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RESOLUTION NO. R2016-032

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DENTON, A TEXAS HOME RULE MUNICIPAL CORPORATION ("CITY"), STATING THE CIRCUMSTANCES AND CONDITION FOR THE EXCHANGE OF 1.334 ACRES LOCATED IN THE N. MEISENHAMER SURVEY, ABSTRACT NO. 810, DENTON, DENTON COUNTY, TEXAS, TO RAYZOR INVESTMENTS, LTD. ("RAYZOR"), FOR PERMANENT AND TEMPORARY EASEMENTS FROM, AND DEDICATION OF RIGHT OF WAY TO, THE CITY FROM RAYZOR AND THE PUBLIC PURPOSE ACHIEVED BY SAID EXCHANGE AS REQUIRED BY LOCAL GOVERNMENT CODE SECTION 272.001(k); AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Denton has acquired numerous property interests on N. Bonnie Brae St. between W. University St. and Riney Rd. and along Riney Rd. for the relocation and reconstruction of the existing transmission line;

WHEREAS, the City purchased 1.334 acres located at the northeast corner of N. Bonnie Brae St. and Riney Rd. in the N. Meisenhamer Survey, Abstract No. 810, Denton, Denton County, Texas ("Property") for the relocation and reconstruction of its electric transmission line along N. Bonnie Brae St.;

WHEREAS, the City plans to use a portion of the Property for the location of an electric transmission line, lay down area for the transmission line reconstruction in the area, and future street right of way;

WHEREAS, the City needs additional electric utility easements on the east side of Bonnie Brae St., and south of the Property, on property owned by Rayzor Investments, Ltd.;

WHEREAS, Rayzor has made an offer to obtain the Property from the City in exchange for the City receiving permanent and temporary electric utility easements south of the Property and the reservation of a permanent electric easement and dedicated right of way on the Property being conveyed to Rayzor ("Property Interests");

WHEREAS, the values of both the Property and Property Interests is approximately \$150,000.00; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON RESOLVES, IN ACCORDANCE WITH LOCAL GOVERNMENT CODE SECTION 272.001(k):

SECTION 1. That the exchange of the Property to Rayzor for the Property Interests to the City are circumstances that are unique due only to the location, and City's ownership, of the Property;

SECTION 2. That the Property shall be conveyed to Rayzor conditioned upon Rayzor conveying the Property Interests to the City.

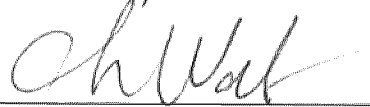
SECTION 3. That the public purpose achieved by the exchange of the Property for the Property Interests is it allows the City to obtain the additional required electric utility easements to allow the City to timely commence with the relocation and reconstruction of the transmission line.

SECTION 4. The statements contained in the preamble of this resolution are deemed to be findings of the City Council and are incorporated into the body of this resolution.

SECTION 5. If any section, article, paragraph, sentence, phrase, clause or word in this resolution, or application thereof to any persons or circumstances, is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this resolution; the City Council declares that it would have ordained such remaining portion despite such invalidity, and such remaining portion shall remain in full force and effect.

SECTION 6. This resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 20th day of September, 2016.



CHRIS WATTS, MAYOR

ATTEST:

JENNIFER WALTERS, CITY SECRETARY

By: 

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

By: 

Appraisal of Whole Acquisition

Proposed Whole Acquisition

Collinsworth Property
3310 N. Bonnie Brae Street
Denton, Denton County, Texas 76207

Prepared For:

Freese and Nichols, Inc.

Effective Date of the Appraisal:

9/29/2015

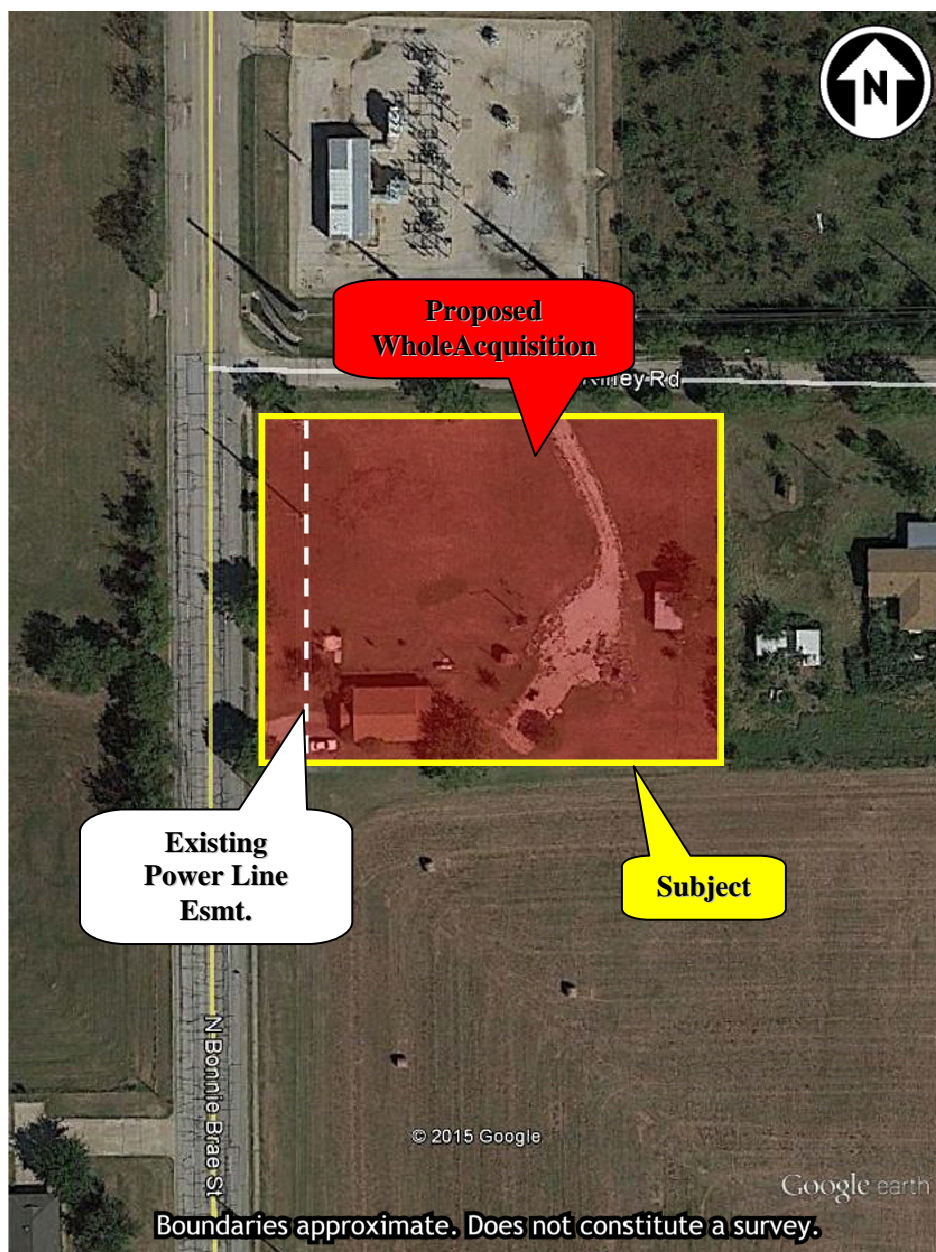
Report Format:

Appraisal Report – Standard Format

IRR - DFW

File Number: 116-2015-1121





Proposed Whole Acquisition

Collinsworth Property
3310 N. Bonnie Brae Street
Denton, Texas



10/6/2015

Mr. Kendall King, P.E.
Freese and Nichols, Inc.
4055 International Plaza
Fort Worth, Texas 76109

SUBJECT: Whole Acquisition Appraisal
Collinsworth Property
3310 N. Bonnie Brae Street
Denton, Denton County, Texas 76207
IRR - DFW File No. 116-2015-1121

Dear Mr. Kendall King, P.E.:

Integra Realty Resources – DFW is pleased to submit the accompanying appraisal of the referenced property. The intended use of this appraisal is to assist the client in their determination of compensation due to the property owner as of 9/29/2015, the effective date of the appraisal.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; The Texas Property Code and any other applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of the 2014-2015 edition of USPAP. This report has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

The whole property is a 1.334-acre, or 58,109-square foot mixed use site improved with a single family residence, metal shed, wood shed, underground storm cellar, well house and related site improvements. We have determined that these improvements are not consistent with the highest and best use of the property and are considered to have interim value only. Therefore, these improvements have not been valued in our analysis herein. The client has proposed to acquire the entire Collinsworth property in fee simple interest which

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will facilitate future improvements to the Bonnie Brae to North Lakes section of the Denton Municipal Electric Project.

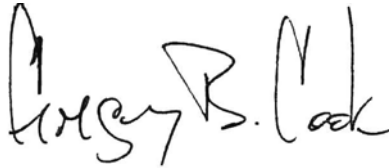
Based on the analysis and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the compensation for the acquisition of the herein described property as of 9/29/2015, is

\$168,773


If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - DFW



Gregory B. Cook, SR/WA
Senior Managing Director
Certificate # TX-1329987-G



Allison Whitehead, RWA
Senior Analyst
Certificate # TX-1380451-G

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Summary of Salient Facts and Conclusions

Summary of Salient Facts

+/- 1.334 Acres, or 58,109 Square Feet of Land

3310 N. Bonnie Brae Street, Denton, Denton County, Texas.

Latitude, Longitude Coordinates	33.248767, -97.160035
Legal Description	Being a 1.334-acre tract of land situated in the N.H. Meisenheimer Survey, Abstract No. 810, Denton County, Texas.
Zoning Designation	The subject is located in the City of Denton and is currently zoned "NRMU-12", "Neighborhood Residential Mixed Use 12 " for a variety of mixed uses.
Property Tax Numbers	216880
Owner of Record	Deborah Collinsworth c/o Deborah Collinsworth
Land Area	Approximately 1.334 acres or 58,109 square feet.
Improvements	The subject is improved with a single family residence, metal shed, wood shed, underground storm cellar, well house and related site improvements. We have determined that these improvements are not consistent with the highest and best use of the property and are considered to have interim use value only. Therefore, these improvements have not been valued in our analysis herein.
Highest and Best Use As Vacant	Mixed Use
Property Rights Appraised	Fee simple estate, subject to existing easements, encumbrances and restrictions
Effective Date	September 29, 2015

1. Whole Property

Fee Land Area	58,109 SF	@	\$2.50 / SF	\$145,273	
Interim Use Value of Improvements				<u>\$23,500</u>	
Total					\$168,773

2. Part to be Acquired

Proposed Acquisition	58,109 SF	@	\$2.50 / SF	\$145,273	
Interim Use Value of Improvements				<u>\$23,500</u>	
Total					<u>\$168,773</u>

3. Remainder Property

Remainder immediately before taking:					N/A
Remainder immediately after taking:					
Total					<u>N/A</u>

4. Net Damages/Enhancements

Net Damages/Enhancements					\$0
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5. Total Compensation

Part to be Acquired					\$168,773
Net Damages/Enhancements					\$0
Cost to Cure (if necessary)					\$0
Temporary Easements (if necessary)					<u>\$0</u>
Total					<u>\$168,773</u>

General Information

Identification of Subject and Project

The subject property is identified by the client as the Collinsworth Property which is a portion of a parent tract, or the "whole property," located at 3310 N. Bonnie Brae Street, Denton, Denton County, Texas 76207. The whole property is legally described as being a 1.334-acre tract of land situated in the N.H. Meisenheimer Survey, Abstract No. 810, Denton County, Texas.

The whole property is a 1.334-acre, or 58,109-square foot mixed use site improved with a single family residence, metal shed, wood shed, underground storm cellar, well house and related site improvements. We have determined that these improvements are not consistent with the highest and best use of the property and are considered to have interim value only. Therefore, these improvements have not been valued in our analysis herein. The client has proposed to acquire the entire Collinsworth property in fee simple interest which will facilitate future improvements to the Bonnie Brae to North Lakes section of the Denton Municipal Electric Project. The whole property and proposed acquisition is itemized in the following table.

