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January 15, 2016

Mr. Eugene J. Marraccini
Director of Business Affairs
PLUM BOROUGH SCHOOL DISTRICT
900 Elicker Road
Pittsburgh, PA 15239

IN RE: *2016 Real Estate Assessment Appeals*
Plum Borough School District
Residential and Commercial Property Assessments

Dear Mr. Marraccini:

As you may be aware, Allegheny County is in the process of certifying all real property assessments for the 2016 tax year. It is our understanding that the certification process will be finalized in mid-January and that the assessment records will be made public. The 2016 assessments will again be based upon the reassessment values set by the County beginning in 2013 (2012 base year), with any subsequent adjustments made via the appeals process. Recall that 2012 is now the new base year assessment system for Allegheny County.

Under the County's Administrative Code, the deadline for filing 2016 tax assessment appeals with the Appeals Board is **March 31, 2016**. Unless otherwise advised by you, we propose proceeding with the District's Residential and Commercial Property Assessment Appeals Program based upon our following recommendations for 2016.

1. Residential Properties

In past years, we completed an analysis comparing purchase prices with the assessments set by the County for those residential properties sold within the past few years within the District. For those properties assessed lower than the purchase prices, we proceeded to file appeals with the Assessment Board on the District's behalf based upon the criteria set by the School Board. The criterion was to file appeals where the County's assessment was \$13,000 or more lower than the recent purchase price.

Due to the new 2012 base year system, we are recommending that the District again adjust its criteria for determining which appeals to file as we did previously with 2002 base year tax appeals. Pennsylvania law requires that Appeals Boards and Courts apply the County's Common Level Ratio ("CLR") published by the state to findings of fair market value in appeals in order to result in uniform assessments. For 2012 and 2013, the CLR published by the state was 100%; therefore, assessments equaled fair market value. No adjustment was necessary for determining which assessments to appeal in

those years. In 2014, the CLR decreased below 100% and therefore the adjustment was necessary in last year's appeals. Similarly, for 2015, the County's CLR is now 91.7%. In an effort to maintain the \$10,000 criteria in the context of the base year, we recommend that appeals be filed where the base assessment is at least \$13,000 lower than 91.7% of the purchase price. This simply demonstrates an application of the County's CLR of 91.7% to the purchase price to reflect a base year (2012) sale.

To illustrate, if a property recently sold in 2015 for \$100,000, a current market value finding of \$100,000 will yield a base assessment of \$91,700 applying the CLR. Deducting the \$13,000 criteria from this base price yields an adjusted minimum assessment of \$78,700. Achieving a base assessment of \$91,700 (\$100,000 sale price with new ratio) from a \$78,700 assessment would yield additional School taxes of at least \$243.85 annually. Further illustrations are attached. Keep in mind that we will continue to also submit base year sales comparables, along with the subject property's purchase price, as evidence in all appeals.

In light of our success rate with these appeals, we will proceed with our analysis of recently purchased residential properties consistent with the criteria set by the School Board, with the adjustment for the CLR. We will provide these services for residential appeals based upon the same terms and conditions as in previous years. We propose the same contingency fee of 20% of additional taxes generated in the first year of each appeal.

In light of the upcoming March 31 deadline, we request that you provide us with the tax rolls, including purchase price and date information, immediately upon your receipt from Allegheny County.

2. Commercial Properties

A. School District Appeals.

In past years, we completed an analysis comparing purchase prices with the assessments set by the County for those commercial properties sold within the past few years within the District. For those properties assessed lower than the purchase prices, we proceeded to file appeals with the Assessment Board on the District's behalf based upon the criteria set by the School Board. In light of our success rate with these commercial appeals, we will proceed with our analysis of recently purchased commercial properties consistent with the criteria set by the School Board, with the CLR adjustment, as discussed above. Recall that our fees for these appeals are based upon our standard hourly rate.

B. Taxpayers' Appeals

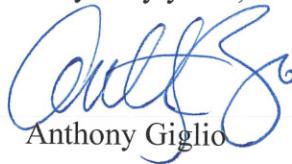
Lastly, in past years, we monitored and attended hearings before the Appeals Board for assessments for all residential and commercial properties assessed over \$200,000 and appealed by taxpayers. Once the Appeals Board issued decisions in these appeals, we reviewed the decisions and any information submitted at the hearings to determine whether reductions were justified and whether appeals to Court on behalf of the District were warranted. We will proceed for 2016 in the same fashion with respect to taxpayers' appeals for these properties unless otherwise advised by the District.

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If you have any questions concerning any of the appeals discussed above, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Anthony Giglio', is written over the typed name.

Anthony Giglio

AG/dv

cc: Lee V. Price, Esquire

PRE-BASE YEAR CRITERIA

Criteria: Property assessment was appealed by District if the difference between assessment and purchase price was \$13,000 or greater.

EXAMPLE 1:

PURCHASE PRICE = \$150,000

$[\$150,000 - \$13,000] = \$137,000$

If the property's assessment was \$137,000 or less, the District filed an appeal seeking an increase to the purchase price of \$150,000.

EXAMPLE 2:

PURCHASE PRICE = \$300,000

$[\$300,000 - \$13,000] = \$287,000$

If the property's assessment was \$287,000 or less, the District filed an appeal seeking an increase to the purchase price of \$300,000.

BASE YEAR CRITERIA

(2012 ASSESSMENT SYSTEM)

Goal: Maintain \$13,000 difference by adjusting recent sale to base year (2012) sale.

Criteria: Property assessment is appealed by District if the difference between assessment and the adjusted purchase price is \$13,000 or greater.

EXAMPLE 1:

PURCHASE PRICE = \$150,000

ADJUSTED PURCHASE PRICE (APP)

Apply Current Common Level Ratio (CLR) to Purchase Price to indicate what that price would have been in 2012).

$$\text{APP} = \$150,000 \times 91.7\% (\text{CLR}) = \$137,550$$

APPLY \$13,000 CRITERIA

$$[\$137,550 - \$13,000] = \$124,550$$

If the property's assessment is \$124,550 or less, the District will file an appeal seeking an increase to the adjusted purchase price of \$137,550.

EXAMPLE 2:

PURCHASE PRICE = \$300,000

$$\text{APP} = \$300,000 \times 91.7\% = \$275,100$$

APPLY \$13,000 CRITERIA

$$[\$275,100 - \$13,000] = \$262,100$$

If the property's assessment is \$262,100 or less, the District will file an appeal seeking an increase to the adjusted purchase price of \$275,100.

CRITERIA COMPARISON

PRE-BASE YEAR

BASE YEAR

EXAMPLE 1:

| | | |
|--------------------------|------------------|----------------------|
| PURCHASE PRICE | <i>\$150,000</i> | \$137,550 (Adjusted) |
| ASSESSMENTS APPEALED </= | \$137,000 | </= \$124,550 |

EXAMPLE 2:

| | | |
|--------------------------|------------------|----------------------|
| PURCHASE PRICE | <i>\$300,000</i> | \$275,100 (Adjusted) |
| ASSESSMENTS APPEALED </= | \$287,000 | </= \$262,100 |