downward adjustment for smaller size site (due to "economies of scale," typically, the smaller the size site the higher the sale price per acre), and a downward adjustment for superior more dense zoning.

Land Sale 3 requires a downward adjustment for superior exposure on more traveled road and a downward adjustment for superior more dense zoning.

Land Sale 4 requires a downward adjustment for smaller size site (due to "economies of scale," typically, the smaller the size site the higher the sale price per acre), and a downward adjustment for superior more dense zoning.

Conclusion

Land Sale 3 with an indicated value point of $21,000/acre is most similar to the subject property as evidence by the low net percentage of adjustments. Thus, it is given most consideration. Based on our investigation, the indicated market value of the site as vacant is $21,000/ acre or:

26.00 acres X $21,000 / acre = $546,000

Value of the Improvements

The Marshall Swift Valuation Service (MVS) is the basic source for unit costs. The costs include average architectural and engineering fees; plans; building permits; surveys; normal interest on building funds; processing fees; service charges; sales taxes on materials; normal site preparation, including excavation, foundation, and backfill; utilities from lot line to building; contractor's overhead and profit; job supervision; and all necessary insurance.

Buildings 8, 9, 10, 11, and 12 are classified as "Class B- Good" (Section 15, Pages 26). According to the manual, a "Class B- Good" Nursing Home with similar characteristics as the subject improvements built in November 2016 in Southwest Virginia, costs approximately $239.11/SF of building area after size, ceiling height, and regional multipliers are applied.

All other costs are based primarily on the MVS, as well as cost experience from similar properties. Based on discussions with developers, an entrepreneurial profit of 15% is appropriate for this type of property.

Observed Depreciation From All Causes

Physical Deterioration - Curable – The subject improvements are in good condition with no indication of deferred maintenance. Therefore, there is no Physical Deterioration-Curable.

Physical Deterioration - Incurable - The Effective Age is estimated at 10 years. We used the age/life method of straight-line depreciation, or Effective age ÷ Actual age = Physical Deterioration - Incurable.

Functional Obsolescence - The subject improvements are configured such that areas are convenient and easy to access. The layout and design of the improvements are functional. Therefore, there is no functional obsolescence attributed to the improvements.

External Obsolescence – External obsolescence is the incurable diminished utility of a structure due to negative influences from outside the site. The subject is well located. Thus, no External Obsolescence exists.

A summary of the Cost Approach is presented on the following page.

VALUE BY THE COST APPROACH

Subject Unit		Size	X	Cost/SF or LF	Total
Building 8		15,284		$239.11	$3,654,557
Building 9		17,438		$239.11	$4,169,600
Building 10		21,798		$239.11	$5,212,120
Building 11		15,284		$239.11	$3,654,557
Building 12		15,340		$239.11	$3,667,947
Asphalt Paving		89,000		$3.50	$311,500
Gravel Area		10,000		$1.50	$15,000
Concrete Walkways		10,000		$2.50	$25,000
Landscaping					$25,000
Cost New					$20,685,282
Entrepreneurial Profit		15%			$3,102,792
Replacement Cost New					$23,788,074
Physical Deterioration					
	Curable	$0		$0	
	Incurable	20%		$4,757,615	
Total Physical				20%	$4,757,615
Functional Obsolescence		0%		$0	$0
External Obsolescence		0%		$0	$0
Total Deterioration & Obsolescence					-$4,757,615
Depreciated Cost					$19,030,459
Land Value (As If Vacant)					$546,000
Value By The Cost Approach					$19,576,459
				ROUND	**$20,000,000**

SALES COMPARISON APPROACH

Our research found only one similar improved sale in the Lynchburg area. Therefore, we expanded our search regionally. We were not able to find any listings, pending, or failed transactions of similar land sales in the Roanoke area. Complete descriptions of the ***Comparable Improved Sales*** are presented in the Addenda. A Summary, Location Map, Photographs, and Analysis follow.

SUMMARY OF IMPROVED SALES

No.	Location	Sale Date	Price	Building Size (SF)	Price/SF
1.	2249 Murrell Road, Lynchburg, Virginia, 24501	08/08/2014	$7,350,000	21,623	$339.92
2.	3600 Grove Avenue, Richmond, Virginia, 23221	01/08/2015	$8,400,000	25,225	$333.00
3.	809 West Chatham Street, Cary, North Carolina, 27511	02/20/2015	$5,000,000	25,367	$197.11
4.	1165 Pepsi Place, Charlottesville, Virginia, 22901	12/10/2015	$7,600,000	47,199	$161.02

