

**Ad Valorem Tax Assessment Study
St. Joseph's Hospital
21 Peace Street
Providence, Rhode Island**

**Report Date
September 24, 2013**

**Effective Date
December 31, 2012**

**Prepared For

W. Mark Russo, Esquire
Ferrucci Russo
55 Pine Street
Providence, Rhode Island 02903**

**Prepared By

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September 24, 2013

W. Mark Russo, Esq.
Ferrucci Russo
55 Pine Street
Providence, RI 02903

Dear Mr. Russo,

As you requested we have inspected the properties located in the City of Providence and currently assessed to St. Joseph's Hospital. The purpose of my inspection and subsequent research and analysis was to determine if the Ad Valorem Tax Assessment imposed by the City as of December 31, 2012 is reflective of Market Value and is fair and equal able in comparison to the assessments imposed on similarly developed properties.

In undertaking this study, I fully inspected the site and improvements, interviewed ownership representatives, developed an estimate of Replacement Cost New for the improvements, developed estimates of Physical, Functional and Economic Obsolescence, reviewed assessed land values for similar properties and concluded with an appropriate estimate of the Ad Valorem Tax Assessment.

In determining an appropriate assessment we reviewed the current assessments, and current market conditions. We also reviewed current assessment and tax policy relative to hospitals and other tax exempt organizations. We completed a full replacement cost and depreciation analysis utilizing the Marshall-Swift Commercial Cost Handbook. We finally compared the assessed value for Saint Joseph's Hospital to other similar facilities throughout the state.

Saint Joseph's Hospital facility was primarily constructed in two sections, the first (red brick) facility was built in the 1920's with an addition constructed in the 1970's. Upon inspection we found the condition of the 1970's addition to be so poor as to warrant demolition. We estimate the effective age of the original structure at 35-40 years. We found that the Tax Assessed Value for each land parcel to be grossly over assessed an in some instances by a factor of 10x's or more.

Overall, St. Joseph's is a marginal facility that requires substantial upgrades for its continued use or re-use.

	Recommended Assessments	Current Assessment
34 Parcels and all Improvements	\$5,256,000	\$46,815,500

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Street Address	Plat	Lot	Zone	Total Assessment	Total Assessment \$/Sq.Ft.	Total Taxes Exempted	Taxes Exempted/Sq.Ft.	Land Size (SQ.FT.)	Land Assessment	Land Assessment \$/Sq.Ft.	Improvement Size (SQ.FT.)	Improvement Assessment
21 Peace St.	44	259	R3	\$37,162,900	\$149.07	\$1,365,737	\$5.48	101,930	\$3,342,800	\$33	249,292	\$33,820,100
653 Broad St.	44	273	R3	\$88,100	\$13.05	\$3,238	\$0.48	6,008	\$74,600	\$12	6,750	\$13,500
10 Peace St.	44	247	R3	\$274,000	\$76.11	\$10,070	\$2.80	3,648	\$270,400	\$74	3,600	\$3,600
16 Peace St.	44	242	R3	\$362,300	\$65.04	\$13,315	\$2.39	5,578	\$356,700	\$64	5,570	\$5,600
40 Peace St.	44	249	R3	\$925,200	\$42.73	\$34,001	\$1.57	20,684	\$895,200	\$43	21,650	\$30,000
52 Peace St.	44	253	R3	\$266,600	\$80.79	\$9,798	\$2.97	3,339	\$261,500	\$78	3,300	\$5,100
56 Peace St.	44	254	R3	\$260,900	\$79.06	\$9,588	\$2.91	3,348	\$257,600	\$77	3,300	\$3,300
60 Peace St.	44	255	R3	\$247,400	\$74.97	\$9,092	\$2.76	2,990	\$242,300	\$81	3,300	\$5,100
73 Peace St.	44	257	R3	\$300,500	\$71.55	\$11,043	\$2.63	4,356	\$296,300	\$68	4,200	\$4,200
77 Peace St.	44	265	R3	\$323,900	\$276.84	\$11,903	\$10.17	4,750	\$317,500	\$67	1,170	\$6,400
81 Peace St.	44	256	R3	\$319,300	\$532.17	\$11,734	\$19.56	4,715	\$316,000	\$67	600	\$3,300
89 Peace St.	44	150	R3	\$323,900	\$276.84	\$11,903	\$10.17	4,750	\$317,500	\$67	1,170	\$6,400
33 Plenty St.	44	261	R3	\$179,800	\$131.43	\$6,608	\$4.83	9,583	\$104,900	\$11	1,368	\$74,900
39 Plenty St.	44	263	R3	\$267,800	\$61.85	\$9,842	\$2.27	3,354	\$257,900	\$77	4,330	\$9,900
43 Plenty St.	44	264	R3	\$261,600	\$77.86	\$9,614	\$2.86	3,362	\$258,200	\$77	3,360	\$3,400
47 Plenty St.	44	266	R3	\$233,200	\$86.37	\$8,570	\$3.17	2,755	\$230,500	\$84	2,700	\$2,700
48 Peace St.	44	252	R3	\$51,400	\$15.58	\$1,889	\$0.57	3,485	\$48,100	\$14	3,300	\$3,300
52 Plenty St.	44	135	R3	\$273,800	\$76.06	\$10,062	\$2.80	3,600	\$268,400	\$75	3,600	\$5,400
55 Plenty St.	44	267	R3	\$262,600	\$79.58	\$9,651	\$2.92	3,387	\$259,300	\$77	3,300	\$3,300
56 Plenty St.	44	258	R3	\$272,000	\$75.56	\$9,996	\$2.78	3,600	\$268,400	\$75	3,600	\$3,600
59 Plenty St.	44	268	R3	\$263,100	\$77.47	\$9,669	\$2.85	3,396	\$259,700	\$76	3,396	\$3,400
62 Plenty St.	44	205	R3	\$320,300	\$68.15	\$11,771	\$2.50	4,706	\$315,600	\$67	4,700	\$4,700
29 Whitmarsh St.	44	241	R2	\$237,600	\$72.00	\$8,732	\$2.65	2,780	\$231,800	\$83	3,300	\$5,800
31 Whitmarsh St.	44	240	R3	\$359,300	\$58.90	\$13,204	\$2.16	5,442	\$350,000	\$64	6,100	\$9,300
53 Whitmarsh St.	44	233	R3	\$264,000	\$75.43	\$9,702	\$2.77	3,353	\$257,800	\$77	3,500	\$6,200

SAINT JOSEPH'S HOSPITAL

Providence, Rhode Island

EXECUTIVE SUMMARY:

The current property assessments for Saint Joseph's Hospital Campus are excessive valuations and result in over taxation. Further, the transition of Saint Joseph's Hospital from an exempt hospital to a for profit hospital will be a continued use of private property for the public good. The application of a Tax Treaty or PILOT – Payment In-Lieu of Taxes as tax treatment will best foster the economic growth of the City of Providence and the State of Rhode Island while preserving the public good which hospitals have a long tradition of providing.

PRIVATIZATION OF RHODE ISLAND HOSPITALS

Our current economy demands that providing a public good as society critical as health care is best achieved in the private sector of commerce. The treatment of for profit hospitals as taxable entities may in fact be a policy decision which creates a moral hazard for citizens never intended by the privatization of Saint Joseph's Hospital. The added expense of high property taxes to conduct business in Providence, the Capital City, will indeed impact the cost of health care in the City of Providence and for all the citizens of Rhode Island who seek medical care at Saint Joseph's Hospital.