Subject Land Areas		
Whole Property		
Fee Land Area	58,109 SF	1.334 Acres
<i>Total Whole Property</i>	<i>58,109 SF</i>	<i>1.334 Acres</i>
Part Acquired		
Proposed Acquisition	58,109 SF	1.334 Acres
<i>Total Part Acquired in Fee</i>	<i>58,109 SF</i>	<i>1.334 Acres</i>
Remainder Property		
<i>Total Remainder Property</i>	<i>None - Whole Acquisition</i>	

The proposed acquisition of the Collinsworth Property will facilitate future improvements to the Bonnie Brae to North Lakes section of the Denton Municipal Electric Project through Denton County.

Current Ownership and Sales History

The owner of record is the Deborah Collinsworth. This party acquired the property from Julie Ann Harley Lee, et al on December 16, 1999 for an undisclosed price. This transaction is recorded in Document 99-127801 within the Denton County public records. To the best of our knowledge, no other sale or transfer of ownership has occurred within the past three years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of real property compensation due to the property owner, which includes the market value of the part to be acquired, plus any applicable

damages to the remainder property, as of the effective date of the appraisal, 9/29/2015. Market value is based upon analysis of the underlying fee simple interest in the property. In some assignments, the market value of permanent or temporary easement interest(s) are required. "Market value" and "fee simple" are described and cited in the addenda of this report. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market Value is defined by City of Austin v. Cannizzo, 267 S.W. 2d 808 (Tex 1954) as being:

"The price the property would bring when offered for sale by one who desires to sell, but is not obliged to sell, and is bought by one who desires to buy, but is under no necessity of buying, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is, or in all reasonable probability, will become available within the reasonable future."

Intended Use and User

The intended use of this appraisal is to assist the client in their determination of adequate compensation due to the property owner, in compliance with the Texas Constitution, Article 1, Section 17, to be paid for the acquisition of Real Property interest for a public purpose as described herein. Others may receive a copy of this report due to legal requirements of disclosure, but the report is not intended for any other use or user (i.e., mortgage lending, tax assessment, etc.).

This appraisal report is prepared for Freese and Nichols, Inc., Mr. Kendall King, P.E., 4055 International Plaza, Fort Worth, Texas 76109.

Although the appraisal is not intended for any other use or user, the client may designate use of this report to an outside entity to assist in the project, which may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations including Texas Property Code, Title 4, Chapter 21;

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of the 2014-2015 edition of USPAP.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property

management, brokerage, or any other services. We have performed no other 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.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. The sales comparison approach for valuation of the land is used in this analysis. The sales comparison approach for improved property is used in the highest and best use analysis as evidence that the improvements have interim use value only. In addition, the income approach, specifically a discount cash flow analysis, has been used to develop this interim use value of the single family residence. The cost approach is not applicable.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. In general, the following steps were taken to perform this assignment:

- Physically inspected the subject property and the surrounding market area. The inspection of the property is limited to those things readily observable without the use of special testing or equipment.
- Collected factual information about the property and the surrounding market, and confirmed the information with various sources.
- Performed a highest and best use analysis of the subject site as vacant and as improved when applicable.
- Gathered market information relevant to the valuation of the subject. Data on comparables were confirmed with at least one of the parties to the transaction.
- Analyzed market information and developed indications of value under the necessary approaches to value for a credible assignment result. The market information was analyzed for an appraisal of the **Whole Property** only due to this being a whole acquisition.
- Derived an estimate of the total compensation due to the owner of the property as the result of a proposed acquisition.
- Prepared an appraisal report summarizing our analyses, opinions and conclusions.

Extraordinary Assumptions

An extraordinary assumption is something that is assumed to be true, but it is not certain. If it turns out to be untrue, the value conclusion could be impacted. Extraordinary assumptions are those assumptions that are specific to the assignment, as opposed to general assumptions, which could be applicable to any assignment. In this assignment, we have assumed typical general assumptions and limiting conditions as cited in the addenda of this report. In this particular assignment, the following additional extraordinary assumptions were made:

- Because of the numerous mathematical calculations that are inherent for partial acquisition valuations, limited rounding of value estimates is made in this report. Value estimates are not exact, but opinions of approximate value only.
- The information pertaining to the subject property is based on public documents and records along with data from commercial data providers. It is assumed that the aerial maps and subject data is reasonably accurate.
- The client has proposed to acquire the entire Collinsworth property; therefore, the size of the whole property is based on the survey provided by the client. This is assumed to be accurate for the purposes of our assignment.

Jurisdictional Exceptions

The Jurisdictional Exception Rule allows “an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.¹” This includes federal and state constitutions, legislative and court made law, administrative rules, regulations and ordinances. In this assignment, there are no known conflicts of law or public policy that disregard a part of *USPAP*.

Case Law and Legislative Precedents

For right-of-way projects in the State of Texas, there are also several cases that may establish compensable and non-compensable elements resulting from a project. For example, regarding the compensation for landscaping, the Texas Supreme Court stated in the case of *White vs. Natural Gas* that “in eminent domain proceedings our courts have consistently held that the landowner cannot recover for damage to crops, loss of trees, ornamental shrubs, etc., as separate items. These features can be taken into consideration in determining compensation only insofar as they affect the market value of the land, as land.”²

Hypothetical Conditions

A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis³.” In the State of Texas, appraisal reports prepared for eminent domain purposes may recognize one or more hypothetical conditions. For example, the appraisal of a remainder property

¹ *Uniform Standards of Professional Appraisal Practice, 2014-2015 Ed., “Jurisdictional Exception.”* Washington, D.C.: The Appraisal Foundation, 2013.

² *White v. Natural Gas Pipeline Company of America*, 444 S.W.2d 298, 301 (Tex. 1969)

³ *The Dictionary of Real Estate Appraisal, Fifth Edition.* Chicago, IL: Appraisal Institute, 2010. (Dictionary)

assumes that the proposed public or private improvements were complete as of the effective date of valuation, when in fact it is known that they are not. The use of hypothetical conditions derived from public policy and case law does not result in a process that is limited or renders the results no longer credible. No other hypothetical conditions are utilized in this assignment.

Inspection

On 9/29/2015 contact was established with Deborah Collinsworth, the owner of the property. Ms. Collinsworth accompanied the appraisers during the inspection made on 9/29/2015. The reported contact information for the subject property is:

Primary Contact	
Name	Deborah Collinsworth
Address	3310 N. Bonnie Brae Street
City, State, Zip	Denton, Texas 76207
Phone 1	(940) 367-9309

Personal Property and Trade Fixtures

The estimate of compensation in this report is for real property interest, or real estate which includes the physical land and improvements attached to the land. This report does not include a value estimate for personal property or trade fixtures unless represented otherwise in this report.

According to the *Code of Federal Regulations (CFR), Title 49 – Transportation, Section 24.103(a)(1)*, “The appraisal report should identify the items considered in the appraisal to be real property, as well as those identified as personal property”. The real property or real estate is described in other sections of this report, or the *Description and Analysis of the Land* and in the *Description and Analysis of the Improvements*.

For residential properties, we have considered the following as real estate or appurtenances to the real estate, which is an excerpt from paragraphs 2(B.) and 2(C.) from the Texas Real Estate Commission Form 20-11 (One to Four Family Residential Contract Resale):

IMPROVEMENTS: The house, garage and all other fixtures and improvements attached to the above-described real property, including without limitation, the following permanently installed and built-in items, if any: all equipment and appliances, valances, screens, shutters, awnings, wall-to-wall carpeting, mirrors, ceiling fans, attic fans, mail boxes, television antennas and satellite dish system and equipment, mounts and brackets for televisions and speakers, heating and air-conditioning units, security and fire detection equipment, wiring, plumbing and lighting fixtures, chandeliers, water softener system, kitchen equipment, garage door openers, cleaning equipment, shrubbery, landscaping, outdoor cooking equipment, and all other property owned by Seller and attached to the above described real property.

ACCESSORIES: The following described related accessories, if any: window air conditioning units, stove, fireplace screens, curtains and rods, blinds, window shades, draperies and rods, door keys, mailbox keys, above ground pool, swimming pool equipment and maintenance accessories, artificial fireplace logs, and controls for: (i) satellite dish systems, (ii) garage doors, (iii) entry gates, and (iv) other improvements and accessories.

The above items listed as "Improvements" and "Accessories" by TREC form 20-11 are either considered to be real estate or run with the real estate. Notwithstanding the above items, the appraisers observed several items during the inspection that are considered personal property. These items have not been valued as part of this appraisal and are assumed to remain the property of the occupant after the acquisition. Items considered to be personal property may include:

All furniture, unattached refrigerators(s) and other freestanding appliances

Unattached electronics

Wall hangings and artwork

Washer and dryer

Vehicles

Jacuzzi

Outdoor furniture

Freestanding cabinets and shelving and or tables

We have not performed an exhaustive audit of the subject property's personal property which may not have been present as of our date of inspection.

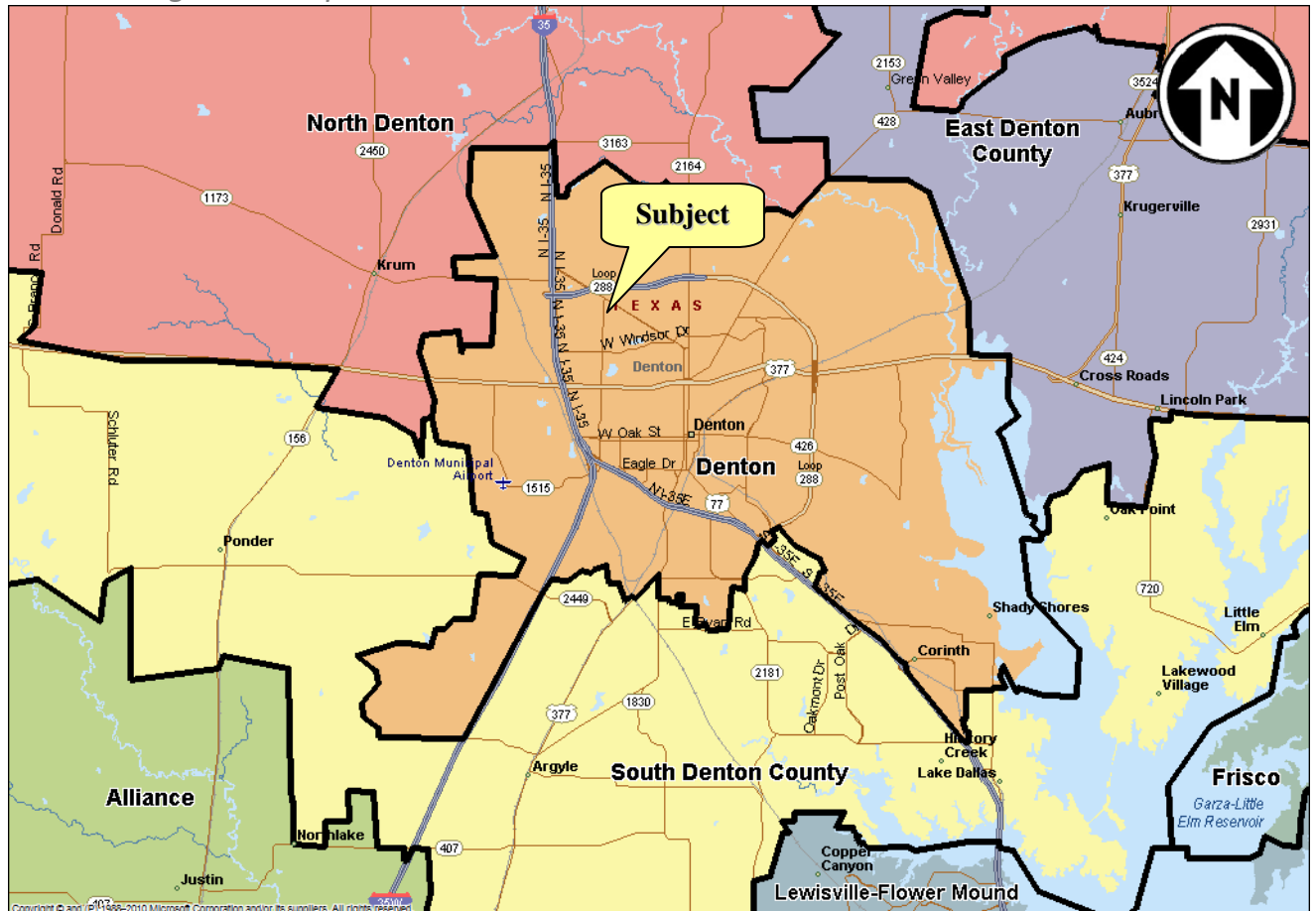
Surrounding Area Analysis

Boundaries

The subject is located within the Denton surrounding area. The Denton surrounding area (shown in orange) is comprised of the following zip codes: 76201, 76205, 76207, 76209, and 76208.