PHOTOGRAPHS OF COMPARABLE IMPROVED SALES

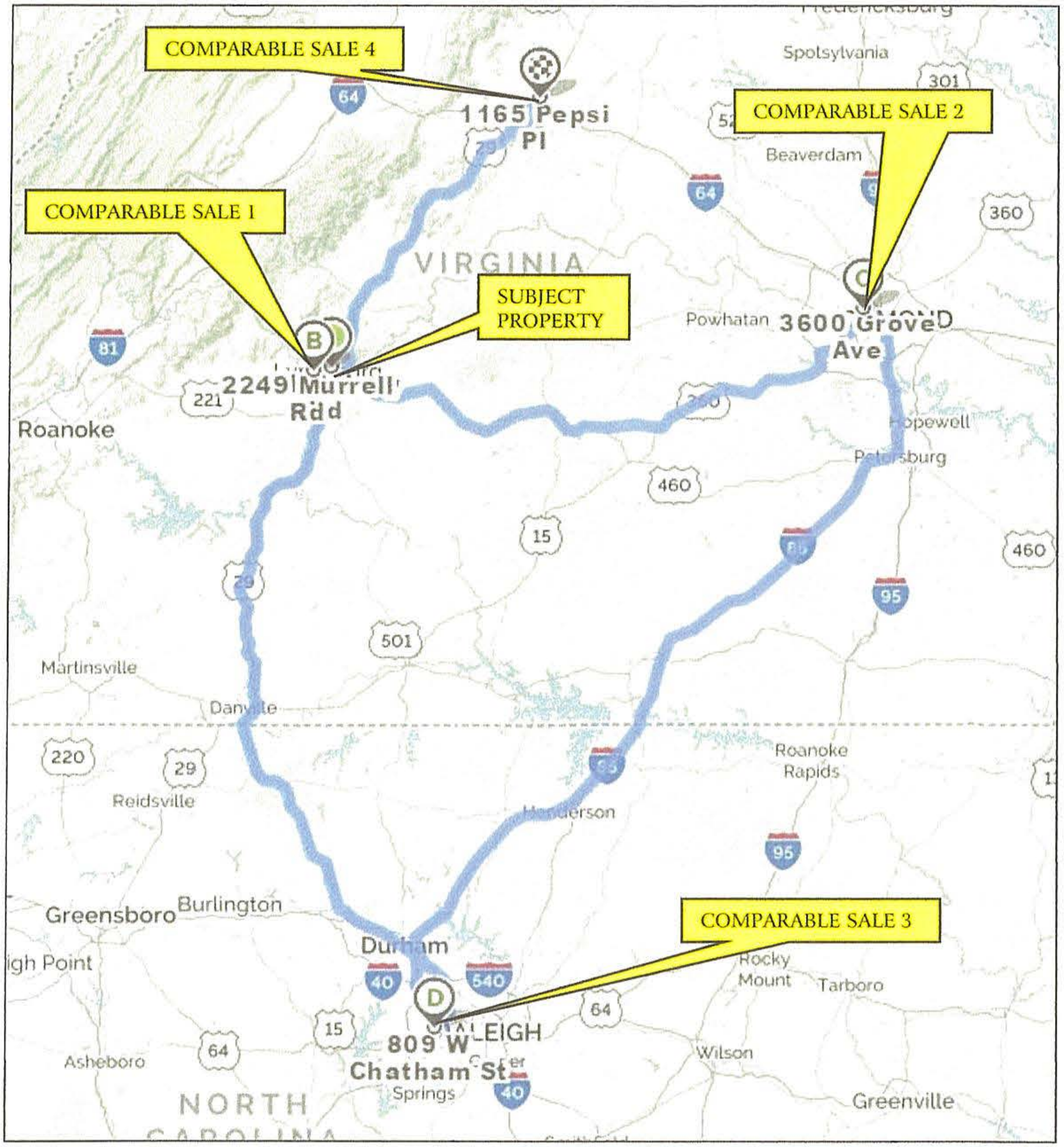
IMPROVED SALE 1

IMPROVED SALE 2

IMPROVED SALE 3

IMPROVED SALE 4

COMPARABLE SALES LOCATION MAP



Property Rights - The ownership interest appraised is the Leased Fee and Fee Simple Estates. The comparables sold in either the Fee Simple or Leased Fee Estates at market rent. Thus, no adjustment is necessary.

Financing and Conditions of Sale - Adjustments are first made to equate the sales to market terms on a cash-equivalent basis. An analysis of the comparable sales indicated that no special financing terms were involved. Each sale appeared to be a "cash-to-seller" transaction or financed at or near market terms. Therefore, no adjustment is required due to financing terms. Neither is an adjustment necessary due to conditions of sale. Each of the comparable sales appears to be an arm's-length transaction between willing buyers and sellers under no undue influence.

Costs Immediately after the Sale - No additional costs were incurred by either buyer or seller that were considered in negotiating the sale price. Therefore, an adjustment was not necessary.

Market Conditions at Date of Sale - Our research did not reveal actual resales or matched-pair sales that indicate a precise adjustment for time. However, conversations with brokers and investors reveal that improved property values in the subject area have stabilized over the past two years. Therefore, no adjustments are necessary.

Comparative Analysis- The methodology is to make adjustments to the comparable sales for any differences they might have as compared to the subject. The unit of comparison is Sale Price/ƒ□ ($/ƒ□).

COMPARATIVE ANALYSIS

COMPARABLE NO.	1	2	3	4
Price/SF	$339.92	$333.00	$197.11	$161.02
Date Of Sale	8/8/2014	1/8/2015	2/20/2015	12/10/2015
# of Square Foot	21,623	25,225	25,367	47,199
SALE ADJUSTMENTS:				
Property Rights	0%	0%	0%	0%
Financing	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%
Market Conditions	0.0%	0.0%	0.0%	0.0%
Gross indication	$339.92	$333.00	$197.11	$161.02
PROPERTY ADJUSTMENTS:				
Location	0%	-5%	-5%	0%
Access	0%	0%	0%	0%
Exposure	0%	0%	0%	0%
Age/Condition	0%	0%	5%	5%
Construction	0%	0%	0%	0%
Land to Building Ratio	0%	0%	0%	0%
Size	-5%	-5%	-5%	0%
Adjustment to Gross	-5%	-10%	-5%	5%
Final Indication per square foot	$322.92	$299.70	$187.25	$169.07

Improved Sale 1 requires a downward adjustment for a smaller building (due to "economies of scale," typically, the smaller the building, the higher the sale price per square foot).