CONTEMPORARY FISCAL CONCERNS

The erosion of the property tax base has resulted from the evolution of our economy from a manufacturing based economy that required extensive real estate - land and buildings to produce manufactured goods to a service industry requiring less bricks and mortar to produce services. The benefit of real estate as a fixed asset- that can't be moved easily- made it an ideal base for the continuity of taxation. However, technology has moved the service industry into an industry with mobile space requirements eroding the tax base created by manufacturing space requirements. The globalization of the world's economy has made it difficult for local governments to tax mobile capital and internet-based businesses. In addition, competition between taxing venues are creating pressure on the property tax along with the impact an ageing population has on housing patterns and the need for elderly services.

An analysis by the Lincoln Institute of Land Policy concluded that despite suggestions by popular press that nonprofits and government exemptions are increasingly costly to the tax revenue base the impact of nonprofits was not major and was less than that of state and local government exemptions. This analysis did not include the impact Homestead exemptions have had over time. The implication that large-scale exemption categories have a major impact is not true although their share of the property base is significant.¹

In Rhode Island, the state provides a PILOT reimbursement to the Cities and Towns with universities and hospitals based on a percentage of what the taxes would have been. Rhode Island pays 27% of the total assessed valuations of Colleges, Universities and Hospitals as reimbursement to municipalities for revenues lost to by their tax-exempt status.

¹ Erosion of the Property Tax Base Tends, Causes, and Consequences, ed. Augustine, Nancy Y. (Cambridge, MA: Lincoln Institute of Land Policy, 2009), 40-43.

Economic and Market Conditions

United States

Gross Domestic Product - The U.S. economy as measured by real gross domestic product (GDP) increased at a seasonally adjusted annual rate of 1.8% in the first quarter of 2013 (that is, from the fourth quarter to the first quarter), according to the “third” estimate released by the Bureau of Economic Analysis. In the fourth quarter of 2012 real GDP increased by 0.4%. The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, and residential fixed investment that were partly offset by negative contributions from federal, state, and local government spending.

Consumer Prices - For the 12 month period ending in March 2013, the CPI-U for all items rose 1.5% compared to a 2.0% figure in the prior month. The index for all items less food and energy rose 1.9% over the last 12 months. The food index rose 1.5% while the energy index declined 1.6%.

Employment – Non-farm payroll employment rose by 175,000 in May, marking the 34th consecutive monthly increase, based on preliminary seasonally-adjusted BLS data. The economy has now added 6.3 million jobs since February 2010, which was the low point of the recent recession. Non-farm job losses since the pre-recession peak in January 2008 now total 2.4 million, including 1.9 million in the private sector. Employment in the service-providing sector, which accounts for nearly 85% of private sector employment, now exceeds the pre-recession peak by 1.4 million, an increase of 1.5%. The goods producing sector, however, has experienced an employment decline of 15.1% over the same period.

Monetary Policy - The federal funds rate is an important tool used by the Federal Reserve to implement short-term monetary policy. The rate is set by the Federal Open Market Committee (FOMC), and represents the interest charged to commercial banks and other depository institutions on short-term loans they receive from the Federal Reserve Bank. The federal funds rate is a closely watched indicator of the outlook for price stability and sustainable economic growth, the dual mandates of the Committee. From 2004 through mid 2006 the FOMC implemented a series of rate increases in an effort to control inflation during a period of economic expansion. A series of rate reductions began in 2007, reflecting efforts to stimulate the weakening economy and add liquidity to stressed financial markets.

The target range for the rate was reduced to 0 – ¼% in December 2008 and has remained unchanged since that date. Following are comments extracted from the Committee's June 19, 2013 press release:

Information received since the Federal Open Market Committee met in May suggests that economic activity has been expanding at a moderate pace. Labor market conditions have shown further improvement in recent months, on balance, but the unemployment rate remains elevated. Household spending and business fixed investment advanced, and the housing sector has strengthened further, but fiscal policy is restraining economic growth. Partly reflecting transitory influences, inflation has been running below the Committee's longer-run objective, but longer-term inflation expectations have remained stable.

... The Committee expects that, with appropriate policy accommodation, economic growth will proceed at a moderate pace and the unemployment rate will gradually decline toward levels the Committee judges consistent with its dual mandate. The Committee sees the downside risks to the outlook for the economy and the labor market as having diminished since the fall. The Committee also anticipates that inflation over the medium term likely will run at or below its 2 percent objective. To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee decided to continue purchasing additional agency mortgage-backed securities at a pace of \$40 billion per month and longer-term Treasury securities at a pace of \$45 billion per month. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities and rolling over maturing Treasury securities at auction. Taken together, these actions should maintain downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative.

...The Committee is prepared to increase or reduce the pace of its purchases to maintain appropriate policy accommodation as the outlook for the labor market or inflation changes. In determining the size, pace, and composition of its asset purchases, the Committee will continue to take appropriate account of the likely efficacy and costs of such purchases as well as the extent of progress toward its economic objectives.

...The Committee expects that a highly accommodative stance of monetary policy will remain appropriate for a considerable time after the asset purchase program ends and the economic recovery strengthens. In particular, the Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that this exceptionally low range for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored....When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent.

Selected National Economic Statistics										
		2011				2012				2013
	Source	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
GDP - (SAAR) % Change From Prior Quarter	(a)	0.1%	2.5%	1.3%	4.1%	2.0%	1.3%	3.1%	0.4%	1.8%
CPI-U - Annual Change - 12 Months Ending	(b)	2.7%	3.6%	3.9%	3.0%	2.7%	1.4%	2.2%	1.7%	1.5%
U.S. Unemployment Rate - Quarter Ending Month	(b)	8.9%	9.1%	9.0%	8.5%	8.2%	8.2%	7.8%	7.8%	7.6%
Federal Funds Rate - Quarter Ending	(c)	0-1/4%	0-1/4%	0-1/4%	0-1/4%	0-1/4%	0-1/4%	0-1/4%	0-1/4%	0-1/4%
(a) U.S. Bureau of Economic Analysis; (b) U.S. Bureau of Labor Statistics; (c) Federal Reserve										

New England (Federal Reserve Report)

The First District (Boston) *Beige Book* issued June 5, 2013 reported the following general conditions:

Commercial Real Estate

Commercial real estate leasing and sales activity held roughly steady or improved in recent weeks in the First District. A Hartford contact notes a modest increase in foot traffic for downtown and suburban office space but no significant changes in rents or vacancy rates since the last report, virtually no construction, and a flat industrial market. In Boston's inner-suburban corridor, office rents are up and vacancies down. In Boston proper, prime retail rents are up at least 5 percent over the quarter; office fundamentals continue to improve across the city, very slowly in the financial district and at a brisker pace in the Seaport/Innovation district.

Leasing volume dipped slightly in downtown Providence and mostly improved in suburban Rhode Island, with rents about flat. Defense-industry tenants in southern Rhode Island are reducing their space needs in response to federal spending cuts, moves that are likely to put downward pressure on rents in the local submarket in coming months. In Portland, retail leasing activity picked up and apartment rents rose while the office leasing market was flat. Business confidence in southern Maine reportedly improved but no major expansions or hiring plans were announced.

Values for prime downtown Boston properties--including office buildings and apartment buildings--continue to rise, leading to talk of overheating. Investors are purchasing empty retail space in Boston for the first time since the onset of the Great Recession. Continuing a recent trend, investors are increasingly purchasing prime, well-leased commercial properties in Hartford, Providence, and Portland, markets which are seen as value propositions in comparison with higher-priced Boston. So far in the cycle, however, new construction in these markets has been very limited. Commercial real estate loan demand rebounded at one regional lender as competition for such loans drove mortgage interest rates to new lows.