A map identifying the subject within the Denton surrounding area is below.

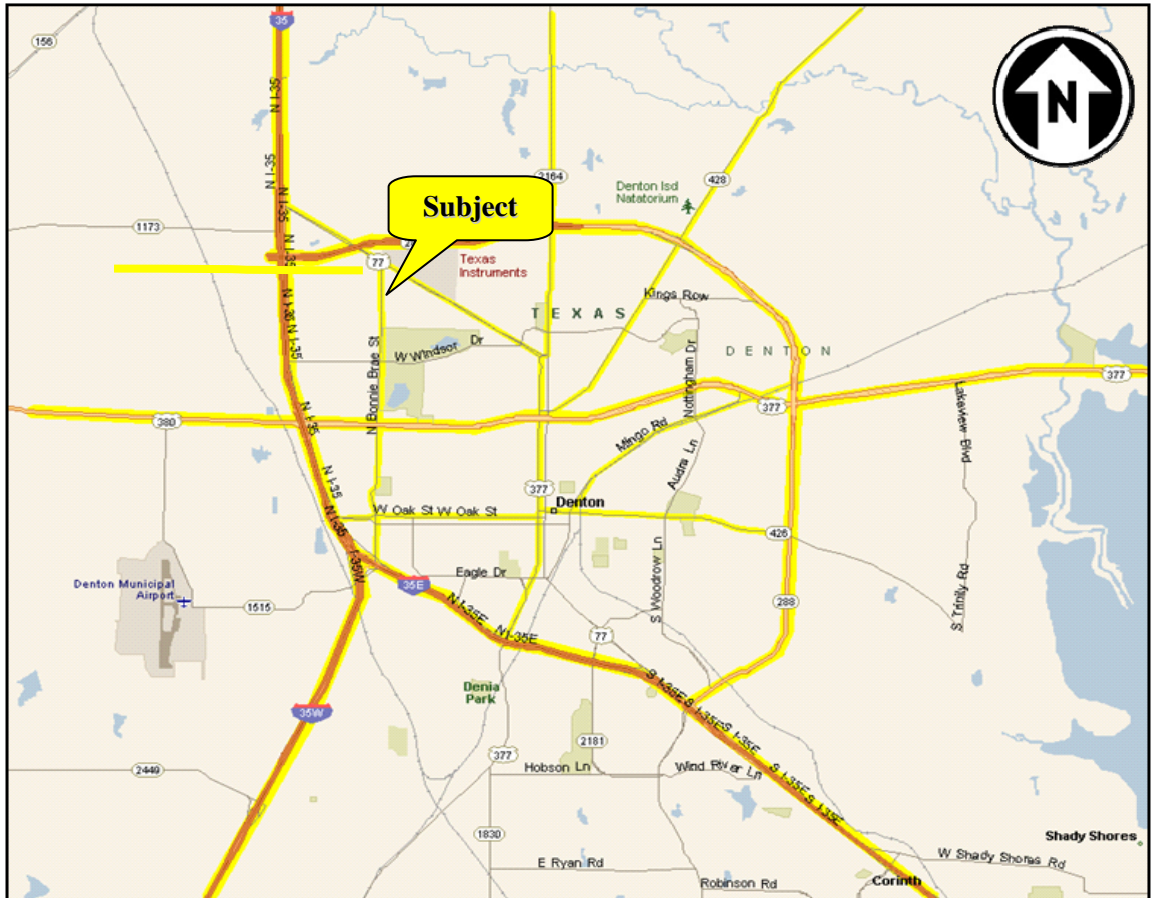
Surrounding Area Map



Access and Linkages

Roadways providing access to the area and major city streets are highlighted on the map below.

Access and Linkages Map



Surrounding Area Access & Linkages

Primary North-South Access:	Interstate Highway 35 US Highway 77/Elm Street	
Primary East-West Access:	US Highway 380/University Drive State Highway 288 Loop FM 1173	
Major Streets:	Oak Street Bonnie Brae Street Eagle Drive	Sherman Drive / FM 423 Mingo Road Fort Worth Drive

Public transportation is provided within the City of Denton by Denton County Transportation Authority (DCTA). The primary mode of transportation in this area is the automobile.

Public Services

Police and fire protection is provided by the City of Denton. The Denton submarket is served by the Denton Independent School District (DISD). Denton is also the home of three universities: University of North Texas, Texas Woman's University and North Central Texas College.

Demand Generators

- **The University of North Texas (UNT)** is a public university founded in 1890 and located in Denton. With an enrollment of 36,000 students, UNT is one of Texas' largest universities. The university offers 97 undergraduate programs, 81 master's and 35 doctoral degree programs. The university employs a faculty of 1,049 full-time instructors and 364 part-time instructors, with a staff of nearly 2,500. The University of North Texas is known for its music and fine arts departments and counts several notable musicians, such as The Eagles and Norah Jones, as alumni. The campus has recently expanded with the construction of a new 87,000 square foot Life Sciences Complex, a 180,000 square foot Business Leadership Building and a \$78 million eco-friendly football stadium that seats 30,000 spectators.⁴
- **Texas Woman's University (TWU)** is a public university, founded in 1901. Texas Woman's University is known for its health and education programs. With campuses in Denton, Dallas and Houston, the university has a total enrollment of 15,135. The faculty is comprised of 941 full-time instructors and 421 part-time instructors. The university has a staff of 781 employees. UNT offers 48 undergraduate programs, 57 master's programs and 23 doctoral programs.⁵
- **Rayzor Ranch** is a mixed-use development on 400 acres at the intersection of Interstate Highway 35 and US Highway 380 in Denton. Rayzor Ranch features residential, retail, hotel, office, medical facilities, public parks and entertainment venues. The development includes a 900,000 square foot power center anchored by a Walmart Supercenter and Sam's Club. Additionally, a 68-acre residential component will include multi-family units and single-family homes, as well as an adult living campus and retirement center when fully complete. Rayzor Ranch also offers a 30-acre medical and office park and 15 acres of public parks and walking trails.⁶



⁴ University of North Texas, www.unt.edu

⁵ Texas Woman's University, www.twu.edu

⁶ Rayzor Ranch, www.rayzorranch.com

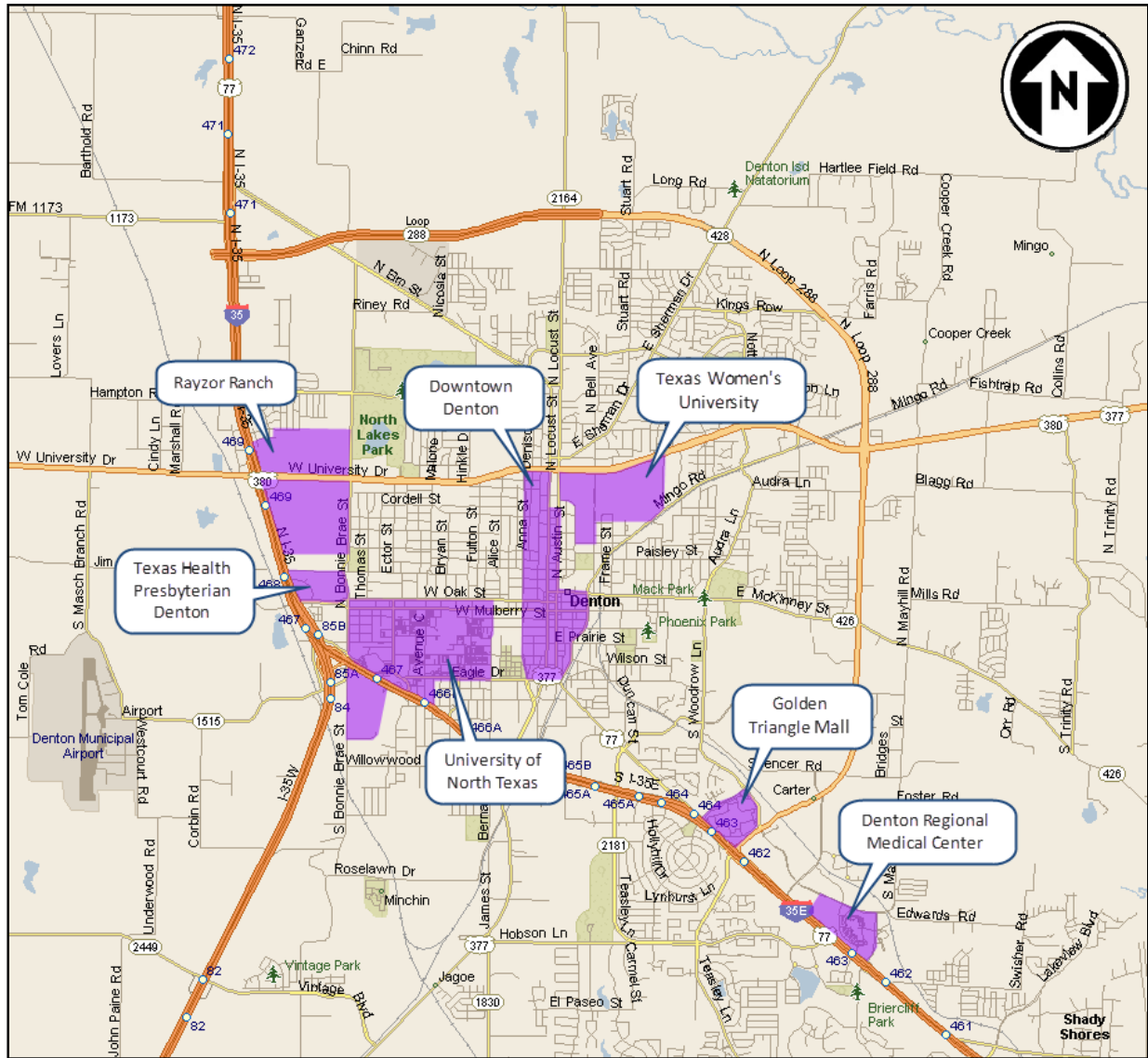
- **Texas Health Presbyterian Hospital Denton** is a 255-bed, full-service acute care facility featuring more than 43 specialties. Texas Health Denton is located on North Interstate Highway 35 in the City of Denton and is accredited by The Joint Commission and is distinguished as a Bariatric Center of Excellence. Texas Health Denton employs over 750 people on their full-time staff.⁷
- **Denton Regional Medical Center** is a 208-bed, full service acute care hospital located on South Interstate Highway 35 in Denton. Denton Regional has more than 850 employees on staff and over 300 physicians. Denton Regional specializes in bariatrics, cancer care, general surgery, vascular surgery, diabetes care, imaging, emergency services, cardiovascular, occupational medicine, orthopedic and sports medicine and women and children's care.⁸
- **Downtown Denton** is a 60-block area which serves as the historic central business district of Denton, with Courthouse Square as the focal point. Downtown Denton is located south of University Drive, north of Eagle Drive, west of Mingo Road and east of Carroll Boulevard. Downtown Denton provides a link between UNT and TWU and is known as a local destination for shopping, dining and entertainment. Since 1989, over \$47 million has been reinvested in the downtown area to improve the streets, sidewalks and facades. There are currently over 50 shops, 26 restaurants and 12 entertainment venues in Downtown Denton.⁹
- **Golden Triangle Mall** is a 765,000 square foot regional mall located at the intersection of Loop 288 and I-35E in Denton, TX. It has been in operation for 30 years and is currently undergoing a large-scale renovation. Specific redevelopment plans for Golden Triangle Mall include: a new exterior façade and redesigned mall entrances; updated tenant storefronts, which will reflect the individual retailers' latest prototypes; a new food court; additional retail and upscale, full-service restaurants; new flooring, materials and design elements in the common areas; new amenities throughout the mall including seating areas, interior and exterior landscaping, fixtures and directories; and new interior and exterior property signage, graphics and lighting. Anchor tenants include Barnes & Noble, DSW, Dillard's, JCPenney, Macy's, Ross Dress for Less and Sears.