Improved Sale 2 requires a downward adjustment for being located in a more populated area and a downward adjustment for a smaller building (due to "economies of scale," typically, the smaller the building, the higher the sale price per square foot).

Improved Sale 3 a downward adjustment for being located in a more populated area, an upward adjustment for older age/condition, and a downward adjustment for a smaller building (due to "economies of scale," typically, the smaller the building, the higher the sale price per square foot).

Improved Sale 4 requires an upward adjustment for older age/condition.

Conclusion

Comparable Improved Sales 1, 3, and 4 with an indicated value range point of $226.00/SF is most similar to the subject property. The estimated market value of the subject property, based on direct comparison, is:

85,144SF	X	$226.00/SF	=	$19,242,544
		ROUND	=	$19,250,000

RECONCILIATION

The value indications are as follows:

COST APPROACH..$20,000,000

SALES COMPARISON APPROACH $19,250,000

Cost Approach – The land sales were well verified. The improvements are in good condition and recently updated. Thus, this approach is reliable.

Sales Comparison Approach –The data is well verified. By their design, the comparable sales were very competitive with the subject improvements. Thus, this approach is reliable.

Conclusion

Both approaches reflect the market's perception of the subject property. Thus, they are given equal consideration. Based on the foregoing analysis, it is the appraiser's opinion and conclusion that the Market Value of the subject property, based on market conditions as of November 2, 2016, considering a 12- month exposure time, is:

NINETEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
($19,500,000)

QUALIFICATIONS OF THE APPRAISER

Charles W. Parkhurst, MAI, SRA, AI-GRS, CCIM
President, Greylock Advisory Group, Ltd.
Real Estate Consultants and Appraisers
Phone: 540/721-1109 Fax: 540/721-2725
E-Mail: greylock6@gmail.com

EDUCATION:

Bachelor in Science with honors, Psychology; Associate in Arts, Business Administration, Monmouth University, West Long Branch, New Jersey.

Graduate Study in Urban and Regional Planning, Virginia Tech, Blacksburg, Virginia

MAI, SRA, and AI-GRS Designations -- Appraisal Institute - Successful completion of 394 hours of graduate level education, demonstration report, 7,600 hours of peer-reviewed experience for general, residential, and appraisal review, and comprehensive exams.

CCIM Designation – Certified Commercial Investment Member – Commercial Investment Real Estate Institute – Successful completion of 176 hours of education in Financial, Market, User Decision, and Investment analysis; and a six hour Comprehensive Examination.

GAA and RAA Designations – General and Residential Accredited Appraiser --The Appraisal Section of the National Association of Realtors – Successful completion of six courses comprising 155 hours of appraisal education and 3,000 hours of work experience.

Appraisal Instructor Education – 60 hours of continuing education courses and seminars relating to real estate and appraiser education in the areas of membership guidance, adult education, leadership, and computer applications.

Real Estate Consulting and Appraisal - 377 hours of continuing education courses and seminars relating to various real estate property types, consulting, and computer software and technology.

Eminent Domain – 89 hours of continuing education sponsored by the Appraisal Institute, International Right of Way, and Piedmont Environmental Council in topics specific to eminent domain including: expert witness testimony, litigation support, and conservation easements.

Certified General Appraiser – States of Virginia, West Virginia, North Carolina, and Tennessee.

EXPERIENCE

Forty years of experience in real estate, including: land development and construction; appraisal of residential, commercial, institutional, and industrial properties; and market and feasibility analysis. Former employers include national appraisal firms: Kirkland and Company and Pritchett, Ball, and Wise both located in Atlanta, Georgia

Hospitality - Full- and limited-service, and extended stay hotels; fine-dining and fast-food branded restaurants, and co-branded properties. Experienced in the complexities in the valuation of downtown landmark hotels and distressed hotel/motel properties.

Qualifications of the Appraiser
Charles W. Parkhurst, MAI, SRA, CCIM
(Continued)

Retail - Freestanding retail facilities to regional shopping malls including specialty and outlet malls. Analysis of discounted cash-flows using ARGUS spreadsheet software.

Industrial - Major industrial properties throughout Eastern United States. Qualified in analysis of construction types, marketability, feasibility, and risk analysis.

Health Care/Retirement - Medical, Personal Care, Substance Abuse, Blood Donation centers; and independent living and retirement communities. Methodology has been devised for Fee Simple condominium projects, endowment/rental facilities, senior living--low income housing tax credit projects, and adult congregate living facilities.

Office - Small single-tenant and owner-occupied to Class "A" multi-story office buildings in a variety of metropolitan markets including first tier to fifth tier cities----Experienced in performing appraisals and marketability studies on proposed office and business parks.

Special Purpose - Appraisals of churches, synagogues, rescue squad buildings, family life centers, funeral homes, and burial parks.

Single-Family, Multi-Family and High-Density Residential - Apartment, condominium, and planned unit developments including residential subdivisions, cluster housing, and garden and high-rise style apartment buildings. Experience includes considering the impact of Low Income Housing Tax Credits and other Tax Abatement programs in redevelopment areas.