Contacts are mostly optimistic that commercial leasing fundamentals will continue to improve at least slowly in the coming months. The outlook includes upside potential for absorption in Providence, Hartford, and Boston based on deals in progress and current employment trends. In Rhode Island, however, the upcoming gubernatorial election and state and local budget deficits--as well as the defense cutbacks noted above--present downside risks. In Connecticut, negative effects of sequestration on defense-industry tenants seem inevitable, but the commercial leasing implications are uncertain.

Residential Real Estate

Throughout much of the First District, the median sales price of single-family homes and condos rose year-over-year in March and April. Sales of single-family homes also increased from a year earlier in most of the region during April, after weaker sales results in March. According to contacts, demand for homes remains strong due to low interest rates, relatively low prices, and improving confidence among buyers. However, contacts continue to report that shrinking inventory levels are slowing sales and placing upward pressure on prices. In Massachusetts and the Greater Boston area, dwindling inventory levels have been a significant source of concern; contacts in the other states also express worry about falling inventory levels, but to a lesser extent. Several respondents note that much of the housing recovery has been centered around urban areas while rural areas have experienced more modest improvements. Within the Greater Boston area, realtors have observed an increasing frequency of multiple offers on properties.

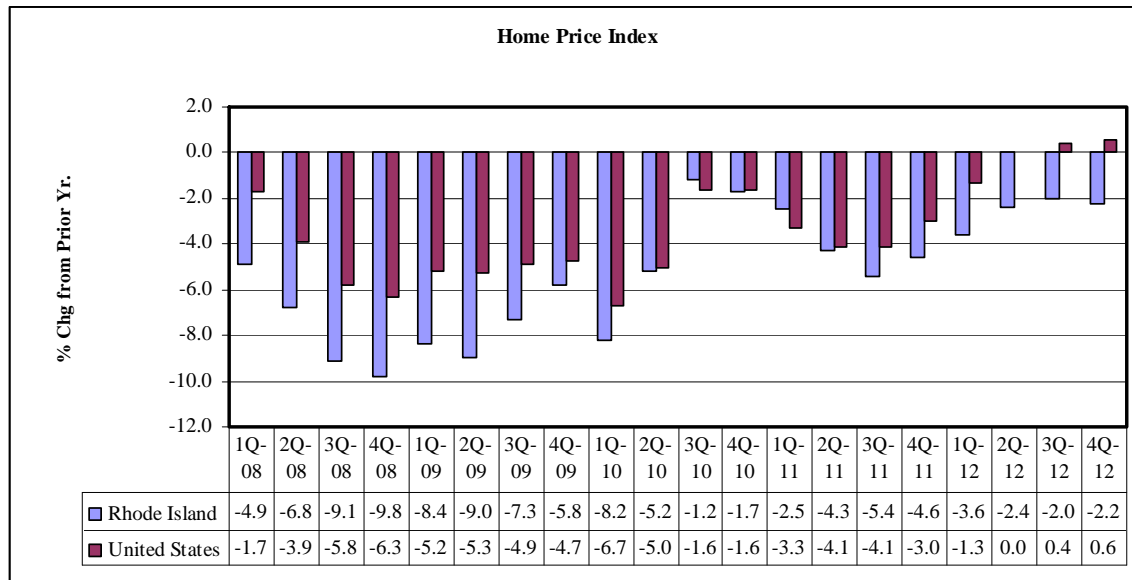
Contacts anticipate that single-family home and condo prices will continue to rise over the next several months, with inventory levels a significant factor determining the degree to which sales can grow. Overall, contacts say they feel optimistic about the trajectory of the housing market and believe the market will continue to recover as general economic conditions improve.

Rhode Island

Rhode Island is located on the Interstate 95 corridor between New York and Boston. Principal transportation infrastructure includes passenger rail service provided by Amtrak, the Ports of Providence and Quonset Point, and T. F. Green Airport. T. F. Green has become the third most utilized airport in the region, serving nearly four million passengers per year, according to reports by the State Airport Corporation.

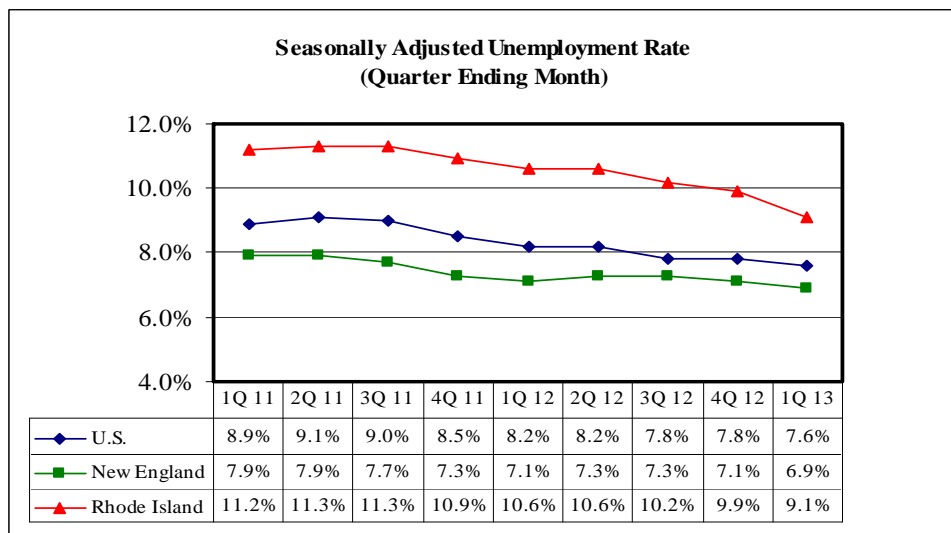
Rhode Island amenities include excellent educational institutions. Brown University and Rhode Island School of Design are best known. The 400±-mile coastline, over 100 marinas, and some of the finest beaches on the eastern seaboard make the state a popular tourist venue. There are 39 communities in the State and the Census Bureau's 2010 estimate of population is 1,052,567. This estimate represents an increase of less than one-half of one percent over the 2000 Census estimate and a slight decline from 2009. The composition of Rhode Island's workforce is similar to that of the United States with a large majority of the labor force (approximately 85%) employed in the service sector, compared with 15% in production.

Housing - Rhode Island housing prices, after experiencing double-digit increases from 2003 through 2005, began a protracted decline in the first quarter of 2007. The Home Price Index for Rhode Island dropped by 2.2% in the fourth quarter of 2012, compared with the year-earlier quarter. As of the end of the fourth quarter 2012, the index has dropped 26% from its peak in June 2006. The Rhode Island market has not experienced the gradual improvement that has occurred on a national level in the past three quarters.



Source: Federal Housing Finance Agency

Employment – According to the Rhode Island Department of Labor and Training, Rhode Island employment rose to 509,342 in May. This represents an increase of about 9,200 jobs from the same period a year ago. Rhode Island's employment is now 7.2% below the pre-recession peak of December 2006, and the labor force has declined by about 18,300 or 3.2% over the same period. Rhode Island's unemployment rate was estimated at 8.9% in May, little changed from the last two months and still among the worst in the nation. The Rhode Island labor market continues to perform much worse than the U.S. and other New England states.



Current Conditions Index - The Rhode Island Current Conditions Index (CCI) is a monthly indicator of the state of the Rhode Island economy prepared by University of Rhode Island economist Leonard Lardaro, Ph.D. that is often cited in local news media. The index is derived by measuring the behavior of twelve key economic indicators pertaining to housing, retail sales, fiscal pressures, employment and labor supply. The CCI can range from zero, when no indicators improve from their year-earlier levels, to 100 when all twelve show improvement. A value greater than 50 indicates that the economy is in a state of expansion; a value less than 50 signals contraction. The table following summarizes the monthly Rhode Island Current Conditions Index (CCI) for recent periods.