⁷ Texas Health Presbyterian Hospital Denton, www.texashealth.org/landing.cfm?id=2928&fr=true

⁸ Denton Regional Medical Center, www.dentonregional.com

⁹ Denton Economic Development Partnership, www.dentonedp.com

Demand Generators Map

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics			
	Denton County, TX	Dallas-Fort Worth-Arlington, TX	Texas
2015 Estimates			
Population 2010	662,614	6,426,214	25,145,561
Population 2015	754,182	6,951,575	27,037,673
Population 2020	829,644	7,446,320	28,850,401
Compound % Change 2010-2015	2.6%	1.6%	1.5%
Compound % Change 2015-2020	1.9%	1.4%	1.3%
Households 2010	240,289	2,320,283	8,922,933
Households 2015	272,291	2,499,906	9,600,635
Households 2020	299,203	2,676,345	10,257,146
Compound % Change 2010-2015	2.5%	1.5%	1.5%
Compound % Change 2015-2020	1.9%	1.4%	1.3%
Median Household Income 2015	\$72,270	\$58,865	\$53,037
Average Household Size	2.7	2.8	2.8
College Graduate %	40%	31%	27%
Median Age	35	35	35
Owner Occupied %	65%	62%	64%
Renter Occupied %	35%	38%	36%
Median Owner Occupied Housing Value	\$208,630	\$168,732	\$144,804
Median Year Structure Built	1997	1988	1986
Avg. Travel Time to Work in Min.	30	30	28
Source: Claritas			

Development Activity and Trends

The most dominant area for retail has historically been around the Golden Triangle Mall at Loop 288 and IH-35E. Recent renovation of the retail center and has spurred some new pad site development in its vicinity. Several retail developments have also been developed in the last ten to fifteen years along Loop 288 in the vicinity of the Mall. For example, Denton Towne Crossing is a 37,716 square foot center, shadow anchored by Target and Home Depot. Denton Crossing is also located at the confluence of Loop 288 and Brinker Road. Retail growth has been gradually moving north along Loop 288 in that area.

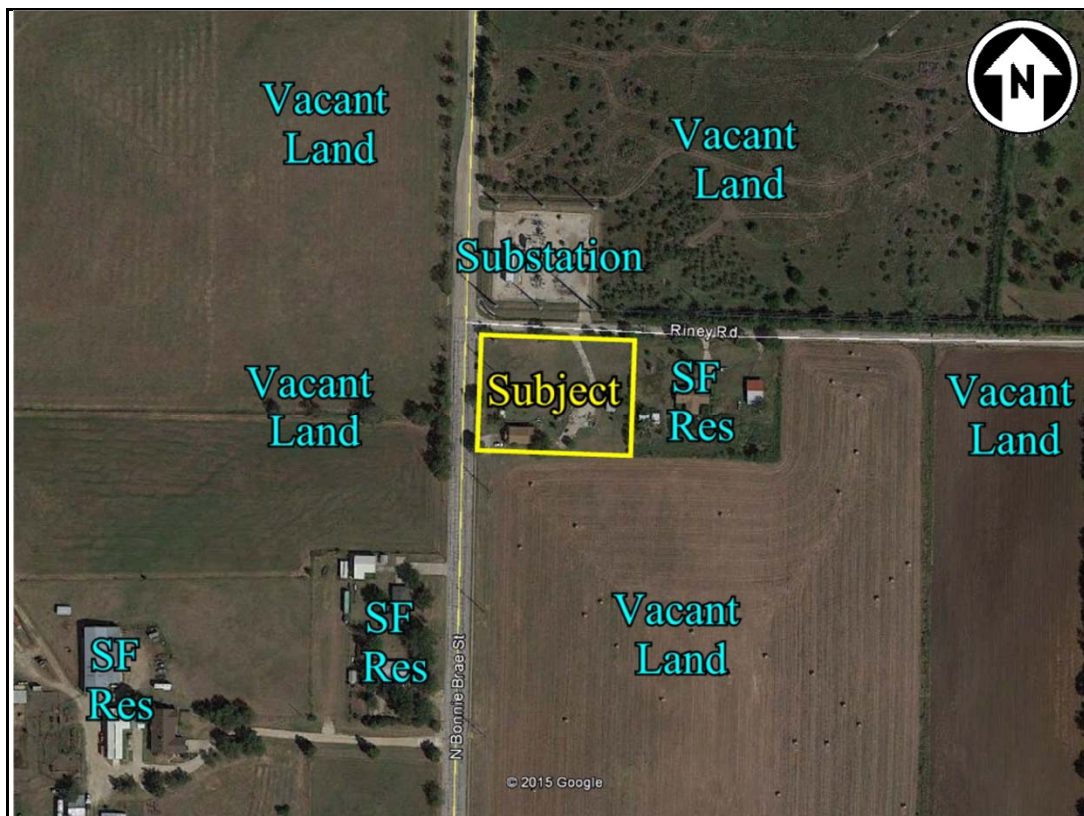
Medical office and related development has been a popular land use around the Denton Regional Medical Center and North Texas Hospital, just south of the mall. Growth in this area is expected to continue. A similar trend has occurred around the Texas Health Presbyterian Hospital along I-35W at West Hickory and Scripture Lane.

Another notable retail development is the Rayzor Ranch property at Hwy. 380 and IH 35N. Most recently, a Sam's Club and Wal-Mart were constructed on the north side of University Drive. Following their presence has been multiple pad site retailers, such as Chik-fil-a.

Apartment and student housing has also been a popular property type for recent development, especially in the vicinity of the University of North Texas campus. As part of UNT's dedication to green, the recently constructed Apogee Stadium is the first Leadership in Energy and Environmental Design (LEED) Platinum certified stadium for standards for clean technology innovation. The University of North Texas (along with several other universities), businesses around the Denton Airport, and the Alliance area are the primary economic drivers in the region. Growth in the Alliance area has outpaced most cities in the US and continues to expand its commercial and residential development. The Denton Airport has also supported recent growth in the industrial sector. The 360,000 square foot Target Distribution Center was recently completed and now employs about 140 workers. Additionally, PMFT, the parent company of Peerless Manufacturing, recently completed a new 80,000 square foot manufacturing facility in Denton.

Surrounding Land Use

The subject is located in an area that is primarily rural residential and agricultural with pockets of retail and commercial uses located within a few miles from the subject to the south along Highway 377.



Outlook and Conclusions

The Denton market area is in the growth stage and nearing the stability stage of its life cycle: although, pockets of growth and decline can be observed throughout the market. The local economy appears to be diversified and stable. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Whole Property Analysis

Land Description and Analysis

Legal Description

Being a 1.334-acre tract of land situated in the N.H. Meisenheimer Survey, Abstract No. 810, Denton County, Texas

Land Area

A survey of the whole property was made available for review. The size of the whole property is based on the survey provided by the client. This size estimate is assumed to be accurate for purposes of this assignment. The whole property includes the following land area:

Subject Land Areas

Whole Property

Fee Land Area	58,109 SF	1.334 Acres
<i>Total Whole Property</i>	<i>58,109 SF</i>	<i>1.334 Acres</i>

Utilities

The subject property is located within the City of Denton. According to the City of Denton water and sewer maps (Page 21), the subject property currently lacks access to public water and public sewer.

Access

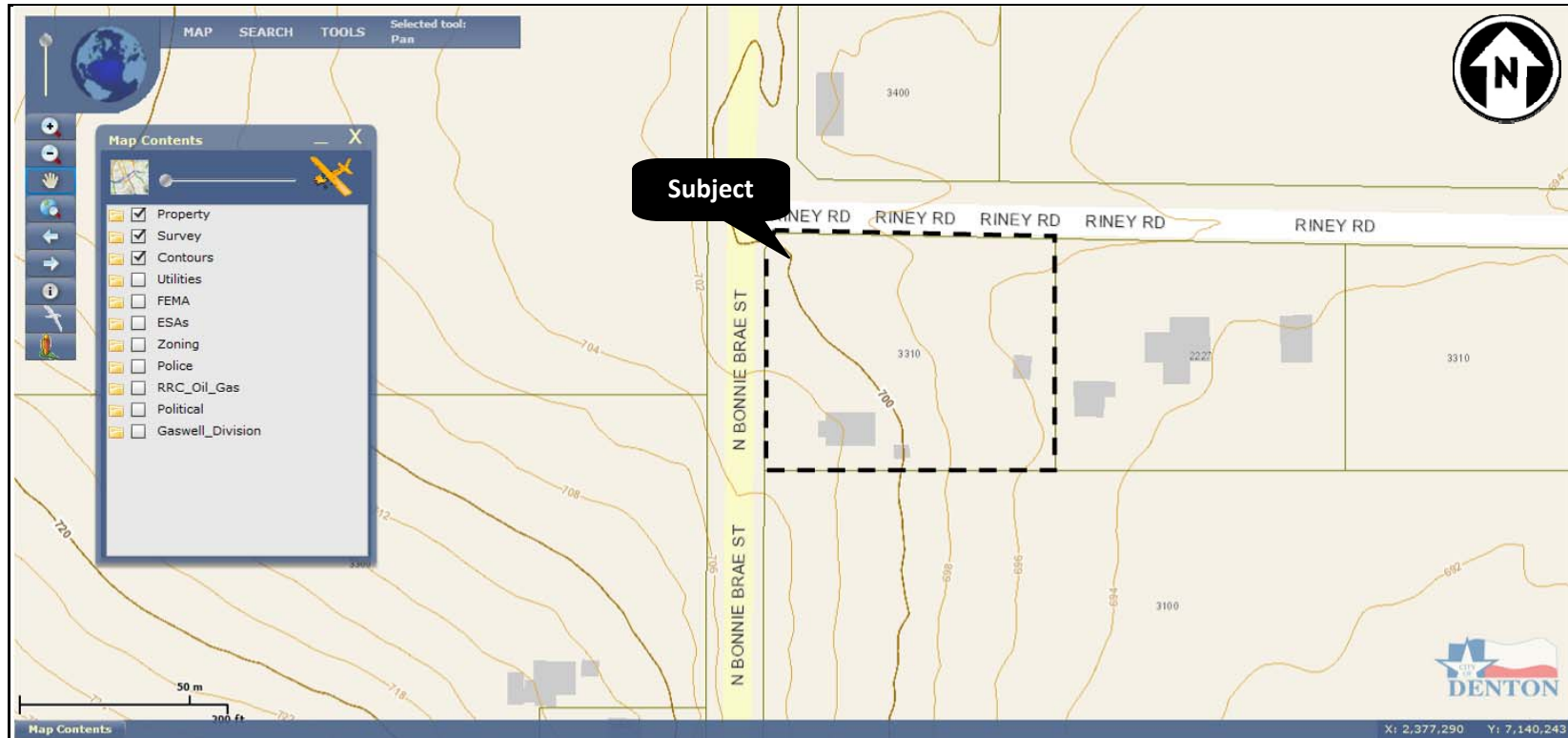
The subject has frontage along N. Bonnie Brae Street which comprises the western property line. In addition, the subject also has frontage along Riney Road which comprises the northern property line.