Eminent Domain and Expert Witness Testimony – Performed appraisals for eminent domain and condemnation cases involving highway expansion, gas pipeline, power line, scenic, and conservation easements and divorce and bankruptcy cases. Qualified as an expert witness in special commission and jury proceedings as a witness for parties on both sides.

PROFESSIONAL AFFILIATIONS AND ACTIVITIES

Appraisal Institute – Former member of the Finance, Associate Guidance, and Membership Committees of the Virginia Commonwealth Chapter; Past Region V Chapter representative. Former service includes: Chapter Treasurer, Chairman of the Finance, and Associate's Guidance committees; and member of the Leadership Development and Advisory Council.

CCIM Institute – Guest Speaker "Review of Southwest Virginia Real Estate Markets" for the "Annual Dominion Directions" Conference sponsored by the Virginia Chapter of the CCIM Institute.

Member of the Roanoke Regional and the Smith Mountain Lake Chambers of Commerce

Member of the Roanoke Valley Association of Realtors®

Member of the Institute of Real Estate Management®

Certified General Real Property Appraiser in Virginia, West Virginia, Tennessee, and North Carolina.

COMMONWEALTH OF VIRGINIA
REAL ESTATE APPRAISER BOARD
CERTIFIED GENERAL REAL ESTATE APPRAISER
NUMBER: 4001003320 EXPIRES: 04-30-2017

CHARLES WILLIAM PARKHURST
256 LONG ISLAND DR
MONETA VA 24121

NORTH CAROLINA APPRAISAL BOARD
APPRAISER QUALIFICATION CARD
Expires June 30, 2017

CHARLES W PARKHURST

A4224	G	Y

State of West Virginia
WV Real Estate Appraiser Licensing & Certification Board

This is to certify that

CHARLES W PARKHURST
256 LONG ISLAND DRIVE
MONETA VA 24121
CERTIFIED GENERAL CG[illegible]

has satisfied requirements of the law and is authorized to appraise real estate and real property in the State of West Virginia

Executive Director

STATE OF TENNESSEE
DEPARTMENT OF
COMMERCE AND INSURANCE

CHARLES WILLIAM PARKHURST

EXPIRATION DATE: December 31, 2017

TENNESSEE REAL ESTATE APPRAISER COMMISSION
CERTIFIED GENERAL REAL ESTATE APPRAISER
THIS IS TO CERTIFY THAT ALL REQUIREMENTS
OF THE STATE OF TENNESSEE HAVE BEEN MET

QUALIFICATIONS OF THE APPRAISER

Todd W. Ohlerich, MAI

Vice President, Greylock Advisory Group, Ltd.

Real Estate Consultants and Appraisers

todd@greylockadvisorygroup.com

EXPERIENCE:

Ten years experience as an appraisal staff researcher and appraiser.
Eight years experience as an elementary education instructor in Mathematics.

EDUCATION:

BA – Double Major- Mathematics and Elementary School Education, Castleton State College, Castleton, Vermont.

Appraisal Institute courses and seminars as follows:

110 - Basic Appraisal Principles
120 - Basic Appraisal Procedures
300 – Real Estate Finance, Statistics, and Valuation Modeling
310 – Basic Income Capitalization
320 – General Applications
410 – Business Practices and Ethics
420 - Uniform Standards of Professional Appraisal Practice, Parts A and B
510- Advanced Income Capitalization
530- Advanced Sales Comparison and Cost Approach
Subdivision Valuation Seminar
Discounted Cash Flow Seminar

PROFESSIONAL AFFILIATIONS:

Certified General Real Estate Appraiser Virginia
(MAI)- Member of the Appraisal Institute, February 16, 2016
President of Smith Mountain Lake Marine Volunteer Fire and Rescue Department;
Serves as President (2009- 2011), member of the Board of Directors (2006-Present), Lieutenant (2010-2014), Captain (2014-Present) and Secretary (2003-2009).
Vice President - Long Estates Civic Association (2006-2011)
Professional Ski Instructors of America; Certified Ski Instructor (1993-Present)
National Fire Protection Association Certified Firefighter-

-Firefighter I certification
-Firefighter II certification

-Hazardous Material Operations certification Professional Association of Diving Instructors- Certified Advanced Open Water and Rescue Diver

COMMONWEALTH of VIRGINIA
Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400, Richmond, VA 23233
Telephone: (804) 367-8500

EXPIRES ON
10-31-2018

NUMBER
4001015972

REAL ESTATE APPRAISER BOARD

CERTIFIED GENERAL REAL ESTATE APPRAISER

TODD WILLIAM OHLERICH
1140 LONG ISLAND DRIVE
MONETA, VA 24121

DPOR

Status can be verified at http://www.dpor.virginia.gov

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (05/2015)

ASSUMPTIONS AND LIMITING CONDITIONS
(7/1/2014)

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and are either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless discussed otherwise in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as noted.
4. Unless otherwise noted herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described.
5. Greylock Advisory Group, Ltd. assumes there are no private deed restrictions affecting the property, which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. No soil report was provided. This appraisal assumes stable soils conditions, that the subject property is free of any seismic conditions and that there are no active faults on the subject site. The appraisers have inspected the subject property with the due diligence expected of a professional real estate appraiser. The appraisers are no qualified as soils engineers nor are they qualified to review a soil report. Any comment by the appraisers that might suggest the possibility of the presence of soils instability or seismic conditions should not be taken as confirmation of the presence of said conditions, etc. Such determination would require investigations by a qualified expert in the field of soils or geology.
9. Unless otherwise noted within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
10. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so noted in the report. No termite inspection report was available, unless so noted in the report. No responsibility is assumed for hidden damages or infestation.
11. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

12. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

13. The property is assumed to be under financially sound, competent and aggressive ownership.

14. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

15. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.

16. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

17. Unless otherwise noted in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.

18. Unless otherwise stated, it is assumed ownership includes subsurface oil, gas, and other mineral rights. No opinion is expressed as to whether the property is subject to surface entry for their exploration or removal. The contributing value, if any, of these rights has not been separately identified.

19. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand.

20. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

21. Greylock Advisory Group, Ltd. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

22. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species.

23. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation.

24. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other

legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

25. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

26. Although the appraiser has made, insofar practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

27. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. It is suggested the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds to the subject property.

28. This report is null and void if used in any connection with a real estate syndicate or syndication, defined as a general or limited partnership, joint venture, unincorporated association, or similar organization formed for or engaged in investment or gain from an interest in real property, including but not limited to a sale, exchange, trade, development, or lease of property on behalf of others or which is required to be registered with the U.S. Securities and Exchange Commission or any Federal or State Agency which regulates investments made as a public offering.

29. The American Disabilities Act of 1990 (ADA) sets strict and specific standards for handicapped access to and within most commercial and industrial buildings. Determination of compliance with these standards is beyond appraisal expertise and, therefore, has not been attempted by the appraisers. For purposes of this appraisal, we are assuming the building is in compliance; however, we recommend an architectural inspection of the building to determine compliance or requirements for compliance. We assume no responsibility for the cost of such determination and our appraisal is subject to revision if the building is not in compliance.

30. This appraisal report has been prepared for the exclusive benefit of the Client. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at their own risk.

31. The Client agrees to indemnify and hold harmless Greylock Advisory Group, Ltd. and its affiliates, partners, agents, and employees from and against any losses, claims, damages, or liabilities, which may be asserted by any person or entity who may receive our report, except to the extent of any losses, claims, damages or liabilities (or actions in respect thereof) arising by reason of the gross negligence or willful misconduct of Greylock Advisory Group, Ltd. in preparing the report and will reimburse Greylock Advisory Group, Ltd. for all expenses (including counsel fees) as they are incurred by Greylock Advisory Group, Ltd. in connection with investigating, preparing, or defending any such action or claim.

32. In any circumstance in which the foregoing indemnification is held by a court to be unavailable to Greylock Advisory Group, Ltd. and the Client. The Client shall contribute to any aggregate losses, claims, damages or liabilities (including the related fees and expenses) to which the Client and Greylock Advisory Group, Ltd. may be subject in such proportion that Greylock Advisory Group, Ltd. shall be responsible only for that portion represented by the percentage that the fees paid to Greylock Advisory Group, Ltd. for the portion of its services or work product giving rise to the liability bears to the value of the transaction giving rise to such liability.

33. Greylock Advisory Group, Ltd. had a visit to the subject property which consisted of less than inspecting 100% of the interior and exterior of the improvements. Accordingly, Greylock Advisory Group, Ltd. reserves the right to amend the appraised value and appraisal conclusions if engineering reports or other evidence is found, which would materially impact the reported conclusions.

34. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.

35. If the client instructions to the appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

36. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

37. Acceptance or use of this report constitutes agreement by the client and any other users that any liability for errors, omissions or judgment of the appraiser is limited to the amount of the fee charged for the appraisal.

38. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based.

39. If provided, the estimated insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

APPRAISAL TERMINOLOGY
(Updated 12/11/15)

Assessed Value: Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base. [6]

Capital Expenditure: Investments of cash or the creation of liability to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. [7]

Cash Equivalency: The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

Cost Approach: This approach is based on the premise that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. The analysis involves estimating the current cost (including both direct and indirect costs) to construct a replacement for the existing structure and related site improvements, deducting for evidence of accrued depreciation, and adding the estimated land value.

Client: The party or parties who engage (by employment or contract) an appraiser in a specific assignment.

Deferred Maintenance: Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past. [8]

Economic Life: The period of time over which improvements to real estate contribute to property value. [9]

Effective Date of the Appraisal: The date at which the value opinion in an appraisal applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the value opinion. [10]

Effective Gross Revenue Multiplier (EGRM): A factor that reflects the relationship between the gross annual revenue of the real estate and its sale price or value.

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[6] *The Appraisal of Real Estate,* 13th Edition, Appraisal Institute, 2008.
[7] *The Dictionary of Real Estate Appraisal,* Fourth Edition, 2003.
[8] *The Dictionary of Real Estate Appraisal,* Fourth Edition, 2003.
[9] *The Appraisal of Real Estate,* 13th ed. (Chicago: Appraisal Institute, 2008).
[10] "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2012 Edition).

Effective Rent: 1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. [11] 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparables.

Exposure Time: The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value o the Effective Date of Appraisal; Exposure time is retrospective opinion based on an analysis of past events assuming a competitive and open market. [12]

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the Effective Date of the Assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions; Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. [13]

Fair Market Share: The ratio of the submarket inventory over the fair market share.

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government. [14]

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called building-to-land ratio.