Rhode Island Current Conditions Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	17	8	0	8	17	33	17	42	33	42	50	33
2010	42	58	67	67	75	75	83	83	67	67	75	83
2011	50	67	67	58	50	58	58	42	50	50	58	50-58
2012	67	58	58	67	67	83	58	92	75	92	83	83
2013	75	67	83	67								

Conclusions as stated in the April report are summarized as follows:

“Much of our state’s economic momentum throughout the remainder of this year will be dictated by events at the national and global levels. I continue to expect weak momentum through the second quarter which should eventually improve during the second half of this year. But given the uptick in momentum displayed during the second half of 2012, it is not clear whether the CCI values for the remainder of this year will be able to exceed those we witnessed last year.”

Rhode Island – Conclusion – Opinions are mixed about the outlook for the Rhode Island economy in the near term. Although there are some signs of improvement, the State’s persistent high unemployment, unfavorable tax structure, lack of population growth, and unresolved government deficits will likely cause economic recovery in Rhode Island to lag behind other states in the region and the nation.

CoStar Sector Reports – Following is a summary of market statistics for commercial property sectors in Rhode Island, as reported in the Fourth Quarter 2012 reports of CoStar Property®.

Rhode Island Office Market Statistics						
Market	Existing Inventory		Vacancy		SF Under Construction	Quoted Rates /SF
	Total RBA					
	# of Bldgs	SF	SF	%		
Central / West Bay	876	9,640,116	987,583	10.2%	44,500	\$16.30
East Bay	180	2,599,778	147,330	5.7%	0	\$14.06
Northern	285	6,263,837	416,659	6.7%	0	\$14.06
Providence Metro	993	17,313,680	1,312,069	7.6%	40,214	\$20.68
Southern	313	3,813,500	263,684	6.9%	31,290	\$14.09
Total	2,647	39,630,911	3,127,325	7.9%	116,004	

Source: CoStar Property® 2013 First Quarter

Rhode Island Retail Market Statistics						
Market	Existing Inventory		Vacancy		SF Under Construction	Quoted Rates /SF
	Total GLA					
	# of Bldgs	SF	SF	%		
Central / West Bay	1,975	19,252,976	1,315,745	6.8%	0	\$14.61
East Bay	479	3,591,495	370,654	10.3%	5,491	\$17.54
Northern	730	7,937,626	578,930	7.3%	24,468	\$11.00
Providence Metro	2,477	18,292,779	896,137	4.9%	0	\$14.94
Southern	1,008	10,118,509	636,290	6.3%	61,291	\$15.56
Total	6,669	59,193,385	3,797,756	6.4%	91,250	

Source: CoStar Property® 2013 First Quarter Report

Rhode Island Industrial Market Statistics						
Market	Existing Inventory		Vacancy		SF Under Construction	Quoted Rates /SF
	Total RBA					
	# of Bldgs	SF	SF	%		
Central / West Bay	956	24,902,681	1,499,135	6.0%	0	\$4.91
East Bay	223	7,772,060	754,985	9.7%	0	\$4.60
Northern	353	14,169,757	1,004,955	7.1%	0	\$4.51
Providence Metro	919	27,736,745	2,088,919	7.5%	0	\$4.50
Southern	209	8,216,865	987,536	12.0%	21,113	\$4.42
Total	2,660	82,798,108	6,335,530	7.7%	21,113	

Source: CoStar Property® 2013 First

Commercial Real Estate Market Conditions

According to Moody's Real Property Price Index, which tracks repeat sales for the four major categories of commercial property, the market for commercial real estate in the Eastern United States peaked in 2007/2008 and was at its lowest point just three years later. Since the peak apartments and retail are off less than 10% while office and industrial are off 33.6% and 13.3%, respectively. Over the last year all four property types showed an increase in price with apartments and office leading the way and retail and industrial not far behind.

	Index	% chg, 1yr.	Peak Date	Since Peak	Low	% chg. from low
Apartments	194.61	26.4	2007	-8.3	2010	26.4
Industrial	164.16	11.6	2008	-13.3	2010	11.6
Office	134.44	21.1	2008	-33.6	2010	21.1
Retail	194.81	10.8	2008	-9.1	2009	15.8

The above information suggests that all four categories for institutional grade real estate are in a state of correction showing modest signs of improvement. There is insufficient data available to confirm a correction in any major property category on a local level but we have observed some very interesting sales of investment grade properties at prices that are above previous levels. We have also observed an increase demand for such property especially stable, net lease investments. Multi-family demand has also increased especially in certain areas of the state and region.

Therefore, based on a combination of our observations and the data provided by Moody's we believe that the application of any standardized adjustment is not practical. We therefore consider the property type, previous sales data of similar property and location to be of utmost importance in determining the applicable adjustment for market conditions.

PROPERTY DESCRIPTION

Saint Joseph's Hospital Campus site consists of one rectangular shaped parcel is located on the westerly side of Board Street, the northerly side of Peace St and the southerly side of Plenty St. in South Providence. The campus expands northerly to Wesleyan Avenue and southerly to Whitmarsh Street and is composed of an additional 34 parcels. Board Street is a heavily traveled street improved with both commercial and residential properties. .
Residentially zoned and improved parcels about the Hospital Campus lots.

The development of the St. Joseph's Hospital reflects the traditional design and construction materials for the early part of the last century. It is located on a main street in an originally residential location in the southwest side of Providence, which is now a mix of commercial, industrial and residential uses. Along with the source of employment by the manufacturing industries, the hospital also provided employment accessible by mass transportation.

The hospital today, appears much the same as originally constructed, as a nine-story Class B Average Type construction with exterior walls of brick and concrete, and limited ornamentation. Built in 1920 and expanded with a section that has exterior walls of white brick and metal and glass and a two-story section with brick exterior walls that was added in 1970's, The overall condition, due to both curable and incurable physical obsolescence is fair/poor. Less than 50% of the building is considered to be modern functionality.

The interior construction materials include plaster and drywalls and [acoustic] ceiling tiles. The flooring is predominately tile with some asbestos. The interior construction materials and design comprising both curable and incurable obsolesces are above average as adjusted for the location of stairways for egress and ingress along with patients rooms and bathroom amenities which are shared -one bathroom to two patients rooms or four patients to a bathroom. Shower rooms are separate and required access from common hallways.

The presence of asbestos materials in flooring and insulation throughout the hospital has an estimate remediation cost of fifty thousand (\$50,000) dollars reflected as a deferred maintenance adjustment in our cost analysis. The original windows are still in place that is evidenced by both exterior and interior observation. Downward adjustments have also been made for the roofing comprised of a combination of slate, tar and gravel and rubber membrane. The building is 10% wet sprinkler and 5% central air-conditioned. The effective age is 35-40 years with a typical life expectancy of 45 years. The Primary Parcel Land Area is 2.34 acres in a R3 Zone.

The total Campus Land Area is 6.39 acres. Site drainage appears adequate and soil conditions are assumed supportive of conventional community type development as evidenced by improvements to the site and surrounding property.

Off Site Improvements

Off site improvements include overhead street lighting, storm sewers and granite or concrete curbing and asphalt or concrete sidewalks.

Utilities

The building site is reportedly connected to all available utilities including municipal water and sanitary sewer, natural gas, electricity and telephone.

VALUATION ANALYSIS

Upon inspection of the Subject and preliminary valuation analysis consideration it is our recommendation that the portion of the current improvement identified as the 'White Brick' section of St. Joseph's Hospital, built in 1964 that contributes 59,616 of effective area as described in the current property record card maintained by the City of Providence Assessor's Office be demolished at an estimated cost of \$600,000. The following cost approach analysis is based on what would be the remaining structure that has an overall 189,676 Effective Area Square Feet.