Physical Features

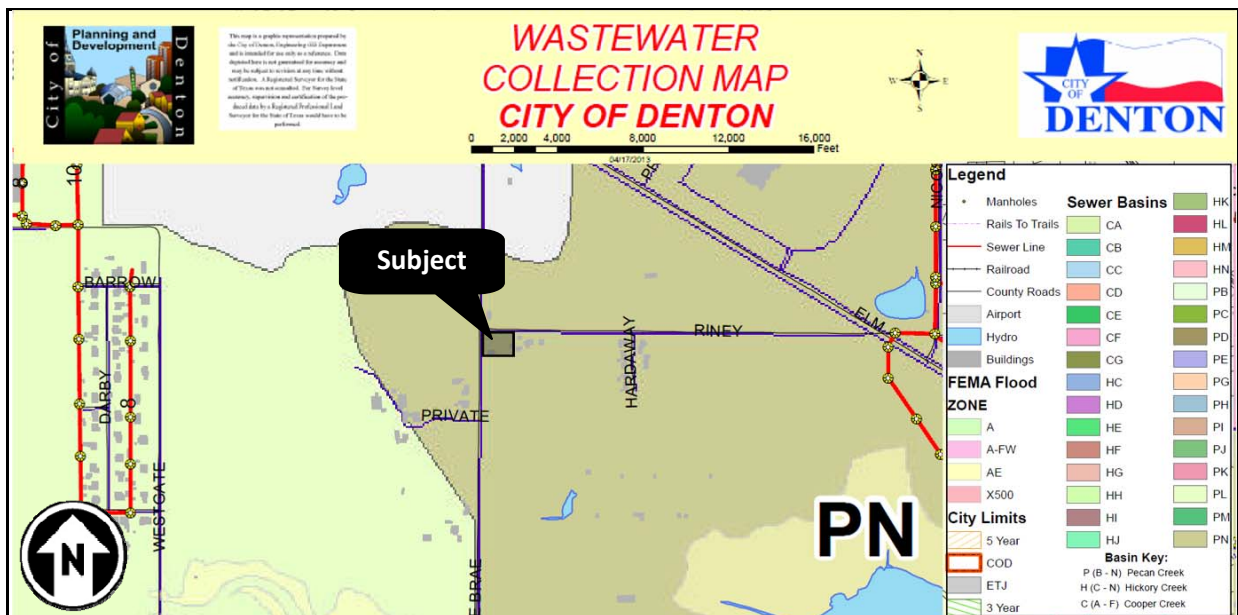
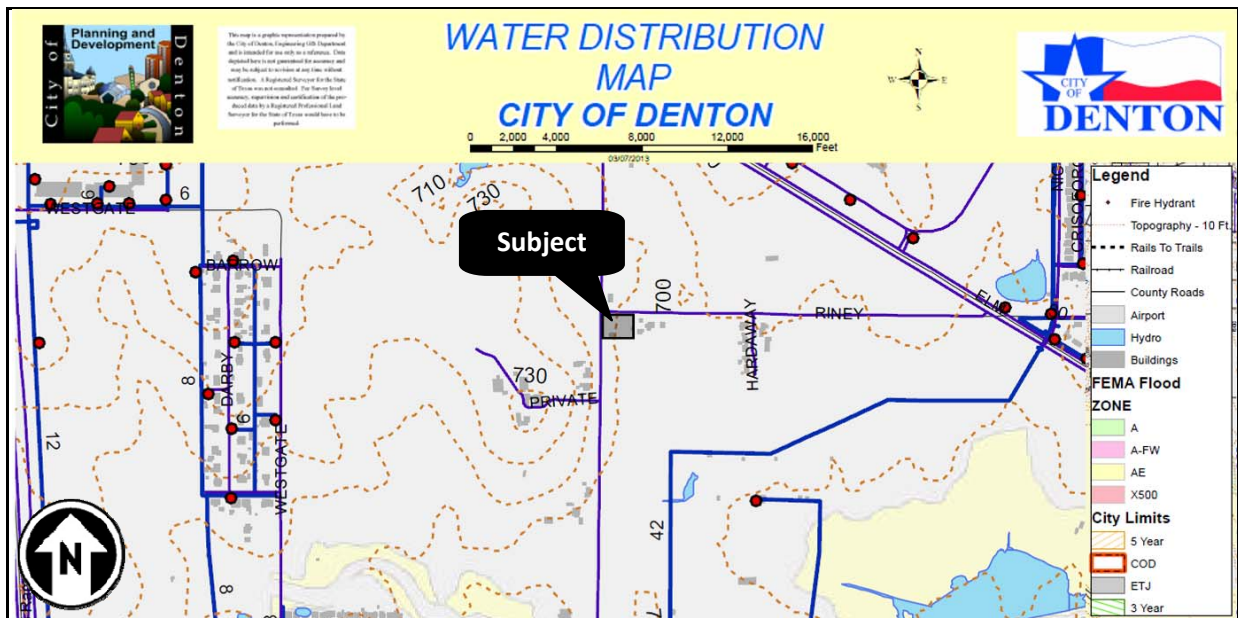
Configuration	Rectangular
Width	Approximately 211 feet at the widest point
Depth	Approximately 276 feet at the deepest point
Corner	Yes; southeast corner of N. Bonnie Brae Street and Riney Road
Topography	Gently sloping and open.
Drainage	Assumed adequate

Tax Map



Topography Map – City of Denton

City of Denton Utility Maps



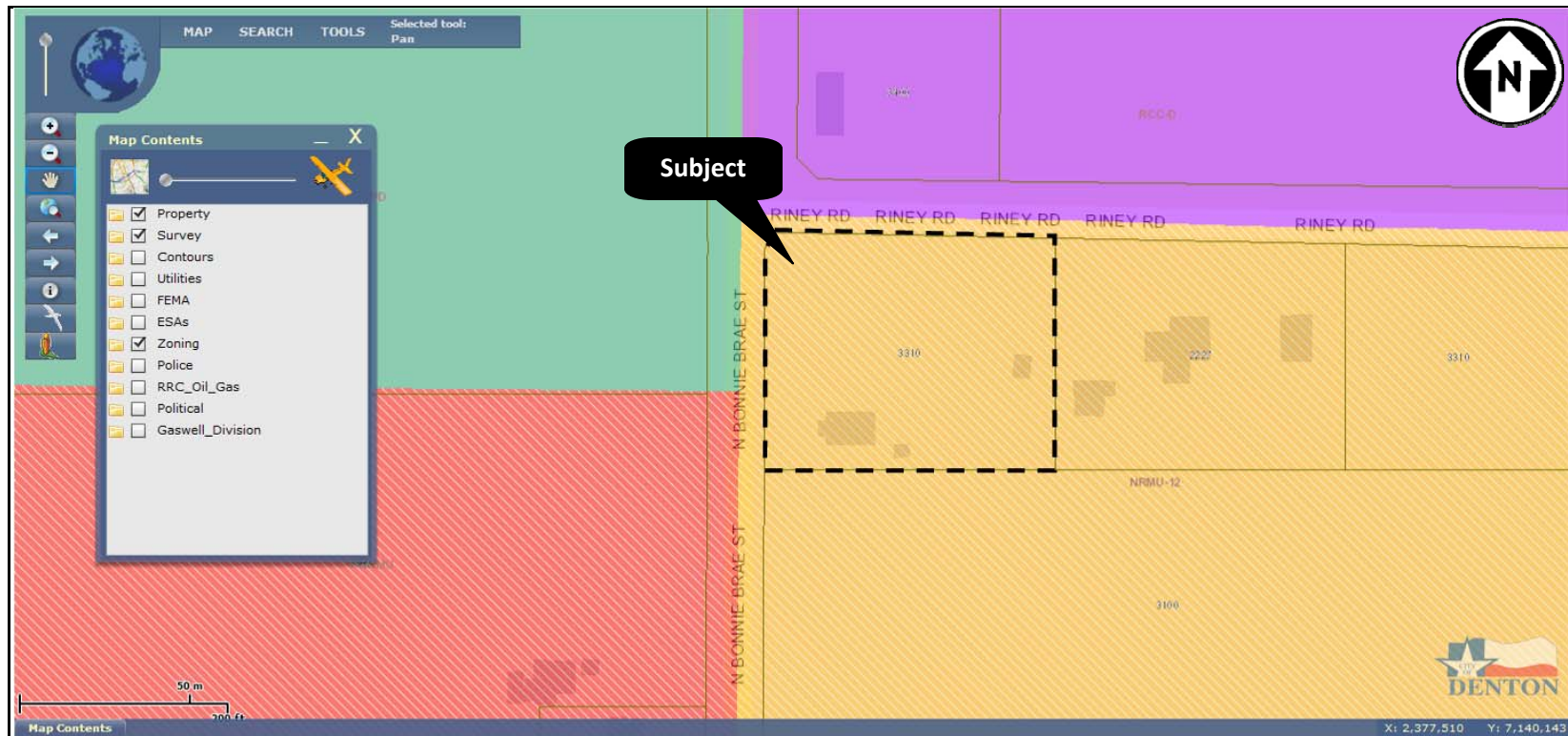
Zoning

The subject is located in a municipality that has zoning ordinances. Specific zoning requirements are summarized in the following table.

Zoning Summary	
Zoning Jurisdiction	City of Denton
Zoning Designation	NRMU-12
Description	Neighborhood Residential Mixed Use 12
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Mixed uses
Category	Zoning Requirement
Minimum Lot Area	3,500 SF
Minimum Lot Width (Feet)	30
Minimum Lot Depth (Feet)	80
Minimum Setbacks (Feet)	Front: 10; Side: 6; Rear: 10
Maximum Building Height	40 Feet
Maximum Site Coverage	60%
Maximum Density	12 units per acre
Maximum WCES Height (Feet)	55
Minimum Landscaped Area	40%
Source:	City of Denton Development Code

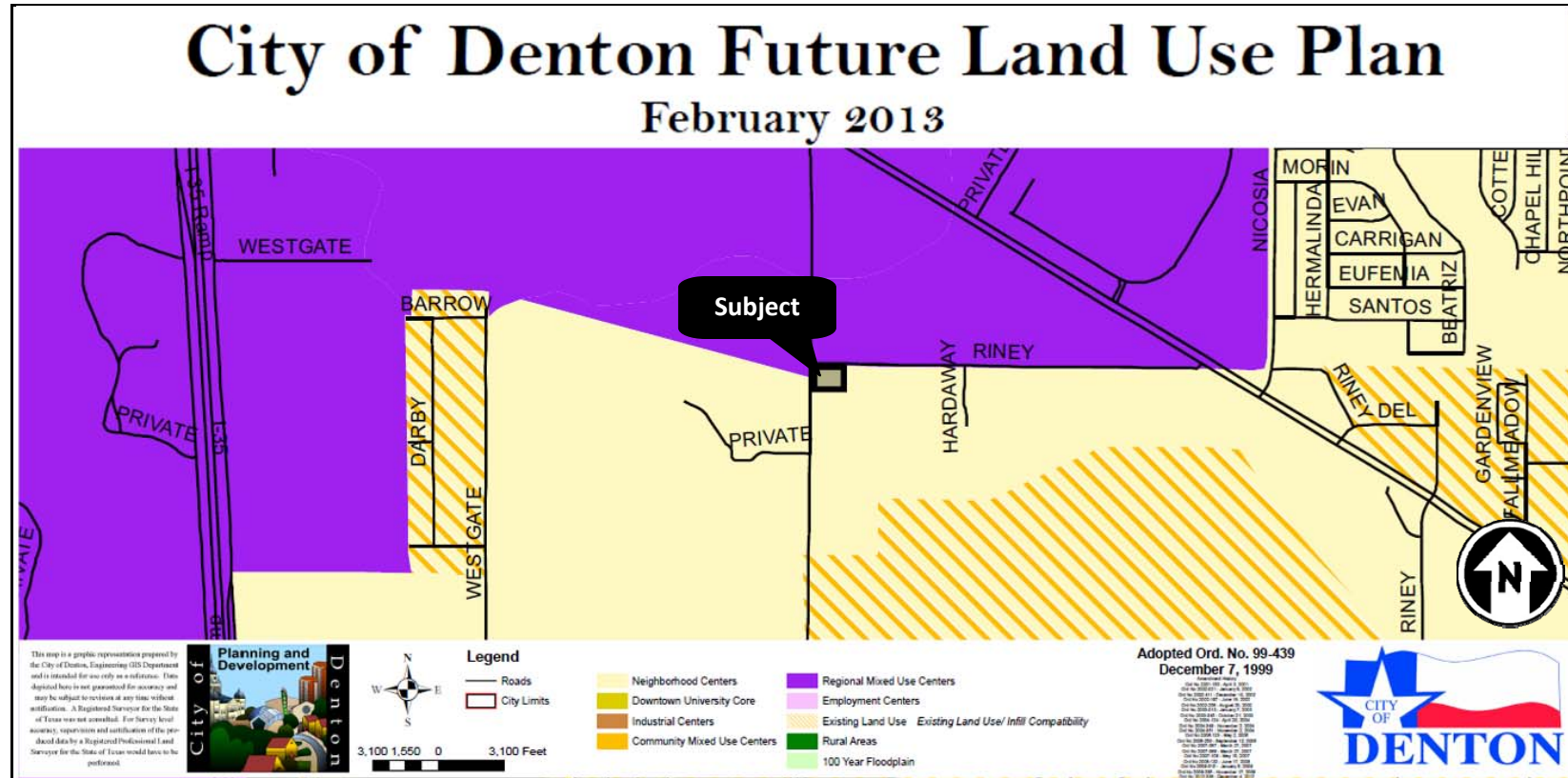
A determination of compliance with all zoning regulations would require an extensive evaluation of existing conditions and a thorough knowledge of all aspects of the city ordinances, as well as fire, electrical, plumbing and safety codes that are usually incorporated by reference into most cities' ordinances. Local municipalities have no process available to investigate and render a judgment regarding full compliance with all applicable standards for existing properties. The appraiser is not in a capacity to give an opinion about the property's overall compliance with zoning regulations as of the effective date. As no issues of nonconformity are readily apparent to the appraiser, it is assumed that the subject meets current zoning regulation.