Going Concern Value: Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise that is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value.

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[11] *The Dictionary of Real Estate Appraisal, Fourth* Edition, 2003.
[12] "Uniform Standards of Professional Appraisal Practice" (Washington, D.C.: The Appraisal Foundation, 2012).
[13] "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2012 Edition).
[14] *The Dictionary of Real Estate Appraisal,* 4rd ed. (Chicago: Appraisal Institute, 2003).

Gross Building Area (GBA): The sum of all areas at each floor as measured to the exterior walls.

Highest and Best Use: The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value. [15]

Hypothetical Condition: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exists on the Effective Date of the Assignment results, but is used for the purpose of analysis; Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis [16]

Income Capitalization Approach: This approach derives a value indication for income-producing property by converting anticipated monetary benefits into a property value. This conversion is typically accomplished in two ways: A direct capitalization analysis where one year's income expectancy or an annual average of several years' income expectancies may be capitalized at a market-derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment; secondly, a discounted cash flow analysis where the annual cash flows for the holding period and the reversion may be discounted at a specified yield rate.

Insurable Value: Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state.

Intended Use: The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. [17]

Intended User: The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communications with the client at the time of the assignment. [18]

[15] *The Dictionary of Real Estate Appraisal,* 4rd ed. (Chicago: Appraisal Institute, 2003).
[16] "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2012 Edition).
[17] "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2012 Edition).
[18] "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2012 Edition).

Internal Rate of Return ("IRR"): The yield rate to the ownership position realized over the term of an investment.

Investment Value: Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.

Leasehold Estate: The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease. [19]

Leased Fee Estate: An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the Lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease. [20]

Liquidation Value: The most probable price that a specified interest in real property is should bring under the following conditions:

(1) Consummation of a sale within a short time period.
(2) The property is subjected to market conditions prevailing as of the date of valuation.
(3) Both the buyer and seller are acting prudently and knowledgeably.
(4) The seller is under extreme compulsion to sell.
(5) The buyer is typically motivated.
(6) Both parties are acting in what they consider to be their best interests.
(7) A normal marketing effort is not possible due to the brief exposure time.
(8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
(9) 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. [21]

Load Factor: The amount added to usable area to calculate the rentable area. It is also referred to as a "rentable add-on factor" which, according to BOMA, "is computed by

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[19] *The Dictionary of Real Estate Appraisal,* 4rd ed. (Chicago: Appraisal Institute, 2003).
[20] *The Dictionary of Real Estate Appraisal,* 4rd ed. (Chicago: Appraisal Institute, 2003), p. 204.
[21] *The Dictionary of Real Estate Appraisal 5th ed.* (Chicago: Appraisal Institute, 20010)

dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100".

Market Value[22]: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

(1) Buyer and seller are typically motivated;

(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;

(3) A reasonable time is allowed for exposure in the open market;

(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale." [23]

In Addition---As Defined by the Office of the Comptroller of the Currency (OCC)

(6) The current market value of the property based upon its actual condition on your inspection date and insurable value for the improvements.

USPAP 2016-2017 Edition, the appraisal Foundation, Pg. 3 - A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the devinition of the term identified by the appraiser as applicable in an appraisal.

1. The relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
2. The terms of sale (e.g., cash, cash equivalent, or other terms); and

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[22] The definition of market value was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. Federal agencies publishing this definition, between July 5, 1990 and August 24, 1990, include the Federal Reserve System (FRS) as 12 CFR, parts 208 and 225; the National Credit Union Administration (NCUA); the Federal Deposit Insurance Corporation (FDIC); the Office of Thrift Supervision (OTS); and the Office of the Comptroller of the Currency (OCC) as 12 CFR, part 34, subpart C. This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994; and in the "Interagency Appraisal and Evaluation Guidelines", dated October 27, 1994. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).

[23] "Uniform Standards of Professional Appraisal Practice" (Washington, D.C.: The Appraisal Foundation, 2012).

3. The condition of sale (e.g., exposre in a competitive market for a reasonalb time prior to sale).

Market Value, December 2, 2010 Interagency Appraisal and Evaluation Guidelines – The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
Buyer and seller are typically motivated;
Both parties are well informed or well advised, and acting in what they consider their own 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.

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the appraisal date is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value On The Appraisal Date: Market value on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

Marketing Period: The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal·

Net Lease: Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a Triple Net Lease all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the Lessor in a triple net lease. A modified net lease is one in which some expenses are paid separately by the tenant and some are included in the rent.

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. [24]

Penetration Rate: The ratio of the actual market share of a submarket over the fair market share of a submarket.

Principle of Substitution: This principle affirms that no prudent buyer would pay more for a property than the cost to acquire a similar site and construct improvements of equal desirability and utility without undue delay.

Reconciliation: The strengths and weaknesses of the individual approaches to value may vary based on the quality and quantity of data available in each instance. The final value conclusion is based on the appraisers' judgment with respect to the appropriateness of each approach as it applies to the property being appraised.

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

Sales Comparison Approach: This approach derives a value indication by comparing the subject property to similar properties that have recently sold, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparables. Analysis of properties currently listed for sale is also useful in setting the upper limit of value. The overriding premise of this approach is that an informed purchaser would pay no more than the cost of acquiring an equally desirable substitute.