COST APPROACH

In estimating value via the Cost Approach we utilize the Marshall Valuation Service (MVS) Commercial Cost Handbook, a reliable national construction-cost analyst. MVS reports \$/GSF cost bases for various buildings, construction features, *et cetera*. They include site development, excavation and foundations plus some "soft costs", *e.g.* architects fees, contractor's overhead and profit, sales taxes, permits and interim interest on construction. They do not include bank fees, interim realty taxes, legal or commission expenses or FF&E.

Site Development Costs include \$120,000 for parking spaces, and \$50,000 for landscaping.

Total hard cost Replacement Cost New (Excluding Site Costs) is \$57,401,648 or \$302.63±. MVS data-methodology *e.g.*: fairly broad quality designations (“Good” vs. “Average”) and various project-specific elements including design, materials and local construction requirements and techniques. An Adjustment was applied to HVAC rate to reflect the 5% central air conditioning. The Hospital is 10% sprinklered.

Our tabled analysis of Direct Costs, including building and site improvements follows:

DIRECT COST

Appraised Property	St. Joseph's Hospital		
Address	Providence		
Date	Dec-13		
PROPERTY DATA	Bldg I	TOTAL	
Occupancy	Hospital		
Bldg. Class	B		
Quality	Average		
Exterior Wall	Concrete		
No. of Stories &	9		
Story Height	10		
Average Floor Area	21,075	21,075	
Total Bldg. Area (sf)	189,676	189,676	
Average Perimeter	1,039		
Avg. Actual Age (in Years)	68		
Condition	Average		
Effective Age	35		
BASIC SQ. FT. COST	\$253.26		
SQUARE FOOT REFINEMENTS	Bldg I		
HVAC	(\$8.08)		
Elevator			
Sprinklers	\$0.20		
TOTAL Base Cost	\$245.38		
HEIGHT & SIZE REFINEMENTS			
No. Stories Multiplier	1.030		
Stry. Hgt. Multiplier	1.000		
Area/Perimeter Multiplier	0.974		
Comb. Hgt./Size Multipliers	1.003		
FINAL CALCULATIONS	Bldg I		
Refined SF Cost (\$/SF x H&S Refmts)	\$246.12		
Current Cost Multiplier	1.060		
Local Multiplier	1.160		
FINAL SF COST	\$302.63		
Area (Gross Sq. Ft.)	4657	189,676	189,676
TOTAL DIRECT BLDG COSTS	\$57,401,648		\$57,401,648
SITE COSTS			
Parking	\$120,000		\$120,000
Landscaping	\$50,000		\$50,000
Tie-Ins	\$25,000		\$25,000
Total Site Direct Costs	\$195,000		\$195,000
TOTAL DIRECT COSTS	Bldg I	TOTAL	
	\$57,596,648		\$57,596,648

INDIRECT COSTS & FINAL REPRODUCTION COST NEW (RCN)

Soft Costs, Lump Sums

RCN includes not only direct costs but also soft costs and other lump sums, *et cetera*. Soft costs include construction loan fees, permit fees, interim taxes.

Soft Costs

Fees: We estimate bank fees are 2.0% of Total Direct Cost Building and Site.

Interim Taxes: Taxes are those attributable to the land if it were taxable.

Project Supervision: We add 10% to account for ownership hiring its own independent professional supervision.

Lump Sums: This adjustment includes deductions or additions for features not included in base cost. We apply none.

		Bldg I	TOTAL
Total Direct Cost (Bldg & Site)		\$57,596,648	\$57,596,648
Bank Fees	2.00%	\$1,151,933	\$1,151,933
Interim Taxes (Land only)		\$122,848	\$122,848
Legal / Consultancy		\$25,000	\$25,000
Developer Insurance		\$10,000	\$10,000
Permits & Fees		\$10,000	\$10,000
Project Supervision	0.10%	\$57,597	\$57,597
Subtotal Indirect Costs		\$1,377,378	\$1,377,378
% Direct Cost		2%	2.39%
Lump Sums		Bldg I	Subtotal
Stand-by Gen		\$100,000	\$100,000
Freight Elev.		\$80,825	\$80,825
Subtotal Lump Sums		\$180,825	\$180,825
% Direct Cost		0.31%	0.31%
TOTAL INDIRECT & LUMP SUMS		\$1,558,203	\$1,558,203
% Direct Cost		3%	2.71%

Entrepreneurial

Profit

Varies with risk, intended use and so forth. Profit can also be observed as the difference between values indicated by the Cost Approach and other approaches to value. We consider the project a build-to-suit for a user/owner-occupant, not a speculative project by a developer. We exclude profit and summarize indirect costs as follows:

DEVELOPER		
PROFIT	Bldg I	TOTAL
REPRODUCTION COST NEW		
Building	\$57,401,648	\$57,401,648
Site Improvements	\$195,000	\$195,000
Total Indirect Costs & Lump Sums	\$1,558,203	\$1,558,203
TOTAL RCN Before Profit	\$59,154,850	\$59,154,850
Profit %	0%	0%
DEVELOPER		
PROFIT	\$0	\$0

REPLACEMENT COST NEW (RCN)		
(Total Drct, Indrct, Lumps&Profit)	Bldg I	TOTAL
Building & Lump Sums	\$58,959,850	\$58,959,850
Site Improvements	\$195,000	\$195,000
Total	\$59,154,850	\$59,154,850

DEPRECIATION

Short-lived Items: The Hospital construction originated in the early 1920's and the north campus additions in the 1970's. Our estimate is as shown.

Physical Depreciation Again the Hospital development occurred in phases resulting in a variable level of physical depreciation. We deduct \$50,000 in deferred maintenance for asbestos remediation and estimate. Overall Effective Age is 35-40 years. Chronicle age varies from 40+ to 90+ years. Relying on MVS tables we estimate the hospital's physical depreciation is 58%.

Functional Depreciation refers to value loss caused by inefficient layout, over-improvements or other inadequacies. MSH is generally market-standard and suited to the purposes As-Is. However, significant functional loss exists: The layout and design of the original hospital reflected the operational function at the time of development. We estimate functional depreciation is 25%.

Economic Obsolescence refers to value loss caused by factors external to the property (e.g., demographic shifts, *et cetera*). Soft costs depreciate rapidly, some immediately. Effectively distinguishing economic from functional loss is often problematic. Comparison to values by the other approaches is often a reliable gauge. At this point we will include Economic Obsolescence of 10%.

We reflect depreciation on the next page. Our Summary Conclusion includes land and follows.