Zoning Map



Proposed Whole Acquisition

Future Land Use Map



Easements, Encroachments and Restrictions

We were not provided a current title report to review. Based on the survey provided by the client along with the on-site inspection, there is an existing power line traversing the western property line. We are not aware of any other easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Other Land Use Regulations; Development Moratoria

We are not aware of any land use regulations other than zoning that would affect the property, nor are we aware of any moratoria on development.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Conclusion of Land Analysis

Overall, the physical characteristics of the site result in functional utility suitable for a variety of uses including those permitted by zoning. The site has a gently sloping and open topography. We are not aware of any other particular restrictions on development.

Improvements Description and Analysis

Improvement Summary

Name of Property	Collinsworth Property
General Property Type	Residential
Property Sub Type	Single family residential
Size:	
Gross Building Area (GBA)	1,186 square feet
Gross Living Area (GLA)	1,186 square feet
Source of SF Info	On-site and aerial measurements
Number of Buildings/Stories	One/One
Number of Bedrooms/Bathrooms	Three bedrooms, one bathroom
Building Shape	Near rectangular
Current Occupancy	100% owner-occupied
Construction Type	Wood Siding
Construction Quality	Average
Condition	Average to Fair
Year Built/Renovated	According to the Denton County Appraisal District, the single family residence was constructed in 1956 (59 years actual age).
Residence Comments	<p>The subject residence is considered to be in average to fair condition and has a wood siding exterior with a composite shingle roof. The exterior of the residence has not received major renovations that would significantly reduce the effective age. The interior of the residence features vinyl floors in the bathroom and kitchen and carpet floors in the bedrooms, hallway and living room. The interior also features painted wood siding. The ceilings are textured and painted sheetrock with ceiling fans in the bedrooms and living room. The kitchen has a gas stove/range and veneer counter tops. The residence has a single gas heater for central heating and window units for air conditioning (no central heat or air available). The interior of the residence has not received major renovations that would significantly reduce the effective age.</p> <p>The residence has a covered porch with concrete slab on the west side of the residence and a wood deck with steps on the east side of the residence. It is noted that there is no covered parking available.</p>

In addition, there is a metal shed, wood shed, underground storm cellar and well house along with related site improvements located on the property.

Improvements Analysis

Quality and Condition

The quality and condition of the subject is considered to be consistent with that of competing properties of similar age.

Functional Utility

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence.

Deferred Maintenance

No deferred maintenance is apparent from our inspection.

ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Conclusion of Improvements Analysis

Overall, the quality, condition, and functional utility of the improvements are average to fair for their age and location. However, as noted previously, these improvements are not consistent with the highest and best use of the property and are considered to have interim use value only. Therefore, these improvements have not been valued in our analysis herein. Please refer to the highest and best use section for a more detailed discussion.



Overall view of the single family residence located on the subject property (Photo Taken on 9/29/2015)



View of the metal shed on the subject property (Photo Taken on 9/29/2015)



View of the well house on the subject property (Photo Taken on 9/29/2015)



View of the wood shed on the subject property (Photo Taken on 9/29/2015)



View of the underground storm cellar on the subject property (Photo Taken on 9/29/2015)



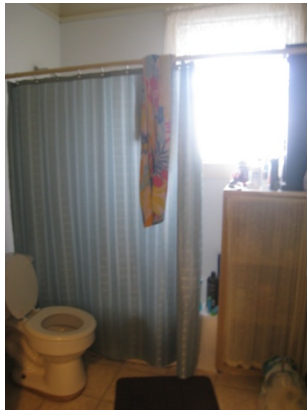
View of the dining room (Photo Taken on 9/29/2015)



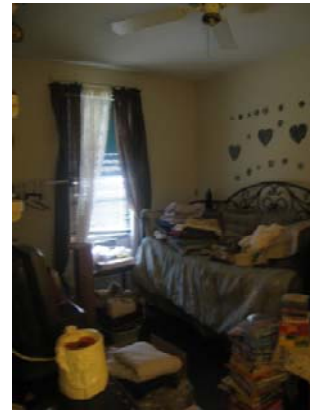
View of the master bedroom
(Photo Taken on 9/29/2015)



View of the living room
(Photo Taken on 9/29/2015)



View of the bathroom
(Photo Taken on 9/29/2015)



View of a typical bedroom
(Photo Taken on 9/29/2015)



View of kitchen
(Photo Taken on 9/29/2015)



Overall rear view of the single family residence on the
subject property
(Photo Taken on 9/29/2015)



View looking south along N. Bonnie Brae Street
(Photo Taken on 9/29/2015)



View looking north along N. Bonnie Brae Street
(Photo Taken on 9/29/2015)



View looking north along existing power line easement
(Photo Taken on 9/29/2015)



Overall view of the subject property
(Photo Taken on 9/29/2015)



View looking west along Riney Road
(Photo Taken on 9/29/2015)



View looking east along Riney Road
(Photo Taken on 9/29/2015)

Real Estate Taxes

The subject property is located in Denton County. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate. The composite rate is based on a consistent state tax rate throughout the state, in addition to one or more local taxing district rates.

The taxes and assessments for the current tax year are shown in the following table.

Property Tax ID Number(s)	216880
Land Assessment	\$26,600
Building Assessment	\$27,900
Total Assessment	\$54,500
Exemption	N/A
Tax Rate	2.50195%
Indicated Tax Liability	\$1,364

Tax records indicate that the site has 1.330 acres, or 57,935 square feet, indicating a land assessment of \$0.46 per square foot of land area. The building size stated on the tax records is 1,290 square feet, indicating a total assessment of \$42.25 per square foot of building area. These assessment figures do not include any exemptions. Based on our investigations, analyses and conclusions in this report, the assessed value of the subject property for the current tax year appears to be low.

Assessment valuations, when compared to market valuations, are different due to multiple factors that are outside of the scope of this analysis, which include methodology, purpose, and variations in opinion. Furthermore, the size of a property as described in the tax records may differ from the size described in the most recent last legal description or survey of the subject. Tax records utilize different techniques for determining property boundaries than do surveyors, including consideration of Geographic Information Systems (GIS) protocols and are generally given less credence than an on-the-ground survey of a property. When current plat, survey or metes and bounds descriptions are not available, tax record estimates can still be sufficient to develop a credible opinion of value.

Whole Property Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

Applicability of Valuation Approaches

As noted previously, it is the appraiser's opinion that the main improvements are not consistent with the highest and best use and are considered to have interim use value only. Therefore, these improvements have not been valued in our analysis herein. As such, the sales comparison approach for valuation of the land is used in this analysis. The sales comparison approach for improved property is used in the highest and best use analysis as evidence that the improvements have interim use value only. In addition, the income approach, specifically a discount cash flow analysis, has been used to develop this interim use value of the single family residence. The cost approach is not applicable.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. The site is gently sloping and open. As stated previously, there is an existing power line traversing the property along the western property line. Development within this encumbered area would be limited to some extent. Overall, the physical characteristics of the site result in functional utility suitable for a variety of uses. It is noted that the site lacks access to public water and sewer.

Legally Permissible

The site is zoned “NRMU-12 – Neighborhood Residential Mixed Use 12” which is for a variety of mixed uses. Permitted uses include a number of single family residential, commercial, retail and office uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only mixed use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently limited demand for a mixed use in the subject’s area. It appears that a newly developed mixed use on the site would not have a value commensurate with its cost. Therefore, mixed use is not considered to be financially feasible at the current time.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the property for future development of a mixed use. Accordingly, it is our opinion that holding the property for future development of a mixed use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Holding the property for future development of a mixed use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

The subject is improved with a single family residence, metal shed, wood shed, underground storm cellar, well house and related site improvements. The current value indication for the subject property, as vacant, exceeds the indicated value of the site as improved. In other words the current single family residence, accessory improvements and site improvements do not contribute value to the property. The existing improvements are not considered to be the highest and best use of the property. The following discussion summarizes our valuation of the site as improved to demonstrate the improvements do not contribute value to the site.

The existing land value as estimated herein is \$145,273 which equates to a price per square foot across the single family residence (size of 1,186 square feet) of \$122.49. Thus, comparable sales of similar single family residences within the market would have to exceed the aforementioned strike price. The following comparable sales were located that provide a typical value indication range for the subject's asset type.

No.	Address	Size (SF)	Bedrooms	Bathrooms	Year Built	Sale Date	Sale Price
1	1320 Neff Street, Denton	1,384	3	1	1950	6/3/2015	\$57.80
2	1010 E. Hickory Street, Denton	1,068	2	1	1964	8/29/2015	\$74.81
3	4009 Atlas Drive, Denton	1,032	3	1.1	1965	9/8/2015	\$81.40
4	1515 Oakwood Drive, Denton	1,001	2	1	1955	8/6/2015	\$84.92
5	1323 Norman Street, Denton	1,064	3	1	1940	6/26/2015	\$86.94
6	2003 Boyd Street, Denton	1,345	3	1	1958	2/27/2015	\$89.14
7	316 Panhandle Street, Denton	1,034	2	1	1963	5/29/2015	\$97.68

As shown above, the range of values per square foot extracted from the market of similar asset types are \$57.80 to \$97.68 with an average of \$81.81 per square foot. Thus, the value of \$122.49 per square foot is much greater than the aforementioned range suggesting that the underlying land value exceeds the value of the improvements.

Based on the sale analysis, it appears that operation of the subject property in its present use is considered an interim use¹⁰ with marginal value if any. Redeveloping the site in the near future does appear to be an alternative use that could reasonably be expected to provide a higher present value than the current use as the value of the existing improved property does not exceed the value of the site, as if vacant. For these reasons, redevelopment of the site for a future mixed use is concluded to be maximally productive, and the highest and best use of the property as improved.

When appropriate the subject site should be redeveloped with a commercial, retail, office, residential or multi-family use. We have used a holding period of 5 years in our interim use value analysis shown on the following page. Therefore, this is considered appropriate timing for redevelopment as it is based on the typical real estate cycle of five to seven years.

¹⁰ The temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use.

As previously discussed, the neighborhood surrounding the subject property is in the initial stages of redevelopment. It is difficult to forecast exactly when demolition of existing improvements and redevelopment will occur. It is likely that redevelopment of the subject property will not happen immediately. Thus, an interim use value exists to the current owner given that the existing improvements provide (or could potentially provide) an income stream that either offsets the holding costs attributable to the land or even exceeds these costs. In order to calculate the interim use value the appraiser's first estimated the market rent by analyzing the comparable rentals summarized in the following table.