Scope of the Appraisal: Extent of the process in which data are collected, confirmed, and reported. [25]

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[24] 2011 BOMA Experience Exchange Report, Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 2011)
[25] *The Dictionary of Real Estate Appraisal,* Fourth Edition, 2003.

DEED

Original Returned to
Lawyers Title
on Dec 5, 1994

See Deed Book 734 p 321
See Deed Book 732 p 247

Life Safety Renovations - Central Virginia Training Center

4469

This Deed is exempt from recordation tax pursuant to Sections 58.1-811.A and 58.1-811.C.3 of the Code of Virginia (1950), as amended.

SPECIAL WARRANTY DEED

THIS DEED, made as of the fifteenth day of October, 1994, by and between the **COMMONWEALTH OF VIRGINIA**, acting by and through its **DEPARTMENT OF MENTAL HEALTH, MENTAL RETARDATION AND SUBSTANCE ABUSE SERVICES** (the "Commonwealth"), grantor for purposes of indexing, and the **VIRGINIA PUBLIC BUILDING AUTHORITY**, a body corporate and politic, constituting a corporation and a governmental instrumentality of the Commonwealth of Virginia (the "Authority"), grantee for purposes of indexing.

W I T N E S S E T H :

In consideration of Ten Dollars ($10.00) cash in hand paid by the Authority to the Commonwealth and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Commonwealth grants and conveys unto the Authority, with Special Warranty of Title, the real property more particularly described on Exhibit A attached hereto and which by reference is made a part hereof.

This conveyance is subject to all easements, conditions, restrictions and agreements of record and not of record.

IN WITNESS WHEREOF, the Commonwealth of Virginia has caused this Deed to be executed on its behalf by its duly authorized representative.

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COMMONWEALTH OF VIRGINIA, acting by and through its Department of Mental Health, Mental Retardation and Substance Abuse Services

By: Timothy A. Kelly

Title: COMMISSIONER

COMMONWEALTH OF VIRGINIA AT LARGE :
CITY/COUNTY OF Chesterfield :

The foregoing instrument was acknowledged before me in the jurisdiction aforesaid this 1st day of November, 1994, by Timothy A. Kelly, Commissioner of the Department of Mental Health, Mental Retardation and Substance Abuse Services of the Commonwealth of Virginia, acting on behalf of the Commonwealth of Virginia.

My commission expires January 31, 1997.

Sandra L. D. Townsend
Notary Public

Grantee's mailing address

Virginia Public Building Authority
c/o Department of the Treasury
101 N. 14th Street
Richmond, Virginia 23219

APPROVED AS TO FORM:

Mary G. Morris
Senior Assistant Attorney General

FLOOD PLAIN MAP

STDB

You are currently logged in as: ( ) on 07-Nov-2016
521 Colony Road, Madison Heights, VA
521 COLONY RD, MADISON HEIGHTS, VA

MAP DATA

Map Number : 51009C0415B
Panel Date : September 19,2007
FIPS Code : 51009

Census Tract : 0105.02
Geo Result : **S8 (Most Accurate) - single valid address match, point located at a single known address point candidate (Parcel)**

Flood

- X or C Zone
- X500 or B Zone
- A Zone
- V Zone
- D Zone
- Area Not Mapped

Land Sale No. 1

Property Identification	
Record ID	4367
Property Type	Agriculture / Residential
Property Name	Residential Land
Address	1210 Graves Mill Road, Lynchburg, Virginia, 24502,
Tax ID	23904005
Sale Data	
Grantor	First Assembly of God Church
Grantee	Bella Rose Plantation LLC
Sale Date	October 29, 2014
Deed Book/Page	140006166
Property Rights	Fee Simple
Marketing Time	12 months
Conditions of Sale	Arms length transaction
Financing	All cash to seller
Verification	Bill Hansen; Other sources: Courthouse Records
Sale Price	$350,000
Cash Equivalent	$350,000
Land Data	
Zoning	R-1, Low density Residential
Topography	Rolling Topography
Utilities	All public utilities
Land Size Information	
Gross Land Size	9.120 Acres or 397,267 SF
Front Footage	Graves Mill Road
Indicators	
Sale Price/Gross Acre	$38,377
Sale Price/Gross SF	$0.88

Land Sale No. 2

Property Identification	
Record ID	4368
Property Type	Residential
Property Name	Residential Land
Address	5077 Boonsboro Road, Lynchburg, Virginia, 24503
Tax ID	210-03-004
Sale Data	
Grantor	Virginia Baptist MSN Board, Inc
Grantee	Sellari Ents Inc
Sale Date	November 20, 2014
Deed Book/Page	140006641
Property Rights	Fee Simple
Marketing Time	12 months
Conditions of Sale	Arms length transaction
Financing	All cash to seller
Verification	Buyer agent; Other sources: Courthouse Records
Sale Price	$320,000
Cash Equivalent	$320,000
Land Data	
Zoning	R-3, Medium Density Residential
Topography	Rolling Topography
Utilities	All public utilities
Land Size Information	
Gross Land Size	9.080 Acres or 395,525 SF
Front Footage	Boonsboro Road
Indicators	
Sale Price/Gross Acre	$35,242
Sale Price/Gross SF	$0.81