Depreciation

BUILDING DATA		Bldg I		T	
Occupancy		Hospital			
RCN Bldg.		\$58,959,850			\$58,959,850
PHYSICAL OBSOLESCENCE					
DEFERRED MAINTENANCE		\$50,000			\$50,000
TOTAL DEPRECIABLE BASIS (RCN LESS DEFERRED MAINT)		\$58,909,850			\$58,909,850
SHORT-LIVED COMPONENTS (TOTAL)		Basis	Avg. Age	Eff Age	% Dep. Obsolescence
Heat	\$20.00	\$3,793,520	25	8	75% \$2,845,140
Roof	\$8.00	\$168,601	25	15	60% \$101,161
Msc	\$5.00	\$948,380	15	8	53% \$505,803
TOTAL SHORT-LIVED		\$4,910,501			\$3,452,103
LONG-LIVED COMPONENTS		Bldg I		T	
Total Depreciable Basis		\$58,909,850		\$58,909,850	
Less Short-Lived Components (Allocated)		\$4,910,501		\$4,910,501	
Adjusted Depreciable Basis		\$53,999,349		\$53,999,349	
Condition		Average			
Effective Age		35			
% Depreciation		58.0%			
TOTAL LONG-LIVED COMPONENTS		\$31,319,623		\$31,319,623	
TOTAL PHYSICAL OBSOLESCENCE					
Deferred Maintenance		\$50,000		\$50,000	
Total Short-Lived (allocated)		\$3,452,103		\$3,452,103	
Long-Lived		\$31,319,623		\$31,319,623	
Total Physical Obsolescence		\$34,821,726		\$34,821,726	
FUNCTIONAL OBSOLESCENCE		Bldg I		T	
Adjusted Depreciable Basis		\$53,999,349		\$53,999,349	
Functional Depreciation %		25%			
Functional Depreciation		\$13,499,837		\$13,499,837	
EXTERNAL OBSOLESCENCE		Bldg I		T	
Adjusted Depreciable Basis		\$53,999,349		\$53,999,349	
External Depreciation %		10.0%			
External Depreciation		\$5,399,349		\$5,399,349	
OBSOLESCENCE SITE IMPROVEMENTS		Bldg I		T	
Site RCN		\$195,000		\$195,000	
Estimated Depreciation %		53.3%			
Depreciation		\$104,000		\$104,000	
TOTAL OBSOLESCENCE		\$	%		
BUILDING		\$53,721,498	91.1%		
SITE IMPROVEMENTS		\$104,000	53.3%		
TOTAL		\$53,825,498	91.0%		

COST APPROACH SUMMARY & CONCLUSION AS-IS

Total Land Area	2.34	
\$/Acre	<u>\$217,800</u>	
Total Land Price	\$509,652	
Land Value	\$509,652	
TOTAL LAND & BUILDING VALUE		
TOTAL BUILDING RCN		\$58,959,850
Total Deferred Maint.	\$50,000	
Total Phys. Obsl. Short-Lived Components	\$3,452,103	
Total Phys. Obsl. Long-Lived Components	\$31,319,623	
Total Functional	\$13,499,837	
Total External	<u>\$5,399,349</u>	
Total Obsolescence (rounded)	\$53,721,498	<u>\$(53,721,498)</u>
INDICATED BLDG. VALUE		\$5,238,352
TOTAL RCN SITE IMPRVS.	\$195,000	
Total Depreciation Site Imps.	<u>-\$104,000</u>	
INDICATED VALUE SITE IMPRVS.	\$91,000	\$91,000
INDICATED LAND VALUE		<u>\$509,652</u>
INDICATED VALUE TOTAL PROPERTY		\$5,839,004
TOTAL INDICATED VALUE		\$5,840,000
	Other Adjustments	
	General	\$10,000
	Less Demolition	<u>(\$600,000)</u>
	Conclusion	\$5,250,000

Our analysis indicates a value of \$5,250,000 or \$27.70± / GSF including land at \$509,652 (\$5.00± SF).

At this point we conclude as follows:

VALUE INDICATED BY COST APPROACH	\$5,250,000
FEE SIMPLE	
189,676± EFFECTIVE AREA SF	

The Assessment Valuation

The City of Providence conducted a statistical revaluation as required by state statute resulting in assessments with a valuation appraisal date of December 31, 2012. In ad valorem appraisal exempt properties are valued as non income producing properties making the Cost Approach the most appropriate valuation analysis.

However, a well established fact in the revaluation process that the informal hearing phase of the revaluation is important to the quality control process. Since there is no tax imposition due the property exemption rarely is any effort made by either the property owner or the revaluation consultant to question the valuation. Furthermore, Colleges, Universities and Hospitals total assessed valuations form the base for the State of Rhode Island calculations for “PILOT” reimbursement funding to Municipalities as compensation for lost revenues due to Colleges, Universities and Hospitals exempt classification.

The Total Assessment for St. Joseph’s Hospital primary site, Plat 44, Lot 259 known as 21 Peace Street, is \$37,162,900 representing a \$33 Sq.Ft. Land Assessment and \$136 Sq.Ft. Improvement Assessment for an overall Total Assessment of \$149 Sq.Ft. This valuation at current tax rates will impose a \$5.48 Sq.Ft. tax burden on this property. The St. Joseph’s Hospital Campus included 34 parcels with a total assessment (including the primary parcel) \$46,815,500.

By comparison to our Marshall and Swift cost analysis of the primary site land and building our analysis indicates a total valuation after demolition of the 1964 White Brick addition would have a total value of \$5,250,000 or \$27.70+/- per Sq.Ft.

ST. JOSEPH'S HOSPITAL LAND \$/SQ.FT. COMPARISON WITH RI HOSPITALS

Hospital	Street Address	Total Assessment	Taxes Exempted/Sq.Ft.	Land Assessment \$/Sq.Ft.	Improvement Assessment \$/Sq.Ft.	Total Assessment \$/Sq.Ft.
Veterans Overall	624 Valley St.	\$79,615,500	\$7.95	\$0.42	\$214	\$216
Miriam	164 Summit Ave.	\$95,186,400	\$23.85	\$0.67	\$648	\$649
Miriam	140 Summit Ave.	\$9,815,500	\$6.11	\$2	\$165	\$166
Miriam	14 Third St.	\$1,155,800	\$2.59	\$2	\$66	\$70
Landmark Hospital	115 Cass Ave.	\$27,370,600	\$4.79	\$2	\$124	\$130
RI	593 Eddy St.	\$124,454,700	\$7.48	\$3	\$199	\$203
Fatima	200 High Service Ave.	\$78,054,000	\$9.52	\$4	\$294	\$307
Westerly Memorial Hospital	81 Beach St.	\$1,408,700	\$4.21	\$5	\$79	\$115
Roger Williams	555 Prospect St. 825 Chalkstone Ave.	\$5,265,700	\$2.53	\$6	\$52	\$69
Miriam	1145 North Main St.	\$74,249,200	\$10.21	\$6	\$269	\$278
Westerly	25 Wells St.	\$861,300	\$2.41	\$7	\$57	\$66
RI	40 Borden St.	\$48,869,400	\$8.18	\$7	\$208	\$223
RI	667 Eddy St.	\$10,690,900	\$4.25	\$7	\$106	\$116
Pawtucket	111 Brewster St.	\$65,250,300	\$10.31	\$11	\$278	\$281
Miriam	65 Fifth St.	\$63,756,500	\$5.78	\$11	\$142	\$157
Miriam	61 Fifth St.	\$246,700	\$5.46	\$11	\$115	\$149
RI	1 Hoppin St.	\$283,600	\$7.16	\$11	\$157	\$195
RI	70 Borden St.	\$36,712,100	\$9.32	\$17	\$245	\$254
RI	167 Point St.	\$5,044,500	\$4.21	\$17	\$103	\$115
St. Joseph	21 Peace St.	\$22,101,500	\$6.21	\$19	\$160	\$169
		\$37,162,900	\$5.48	\$33	\$136	\$149

By comparison with other Rhode Island Hospitals the median Land Assessment is \$7 Sq.Ft. and Improvement Assessment at \$160 Sq.Ft. with a Total Assessment of \$169 Sq. Ft. The median Tax Burden is \$6 Sq. Ft. As specific comparison of land valuation of primary improved sites is the Providence Veterans Administration Hospital at \$.42 per sq. Ft with Miriam at \$0.67 Sq.Ft. and \$2 Sq.Ft., Landmark Hospital in Woonsocket at \$2 Sq.Ft. , RI Hospital at \$3 Sq.Ft. and Fatima at \$4 Sq.Ft. Although in our analysis we have assigned a Sq. Ft. value to the land of \$5 – the Subjects comparison overall to Rhode Island and specifically Providence is an indication of a tax equalization issue with a conclusion of gross over valuation of the land as valued –in-use.