No.	Address	Size (SF)	Bedrooms	Bathrooms	Year Built	Lease Date	Lease Price
1	1116 Norman Street	720	3	1	1946	Aug-15	\$750
2	708 Juno Lane, Denton	824	3	1	1960	Mar-15	\$850
3	702 Campbell Lane, Denton	909	3	1	1960	Jan-15	\$900
4	3909 Atlas Drive, Denton	1,016	3	1	1965	Apr-15	\$925
5	800 Audra Lane, Denton	1,336	3	1	1949	Jan-15	\$950
6	1708 Boyd Street, Denton	1,200	3	1	1955	Mar-15	\$1,050
7	1203 Peak Street	1,156	3	1	1955	Jun-15	\$1,295

As shown above, the range of lease prices extracted from the market of similar asset types are \$750 to \$1,295 with an average of \$960. Placing equal weight on these rentals, we estimated a market rent of **\$950** per month. Therefore, the potential gross income is **\$11,400** per year (\$950 per month x 12 months). This potential gross income was utilized in the pro forma below along with the following other estimates with regard to income.

- The insurance estimate utilized is based on research in the subject's market for similar rental property.
- The management fees at 3% of the effective gross income.

PRO FORMA

Potential Gross Income		\$	11,400		
Reimbursement Income		\$			
Other Income		\$			
Potential Gross Income		\$	11,400		
Vacancy 5.0%		\$	-570		
Other Income		\$			
Effective Gross Income				\$	10,830
Expenses:		\$			
Fixed Taxes		\$	1,364		
Insurance		\$	1,300		
Variable Management		\$	325		
Other Reserves		\$			
Total Expenses				\$	2,989
NOI				\$	7,841

Therefore, annual net operating income is estimated at \$7,841 which is utilized in the interim use analysis that follows.

- We conclude that the increasing age of the subject's improvements offset any growth rate; therefore, the rental growth rate is estimated at zero. We estimate the total expense growth rate at 3.0%. This is attributable to current economic conditions and projected conditions moving forward in time.
- Discount rate is estimated at 12%. This is based on typical discount rates witnessed within the market and taking into consideration that the subject property is not an institutional grade property, which considers its age and utility.
- Holding period is estimated at 5 years based on a typical real estate cycle of five to seven years.

Based on the aforementioned information, the following net operating income levels are projected for the subject property. The appraisers then discount the projected net operating income streams to acquire a net present value, while considering demolition costs in year five.

Interim Use Value Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income	\$7,841	\$7,606	\$7,378	\$7,156	\$6,942
Less Demolition Costs					(\$5,930)
Net Income less Demo Cost	\$7,841	\$7,606	\$7,378	\$7,156	\$1,012
PV Factor @ 12%	0.8929	0.7972	0.7118	0.6355	0.5674
PV of Cash Flow	\$7,001	\$6,063	\$5,251	\$4,548	\$574
Net Present Value	\$23,437				
Interim Value of Improvements	\$23,500				

As shown above the net present value of the future anticipated income stream is about \$23,437; resulting in an interim use value of about \$23,500 (rounded).

Land Valuation

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

- Location: City of Denton
- Size: 0.50 Acres to 5 Acres
- Use: Mixed Uses
- Transaction Date: October 2012 to Present

For this analysis, we use price per square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following pages.

Sales Comparison Approach – Land Whole Property

Land Sale 1: Neighborhood Commercial Land



NWC of FM 1173 & IH 35E, Denton, Texas 76207

Sale (Deed) Date	7/1/13
Recording Doc	2013-84047
Zoning	RCC-N - Regional Center Commercial Neighborhood
Highest and Best Use	Commercial
Utilities	Water and Electric
Flood Plain	None
Land Size (SF)	173,064
Land Size (Acres)	3.973
Effective Sale Price	\$475,000
Sale Price per SF	\$2.74
Sale Price per Acre	\$119,557
Latitude & Longitude	33.259973, -97.179073

Grantor (Seller): Clinton E. and Mary Anne Ownes

Grantee (Buyer): Westglen Partners, Ltd.

Verified With: Denton County Appraisal District,

Legal Description/Tax ID: Being a tract of land situated in the B.B.B. & C.R.R. Company Survey, Abstract No. 141, City of Denton, Denton County, Texas

50% of the mineral rights were retained by the seller. The site was purchased by an entity owned by Kent Key who is a custom home builder in the Denton area likely as an investment.

Land Sale 2: Mixed Use Land**SWQ of Highway 77 (N. Elm Street) & Riney Road, Denton, Texas 76207**

Sale (Deed) Date	1/9/15
Recording Doc	2015-6572
Zoning	NRMU-12 - Neighborhood Residential Mixed Use 12
Highest and Best Use	Mixed Use
Utilities	All to Site
Flood Plain	None
Land Size (SF)	45,477
Land Size (Acres)	1.044
Effective Sale Price	\$115,000
Sale Price per SF	\$2.53
Sale Price per Acre	\$110,153
Latitude & Longitude	33.245643, -97.14396

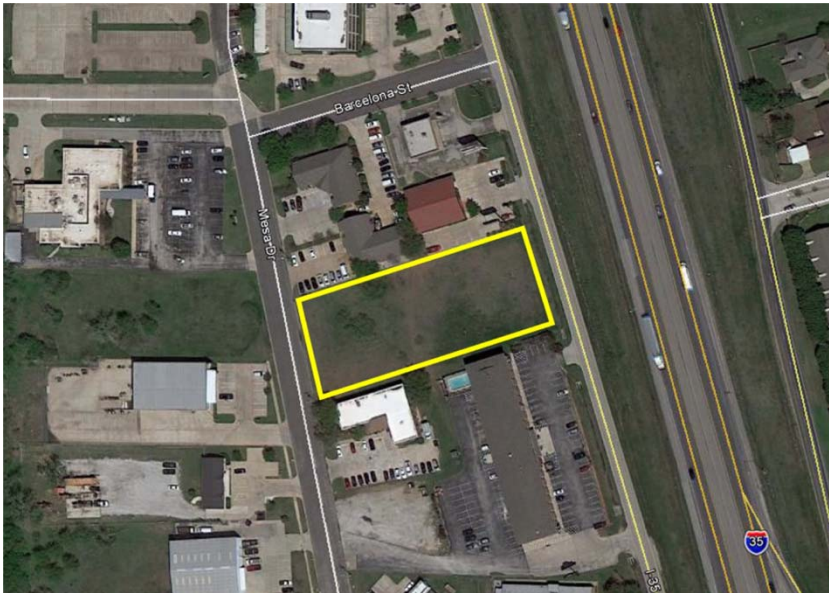
Grantor (Seller): Jana Anderson

Grantee (Buyer): Brad and Brock Andrus

Verified With: Listing Broker

Legal Description/Tax ID: Being a tract of land situated in the N.M. Meisenheimer Survey, Abstract No. 810, City of Denton, Denton County, Texas

The broker was unsure about the intentions of the buyers.

Land Sale 3: Neighborhood Commercial Land

W/L of IH 35E, E/L of Mesa Drive, North of Los Colinas, Denton, Texas 76207

Sale (Deed) Date	12/31/13
Recording Doc	2014-1091
Zoning	RCC-N - Regional Center Commercial Neighborhood
Highest and Best Use	Commercial
Utilities	All to Site
Flood Plain	None
Land Size (SF)	50,373
Land Size (Acres)	1.156
Effective Sale Price	\$245,000
Sale Price per SF	\$4.86
Sale Price per Acre	\$211,938
Latitude & Longitude	33.234504, -97.176514

Grantor (Seller): Lenihan Family Holdings, LLC

Grantee (Buyer): Yorlum Investments, Ltd.

Verified With: Kim Hall, Listing Broker

Legal Description/Tax ID: Part of Lot 2, Block A, of the Replat of Lot 2, Block A, Section 2, Freeway Park Subdivision, an addition to the City of Denton, Denton County, Texas

The broker stated that the buyers purchased the property to put a business on the site.

Land Sale 4: Mixed Use Land**S/L of Highway 377 (University Drive), West of Redwood Place, Denton, Texas 76209**

Sale (Deed) Date	10/15/12
Recording Doc	2012-118107
Zoning	NRMU-12 - Neighborhood Residential Mixed Use 12
Highest and Best Use	Mixed Use
Utilities	All to Site
Flood Plain	None
Land Size (SF)	100,362
Land Size (Acres)	2.304
Effective Sale Price	\$177,500
Sale Price per SF	\$1.77
Sale Price per Acre	\$77,040
Latitude & Longitude	33.233375, -97.113954

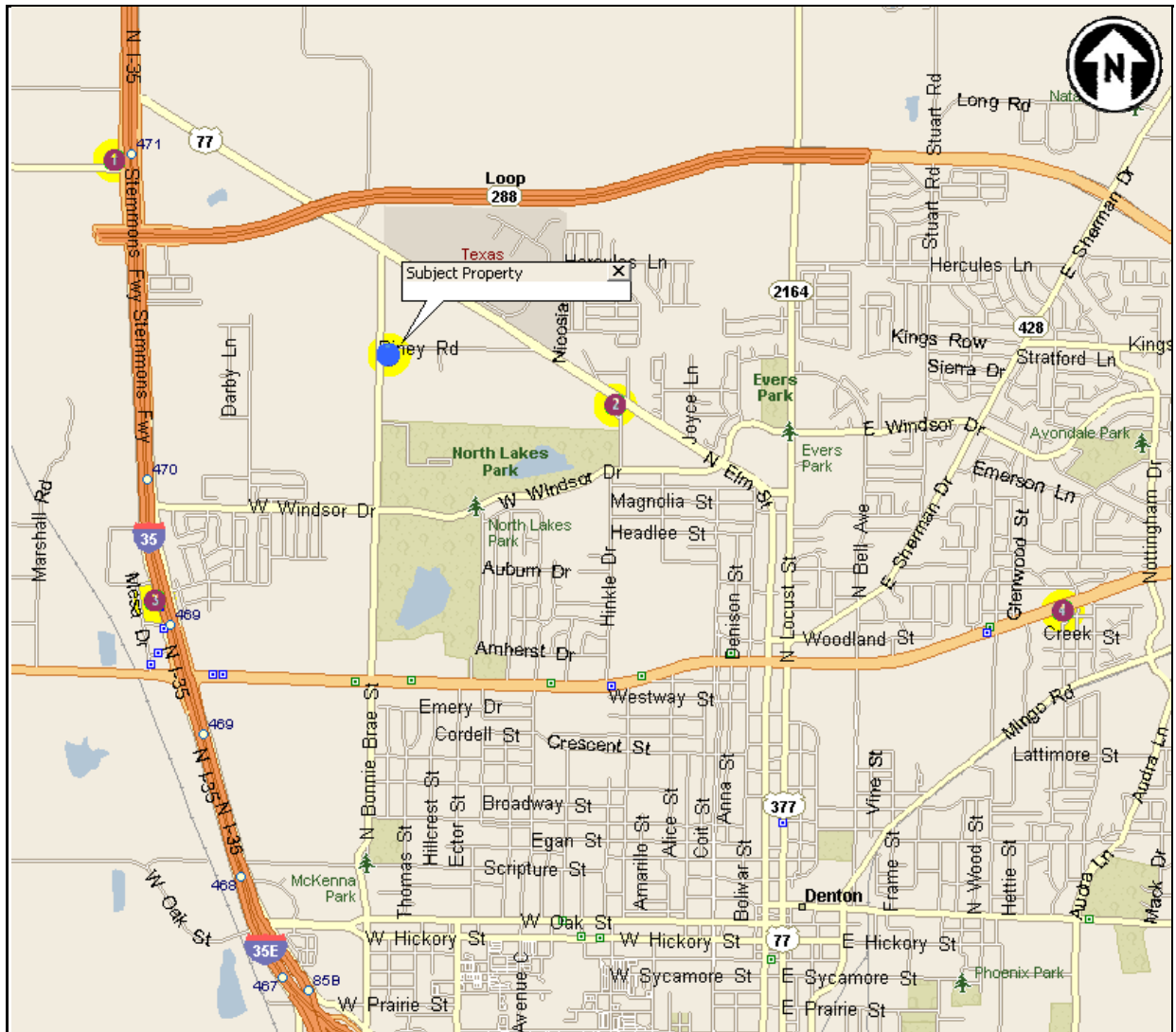
Grantor (Seller): Mary Ann Haeussler

Grantee (Buyer): John R. Porter

Verified With: Denton County Appraisal District,

Legal Description/Tax ID: Being a tract of land situated in the J.D. Lilly Survey, Abstract No. 762, City of Denton, Denton County, Texas

Comparable Land Sales Map



Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are made as shown below.