Land Sale No. 3

Property Identification	
Record ID	4369
Property Type	Residential
Property Name	Residential Land
Address	4784 John Scott Drive, Lynchburg, Virginia, 24503
Tax ID	188-01-011
Sale Data	
Grantor	Seven Springs
Grantee	Scott M Hicks
Sale Date	August 01, 2016
Deed Book/Page	160004589
Property Rights	Fee Simple
Marketing Time	12 Months
Conditions of Sale	Arms length transaction
Financing	All cash to seller
Verification	Scott Hicks; Other sources: Courthouse Records
Sale Price	$350,000
Cash Equivalent	$350,000
Land Data	
Zoning	R-1, Single Family
Topography	Rolling topography
Utilities	All public utilities
Land Size Information	
Gross Land Size	15.060 Acres or 656,014 SF
Front Footage	John Scott Drive
Indicators	
Sale Price/Gross Acre	$23,240
Sale Price/Gross SF	$0.53

Land Sale No. 4

Property Identification	
Record ID	4370
Property Type	Residential
Property Name	Medium Density Residential Land
Address	6231 Old Mill Road, Lynchburg, Virginia, 24502
Tax ID	23803001
Sale Data	
Grantor	Hallie Bowman
Grantee	Old Mill Investments, LLC
Sale Date	October 03, 2016
Deed Book/Page	160006175
Property Rights	Fee Simple
Marketing Time	12 months
Conditions of Sale	Arms length transaction
Financing	All cash to seller
Verification	Verified by Grantor; Other sources: Courthouse Records
Sale Price	$375,000
Cash Equivalent	$375,000
Land Data	
Zoning	R-4, Medium High Density Residential
Topography	Rolling
Utilities	All public utilities
Land Size Information	
Gross Land Size	10.840 Acres or 472,190 SF
Front Footage	Old Mill Road
Indicators	
Sale Price/Gross Acre	$34,594
Sale Price/Gross SF	$0.79

Improved Sale No. 1

Property Identification	
Record ID	6525
Property Type	Assisted Living
Property Name	Assisted Living
Address	2249 Murrell Road, Lynchburg, Virginia, 24501
Tax ID	005-01-010
Sale Data	
Grantor	Oaks-Lynchburg, II LP
Grantee	JFC Lynchburg DST
Sale Date	August 08, 2014
Deed Book/Page	140004538
Property Rights	Fee Simple
Marketing Time	12 Months
Conditions of Sale	Arms length transaction
Financing	All cash to seller
Verification	Zac Lee; 434-455-3830, Other sources: Courthouse Records
Sale Price	$7,350,000
Land Data	
Land Size	4.270 Acres or 186,001 SF
Front Footage	Murrell Road
Zoning	R-4, Medium High Density Residential
Topography	Level to Rolling
Utilities	All public utilities
General Physical Data	
Building Type	Single Tenant
SF	21,623
Construction Type	Brick
Roof Type	Asphalt Shingles
Foundation	Concrete
Electrical	Adequate
HVAC	Hot Air and Cent Air
Stories	1
Year Built	1992
Condition	Good
Indicators	
Floor Area Ratio	0.12
Land to Building Ratio	8.6:1

Improved Sale No. 3

Property Identification	
Record ID	6527
Property Type	Commercial/Residential, Assisted Living
Property Name	Assisted Living
Address	809 West Chatham Street, Cary, North Carolina, 27511
Tax ID	0763.05-19-372
Sale Data	
Grantor	Community Facilities, Inc
Grantee	CC SOP1 LLC
Sale Date	February 20, 2015
Deed Book/Page	015924/00884
Property Rights	Fee Simple
Marketing Time	12 Months
Conditions of Sale	Arms length transaction
Financing	All cash to seller
Verification	Wake County Assessor; 919-856-5400, Other sources: Courthouse Records
Sale Price	$5,000,000
Land Data	
Land Size	3.310 Acres or 144,184 SF
Front Footage	West Catham Street
Zoning	Commercial and Residential
Topography	Level
Utilities	All public utilities
Shape	Triangular
General Physical Data	
Building Type	Single Tenant
SF	25,367
Construction Type	Brick
Roof Type	Asphalt Shingles
Foundation	Concrete
Electrical	Adequate
HVAC	Hot air and cent air
Stories	1
Year Built	1983
Condition	Average
Indicators	
Floor Area Ratio	0.18
Land to Building Ratio	5.68:1

Improved Sale No. 4

Property Identification	
Record ID	6528
Property Type	Commercial, Assisted Living
Property Name	Assisted Living
Address	1165 Pepsi Place, Charlottesville, Virginia, 22901
Tax ID	061W0-02-00-002B0
Sale Data	
Grantor	G&E HC REIT II
Grantee	Laurells of Charlottesville, LLC
Sale Date	December 10, 2015
Deed Book/Page	4704/176
Property Rights	Fee Simple
Marketing Time	12 Months
Conditions of Sale	Arms length transaction
Financing	All cash to seller
Verification	Albemarle County Assessor; 434-296-5856, Other sources: Courthouse Records
Sale Price	$7,600,000
Land Data	
Land Size	3.810 Acres or 165,964 SF
Front Footage	Pepsi Place
Zoning	C-1, Commercial
Topography	Level
Utilities	All public utilities
General Physical Data	
Building Type	Single Tenant
SF	47,199
Construction Type	Brick
Roof Type	Asphalt Shingles
Foundation	Concrete
Electrical	Adequate
HVAC	Heat Pumps
Stories	1
Year Built	2004
Condition	Average
Indicators	
Floor Area Ratio	0.28
Land to Building Ratio	3.52:1