The overall St. Joseph's Hospital Campus Land improved primarily as vacant parking or improved with a residential structure is assessed in a value range from \$11 to \$84 per Sq. Ft. Further, a comparison of abutter lots with the similar zoning are considerably more inequitable to the Subjects mean and median values for land valuation at \$66 and \$74 Sq.Ft. respectively. While the use of the parcels are to provide parking for the hospital the acquisition or disposition of vacant land, with R2 and R3 zoning at their location would have a market value in the \$5 Sq. Ft. range. Further analysis of the Assessed Valuations of eleven Abutter Parcels to the Campus indicate that mean and median values at \$7 Sq. Ft. are considerably lower than of the Campus land valuation of \$66 and \$74 Sq. FT.

St. Joseph's Hospital Abutter Parcels

Street Address	Plat	Lot	Zone	Total Assessment	Total Taxes	Taxes /Sq.Ft.	Land Size	Land Assessment	Land Assessment \$/Sq.Ft.	Improvement Size	Improvement Assessment	Improvement Assessment \$/Sq.Ft.
27 Whitmarsh St.	44	282	R2	\$116,300	\$4,274	\$1.01	\$4,356	\$30,900	\$7.09	\$4,224	\$85,400	\$20.22
37 Whitmarsh St.	44	238	R3	\$112,800	\$4,145	\$1.80	\$4,356	\$30,800	\$7.07	\$2,300	\$82,000	\$35.65
41 Whitmarsh St.	44	237	R3	\$110,600	\$4,065	\$1.96	\$4,346	\$30,800	\$7.09	\$2,072	\$79,800	\$38.51
49 Whitmarsh St.	44	235	R2	\$146,200	\$2,814	\$1.11	\$5,663	\$32,900	\$5.81	\$2,534	\$113,300	\$44.71
91 Peace St.	44	309	R3	\$143,600	\$2,764	\$0.70	\$4,792	\$31,700	\$6.62	\$3,969	\$111,900	\$28.19
95 Peace St.	44	154	R3	\$96,000	\$1,848	\$0.57	\$4,356	\$30,900	\$7.09	\$3,254	\$65,100	\$20.01
72 Plenty St.	44	744	?	\$164,500	\$3,167	\$0.57	\$9,583	\$35,500	\$3.70	\$5,596	\$129,000	\$23.05
74 Plenty St.	44	143	R3	\$113,800	\$2,191	\$1.30	\$4,792	\$31,800	\$6.64	\$1,685	\$82,000	\$48.66
88 Wesleyan Ave.	44	297	R3	\$80,700	\$1,553	\$0.46	\$3,920	\$30,400	\$7.75	\$3,380	\$50,300	\$14.88
92 Wesleyan Ave.	44	296	R3	\$115,200	\$2,218	\$0.72	\$3,485	\$30,400	\$8.72	\$3,089	\$84,800	\$27.45
102 Wesleyan Ave.	44	293	R3	\$85,800	\$1,652	\$1.10	\$3,485	\$30,400	\$8.72	\$1,498	\$55,400	\$36.98
MEAN						\$1.03			\$7			\$32
MEDIAN						\$1.01			\$7			\$28
MIN						\$0.46			\$4			\$15
MAX						\$1.96			\$9			\$49

ST. JOSEPH'S HOSPITAL BUILDING \$/SQ.FT. COMPARISON WITH RI HOSPITALS

Hospital	Street Address	Total Assessment	Taxes Exempted/Sq.Ft.	Land Assessment \$/Sq.Ft.	Improvement Assessment \$/Sq.Ft.	Total Assessment \$/Sq.Ft.
Memorial Hospital	555 Prospect St. 1145 North Main St.	\$5,265,700	\$2.53	\$6	\$52	\$69
Miriam	14 Third St.	\$861,300	\$2.41	\$7	\$57	\$66
Miriam	81 Beach St.	\$1,155,800	\$2.59	\$2	\$66	\$70
Westerly	70 Borden St.	\$1,408,700	\$4.21	\$5	\$79	\$115
RI	40 Borden St.	\$5,044,500	\$4.21	\$17	\$103	\$115
RI	65 Fifth St.	\$10,690,900	\$4.25	\$7	\$106	\$116
Miriam	115 Cass Ave.	\$246,700	\$5.46	\$11	\$115	\$149
Landmark Hospital	21 Peace St.	\$27,370,600	\$4.79	\$2	\$124	\$130
St. Joseph	111 Brewster St.	\$37,162,900	\$5.48	\$33	\$136	\$149
Memorial	61 Fifth St.	\$63,756,500	\$5.78	\$11	\$142	\$157
Miriam	167 Point St.	\$283,600	\$7.16	\$11	\$157	\$195
RI	140 Summit Ave.	\$22,101,500	\$6.21	\$19	\$160	\$169
Miriam	593 Eddy St.	\$9,815,500	\$6.11	\$2	\$165	\$166
RI	25 Wells St.	\$124,454,700	\$7.48	\$3	\$199	\$203
Westerly	624 Valley St.	\$48,869,400	\$8.18	\$7	\$208	\$223
Veterans Overall	1 Hoppin St.	\$79,615,500	\$7.95	\$0.42	\$214	\$216
RI	825 Chalkstone Ave.	\$36,712,100	\$9.32	\$17	\$245	\$254
Roger Williams	667 Eddy St.	\$74,249,200	\$10.21	\$6	\$269	\$278
RI	200 High Service Ave.	\$65,250,300	\$10.31	\$11	\$278	\$281
Fatima	164 Summit Ave.	\$78,054,000	\$9.52	\$4	\$294	\$307
Miriam		\$95,186,400	\$23.85	\$0.67	\$648	\$649

When considering the assessed valuation of the Improvement by comparison with other Rhode Island Hospital primary sites we find that a Facility St. Joseph's Hospital is defined by the construction condition and design that are considered inferior to it's closest comparable Memorial Hospital in Pawtucket which has an improvement assessment \$52 Sq.Ft. By further comparison Landmark Hospital in Woonsocket is superior but is assessed at \$103 per Sq.Ft. In Providence. The overall comparison indicates clearly that Saint Joseph's is grossly overassessed.

Conclusion

Saint Joseph's Hospital is grossly over assessed. The current assessment for the building does not properly address physical, functional or external obsolescence. The assessments for the site are unsupportable based both on comparable sales and on a comparison with other hospital assessments, and surrounding neighborhood property assessment.

I have concluded that appropriate assessment for Saint Joseph's Hospital should be:

Five Million Two Hundred Fifty Thousand (\$5,250,000) Dollars

Respectfully submitted,



Peter M. Scotti, MAI
RI License # CGA.0A00110

PETER M. SCOTTI, MAI

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Providence, Rhode Island 02906
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pmgbs@scottire.net

PROFESSIONAL SUMMARY

Peter Scotti is a seasoned commercial and residential real estate leader. Over 38 years of executive-level experience – spanning the full spectrum of real estate transactions. Recognized sales and appraisal industry expert. Deep understanding of all facets of the commercial and residential real estate marketplace. Especially familiar with the Greater Providence market, including downtown Providence and surrounding communities. Active throughout Rhode Island and the Southeastern Massachusetts areas. Involved in transactions of all classes and possessing the hands-on knowledge and experience to successfully guide the needs and achieve the goals and objectives of a very divergent client base.

Vast experience working closely with government and public agencies on state and local levels. Skilled strategist and negotiator. In-depth knowledge of historic, zoning, planning, assessment and regulatory matters. Proven track-record in managing complex commercial and residential ventures. Comprehensive real estate packaging, branding and marketing direction. Superior analytical skills. Outstanding work ethic and integrity. Diligent and committed to excellence. A civic and community leader: Executive board member, President and Vice President of numerous real estate groups. A Rhode Island and Providence native with multi-generational roots within the community.

SNAPSHOT OF KEY ACHIEVEMENTS

- **Founder and President of a leading RI appraisal and real estate brokerage firm for 25 years.**
- **In 1996 admitted to membership in Appraisal Institute MAI, the gold standard for real estate appraisers nationwide. Of the 102,000 licensed/certified appraisers in the U.S., only 6% have earned this prestigious designation.**
- **Former Chair, RI Appraisal Board and appointed to current Appraisal Board by Governor Lincoln Chaffee.**
- **Former Chairman and current Board Member of Omni Development Corporation, a nonprofit community development and planning organization.**
- **Immediate Past President, RI Commercial Appraisal Board of Realtors – 2012.**
- **Current Board Secretary, RI Association of Realtors.**
- **City of Providence Economic Development Partnership, Loan Committee Member.**

EXPERIENCE

1987-present

PETER M. SCOTTI & ASSOCIATES, Providence, RI

FOUNDER/PRESIDENT

Real Estate Appraisal and Sales firm.

Directs staff of up to 15 commercial and residential real estate appraisers and brokers in thriving firm. The education, experience and market sophistication of the firm is unequalled in the Rhode Island brokerage community.

- Recognized as one of the foremost real estate experts in Rhode Island.
- Real Estate consultant/appraiser to RI Department of Transportation, Department of Environmental Management, Department of Administration, Providence Water Supply Board, Providence Planning Department, Narragansett Bay Commission, City of Newport.

SIGNIFICANT PROVIDENCE TRANSACTIONS IN 2012.

50 Sims Avenue, Providence: Negotiated this acquisition of the 100,000+ square foot Umicore facility on behalf of Providence Redevelopment Authority, facilitating a \$20,000,000 investment by Umicore.

186 Allens Avenue: Connolly's Wharf 4 acre waterfront site, sold under supervision of U.S. Bankruptcy Court at \$4,000,000 with an estimated environmental clean up of \$4,000,000 to \$5,000,000.

587 South Main Street: One-half-acre vacant parking lot sold at \$53.00 per square foot for development of a restaurant/banquet facility.

222 Fountain Street: 60-room Sportsman's Inn sold for redevelopment as a boutique hotel.

180 Washington Street: Former Washington Trust Bank, sold for redevelopment to Coastway Community Bank.

249 Thayer Street: Former Store 24, sold for the highest price ever paid per square foot for a commercial property in Providence.

Clients

Bank of America; Citizens Trust Company; Rockland Trust Company; Webster Bank; TD Bank North; Coastway Community Bank; Citizens Union Savings Bank; Peoples Credit Union; Bank Rhode Island; Home Loan & Investment Company; Greenwood Credit Union; Merrill Lynch Relocation; Lifespan; EXXON; Texaco Corporation; Merritt Oil Company; Blue Cross/Blue Shield; Liberty Mutual; Metropolitan Insurance Corporation; Puritan Life Insurance Company; City of Providence; City of Woonsocket; City of Pawtucket; City of Newport; City of Warwick; Town of North Kingstown; Town of Middletown; Town of Richmond; Town of Somerset; Town of Portsmouth; Town of Lincoln; Coastal Resource Management Council/State of Rhode Island; Department of Environmental Management; State of Rhode Island: Department of Transportation, Department of Administration, Port Authority; United States Department of Justice ;United States GSA;United States Small Business Administration; United States Post Office; Rhode Island Housing Mortgage Finance Corporation; Narragansett Bay Commission; Bristol County Water Authority; Providence Water Supply Board; Edwards & Angell; Winograd, Shine & Zacks; Blais, Cunningham, Crowe, Chester Lynch & Greenfield; Vetter & White; Carroll, Kelly & Murphy; Burns & Levenson; Boyajian, Harrington & Richardson; Revens, Revens & St. Pierre; Hinckley, Allen, Snyder & Comen; Schectman, Halperin & Savage; Adler Pollack & Sheehan; Olen & Penza

1983-1988

H.W. COOKE COMPANY, Providence, RI

Residential and Commercial Real Estate Sales and Appraisals

CHIEF APPRAISER/VICE PRESIDENT

Led the Appraisal Department of Rhode Island's oldest real estate company. Supervised up to 12 appraisers.

- **Achieved highest commercial real estate sales each year.**

1980-1983

PROVIDENCE LAND COMPANY, Providence, RI

Real Estate Development and Sales

VICE PRESIDENT

Oversaw value analysis and real estate sales.

- **Developed first office condominiums in Providence.**
- **Developed and sold the Masonic Temple Building and Hanly Building.**

PROFESSIONAL MEMBERSHIPS & QUALIFICATIONS

Professional Memberships

Rhode Island Commercial Appraisal Board of Realtors, President 2012
 Rhode Island Appraisal Board, Member
 Rhode Island Appraisal Board, Chairman 2003
 Rhode Island Chapter Appraisal Institute, Board of Directors 1999
 National Association of Realtors
 Rhode Island Chapter Appraisal Institute, President 1998
 Appraisal Institute Member, MAI 1996
 R.I.A.R./CID, Vice President 1989
 Greater Providence Board of Realtors/Board of Directors 1987

Licenses

Licensed Real Estate Broker State of Rhode Island, License #B14864
 Licensed Real Estate Appraiser, State of Rhode Island, License #A00110G
 Licensed Real Estate Appraiser, Commonwealth of Massachusetts, License #2805

Qualifications

Expert Witness in the following Cities and/or Towns, Zoning Board of Review:

Barrington, Bristol, Burrillville, Central Falls, Coventry, Cranston, Cumberland, East Greenwich, East
 Providence, Exeter, Foster, Gloucester, Jamestown, Johnston, Lincoln, Middletown, Narragansett, Newport, New Shoreham, North Kingstown, North Providence, Pawtucket, Portsmouth, Providence, Richmond, Smithfield, South Kingstown, Tiverton, Warren, Warwick, West Warwick, and Woonsocket, Rhode Island, Seekonk, Massachusetts

Real Estate Qualified to Testify before:

Family Court, District Court, Superior Court - State of Rhode Island; United States Bankruptcy Court; U.S. District Court

Tax Review Board

Barrington, Bristol, Cranston, Cumberland, Johnston, Lincoln, Narragansett, North Kingstown, Pawtucket, Providence, South Kingstown, Warwick, West Greenwich, and West Warwick, Rhode Island

Town Councils

Cumberland, Lincoln, North Kingstown, and North Providence, Rhode Island

EDUCATION:

PROVIDENCE COUNTRY DAY SCHOOL, East Providence, RI

B.A., WASHINGTON AND JEFFERSON COLLEGE, Washington, Pennsylvania

EDUCATION (Partial List):

SPECIALIZED:

Appraising Real Property; Applied Property Valuation; Principles of Income Property Appraising; Applied Income Property Valuation; Standards of Professional Practice; Income Valuation Mixed Use; Rates and Ratios: The Real Estate Economy; Making Sense of the Changing Landscape of Value; Office Building Valuation; Analyzing Distressed Real Estate; Introduction to GIS Applications for Real Estate Appraisal; Advanced Sales Skills, Negotiation for the Commercial Broker.

INSTRUCTOR, UNIVERSITY OF RHODE ISLAND

Introduction to Real Estate Appraisal, Fundamentals of Real Estate, Income Property Appraisal

GUEST LECTURER, JOHNSON & WALES UNIVERSITY

Fundamentals of Real Estate