VALUATION GRID		Representative Comparable Sales			
	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4
Grantor	-	Clinton E. and M...	Jana Anderson...	Lenihan Family H...	Mary Ann Haeussl...
Grantee	-	Westglen Partner...	Brad and Brock A...	Yorlum Investmen...	John R. Porter...
Date of Sale	9/29/2015	7/1/2013	1/9/2015	12/31/2013	10/15/2012
Relative Location	Denton	Denton	Denton	Denton	Denton
Size (Acres)	1.334	3.973	1.044	1.156	2.304
Size (Square Feet)	58,109	173,064	45,477	50,373	100,362
Sale Price	-	\$475,000	\$115,000	\$245,000	\$177,500
Unit Price	Per SF	\$2.74	\$2.53	\$4.86	\$1.77
Property Rights					
Financing					
Condition of Sale					
Date of Sale (Annual Adjustment)	3.0%	7%	2%	5%	9%
Adjusted Price	Per SF	\$2.93	\$2.58	\$5.10	\$1.93
Location	Denton	-10%	-5%	-20%	-20%
Physical Characteristics					
Size	1.334 acres	15%			5%
Utilities	Electric	-5%	-10%	-10%	-10%
Legal Encumbrances	Power line	-10%	-10%	-10%	-10%
Topography/Flood	Level/None				
Zoning/Use Potential	NRMU-12 / Mixed Use				
Shape					25%
Total Adjustments		-10%	-25%	-40%	-10%
Indicated Unit Value		\$2.64	\$1.94	\$3.06	\$1.74
Estimated Unit Value					\$2.50

Estimated Value by Sales Comparison Approach..... **\$145,273**

The adjustment process is typically applied through either quantitative or qualitative analysis. Quantitative adjustments are often developed as dollar or percentage amounts, while qualitative adjustments are simply expressed through relative comparison (i.e. significantly inferior). Quantitative adjustments are most applicable when the quality and quantity of data allows paired sales or statistical analysis. Given the availability of data and imperfect nature of the real estate market, participants most often rely on relative or qualitative comparisons.

Combining the benefits of both qualitative and quantitative analysis, a blended adjustment technique is generally used. This is accomplished through pre-assigning quantitative adjustments for relative comparison. The chart on the following page illustrates the blended adjustment technique.

Blended Adjustments	
Relative Comparisons	Pre-Assigned Quantitative Adjustment
Slight Adjustment	5%
Moderate Adjustment	10%
Fair Adjustment	15%
Significant Adjustment	20%
Large Adjustment	25% plus

Market participants can often identify superior or inferior characteristics when comparing properties. Without paired sales or statistical information, applying quantitative adjustments to reflect the differences is often problematic or subjective. For this analysis, the above listed quantitative adjustments reflect the need for slight, moderate, fair, significant, or large adjustments.

The research in the market included property that has sold in addition to property listed for sale. Four land sales were selected for direct comparison and adjusted accordingly. Before adjustment for physical characteristics of each comparable are made, the sales are adjusted for real property rights conveyed, financing terms, condition of sale and time (market conditions). For this analysis, each sale is adjusted by 3.0% per year to allow for changing market conditions since the time of the transaction.

The above adjustments are applied to arrive at an adjusted price before the following adjustments:

Land Sale 1 is considered superior with respect to location due to the site being located in a more developed sector of the City of Denton with frontage along Interstate 35. A downward adjustment was made. Land Sale 1 is adjusted upward for its larger size. This upward adjustment is based on the inverse relationship expected between size and unit price. Land Sale 1 has superior utility access due to the site having access to public water. A downward adjustment was made. In addition, Land Sale 1 is considered superior to the subject property with respect to legal encumbrances due to the subject having an existing power line traversing the property. A downward adjustment was made.

Land Sale 2 is considered superior with respect to location due to the site having Highway 77 frontage. A downward adjustment was made. Land Sale 2 has superior utility access due to the site having access to public water and sewer. A downward adjustment was made. In addition, Land Sale 2 is considered superior to the subject property with respect to legal encumbrances due to the subject having an existing power line traversing the property. A downward adjustment was made.

Land Sale 3 is considered superior with respect to location due to the site being located in a more developed sector of the City of Denton with frontage along Interstate 35. A downward adjustment was made. Land Sale 3 has superior utility access due to the site having access to public water and sewer. A downward adjustment was made. In addition, Land Sale 3 is considered superior to the subject property with respect to legal encumbrances due to the subject having an existing power line traversing the property. A downward adjustment was made.

Land Sale 4 is considered superior with respect to location due to the site being located in a more developed sector of the City of Denton with frontage along Highway 377. A downward adjustment was made. Land Sale 4 is adjusted upward for its larger size. This upward adjustment is based on the

inverse relationship expected between size and unit price. Land Sale 4 has superior utility access due to the site having access to public water and sewer. A downward adjustment was made. Land Sale 4 is considered superior to the subject property with respect to legal encumbrances due to the subject having an existing power line traversing the property. A downward adjustment was made. In addition, Land Sale 4 has an irregular shape and an upward adjustment was made.

Land Value Conclusion

Based on the preceding analysis and adjustments, the comparable sales provide a range of value indications from \$1.74 to \$3.06 per square foot with an average of \$2.35 per square foot. The least amount of weight was placed on Land Sale 4 due to the amount of gross adjustments required. Therefore, it is our opinion that the applicable unit value is \$2.50 per square foot. This results in a concluded property value as follows:

	Unit Price		Land Area	Concluded Land Value
Fee Land Area	\$2.50 / SF	@	58,109 SF	\$145,273
Whole Land Total:				\$145,273

Reconciliation and Conclusion of Value

Reconciliation involves the analysis of alternative value indications to determine a final value conclusion. The appraisal of real estate typically employs three traditional valuation methods: the Sales Comparison Approach, the Cost Approach, and the Income Approach. The values indicated by the applicable approaches are as follows:

Value Indications - Whole Property	
Cost Approach	N/A
Sales Comparison Approach (Land Only)	\$145,273
Income Capitalization Approach	N/A

In this case the combined value of the sales comparison approach for the land and the income approach for the interim value of the improvements is given sole weight.

Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the market value as of 9/29/2015, which is appraised as vacant land with interim use value, is **\$168,773**. The breakdown of this value is shown below:

$$\$145,273 \text{ (Land Value)} + \$23,500 \text{ (Interim Use Value)}$$

Exposure Time and Most Probable Buyer

The above expressed opinion of value is based upon an estimated exposure time (i.e., the length of time the subject property would have been exposed for sale in the market at the market value concluded in this analysis as of the date of this valuation) of about 12 months.

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer or investor.

Conclusion and Compensation Summary

The previous data has been considered for an indication of permanent damages or enhancements to the subject property. Typically, enhancements to the Remainder After property are applied to off-set damages to the Remainder After property. However, enhancements do not off-set compensation for the Part to be Acquired.

Based on the analysis and conclusions in this report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the compensation for the acquisition of the herein described property as of 9/29/2015, is calculated as follows:

Determination of Compensation		
Whole Property Value	\$168,773	
Part To Be Acquired		\$168,773
Remainder Before the Acquisition	N/A	
Remainder After the Acquisition	N/A	
Damages (or Enhancements)		\$0
Total Compensation		\$168,773

Certification

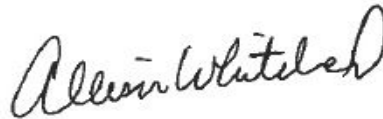
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction 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.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. We have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
11. It is our opinion that the subject does not include any enhancement in value as a result of any natural, cultural, recreational or scientific influences retrospective or prospective.
12. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
13. We have performed no other 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.

14. Gregory B. Cook, SR/WA and Allison Whitehead, RWA made a personal inspection of the property that is the subject of this report.
15. No one provided significant real property appraisal assistance to the persons signing this certification.
16. As of the date of this report, Gregory B. Cook, SR/WA, has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Gregory B. Cook, SR/WA
Senior Managing Director
Certificate # TX-1329987-G



Allison Whitehead, RWA
Senior Analyst
Certificate # TX-1380451-G

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and is subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during

- the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. Unless otherwise stated in the report, no studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – DFW, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – DFW is not a building or environmental inspector. Integra DFW does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, curative measures, repairs or alterations in a workmanlike manner.
 24. If condemnation proceedings become necessary, this appraiser must be engaged or notified to proceed in writing in order to testify to an updated opinion reflecting the value of the whole property, the part to be acquired, the value of the entire remainder prior to the acquisition and the value of the entire remainder after the acquisition, reflecting any change in the size or

- character of the land and/or changes in number and/or conditions of the improvements located thereon.
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
 26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
 27. The appraisal is also subject to the Extraordinary Assumptions and Hypothetical Conditions described in the body of the report.

Addendum A

Appraiser Qualifications

Gregory B. Cook, SR/WA

Experience

Senior Managing Director for the Fort Worth office of Integra Realty Resources DFW, LLC, a full service real estate consulting and valuation firm. Mr. Cook has been an appraiser of all types of real property since January 1995 including, but not limited to, shopping centers, apartment complexes, industrial facilities, automobile race track, raw and developed land, office complexes, cemeteries, and mixed use developments. Mr. Cook has testified in a number of Special Commissioner's hearings as an expert on real estate value. Mr. Cook was employed as a staff appraiser for Sherwood & Associates upon graduation from Texas A&M University. He then became employed by Appraisal Data Services, Inc. upon the merger of Sherwood & Associates and Loughry Appraisal Co., Inc. in 1996. Later, Appraisal Data Services merged with Lambis Consulting to form Integra Realty Resources DFW.

Professional Activities & Affiliations

International Right-of-Way
Appraisal Institute – Candidate for Designation
Leadership Advisory Council formerly the Young Advisory, Council of the Appraisal Institute
Society of Texas A&M Real Estate Professionals
Texas A&M Letterman
Chapter 36 IRWA President 2010-2011
Chapter 36 IRWA Vice President 2009
Chapter 36 IRWA Education Co-Chair, Region 2, IRWA 2008
Chapter 36 IRWA Treasurer 2008
Chapter 36 IRWA Secretary 2007
Chapter 36 IRWA Professional of the Year Award 2007
Agent Region II 2010
Fort Worth Business Press Award 40 Under 40 Honoree 2009
Chapter 36 IRWA Director 2011
Designated Senior Right-of-Way Agent (SR/WA)

Licenses

Oklahoma, Certified General Real Estate Appraiser, 12946CGA, Expires March 2018
Texas, Certified General Real Estate Appraiser, TX-1329987-G, Expires March 2017

Education

Master of Agriculture, Specializing in Land Economics & Real Estate,
Texas A&M University, College Station, Texas 1994

Bachelor of Science
Texas A&M University, College Station, Texas 1993

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, the International Right-of-Way Association, and others.

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000062

Allison Whitehead, RWA

Experience

Ms. Whitehead is a Senior Analyst for the Fort Worth office of Integra Realty Resources DFW, LLC, a full service real estate consulting and appraisal firm. Ms. Whitehead joined IRR, DFW as an intern in May 2009 and accepted an analyst position upon graduating with her graduate degree from Texas A&M University in December 2010.

Ms. Whitehead has assisted in valuation and consulting services on various property types working extensively on eminent domain assignments.

Professional Activities & Affiliations

International Right of Way Association, Member
Fort Worth Chamber of Commerce
Greater Fort Worth Real Estate Council (GFWREC), Young Leaders Council
Society of Texas A&M Real Estate Professionals, Member (STAMREP)
The Junior League of Fort Worth
Appraisal Institute, Central Texas Chapter

Licenses

Texas, General Real Estate Appraiser, TX 1380451 G, Expires June 2017

Education

Bachelor of Business Administration in Marketing
Texas A&M University, College Station, Texas 2008

Master of Real Estate
Texas A&M University, College Station, Texas 2010

Master's Degree Coursework

- Real Property Valuation
- Real Property Finance and Analysis
- Financing Real Estate Investments
- Commercial Real Estate Law
- Real Estate Development Analysis
- Real Property GIS Applications
- Land Economics
- Analysis of Money and Capital Markets
- Negotiations

Additional Appraisal Institute Courses

- Standards of Professional Appraisal Practice (USPAP)
 - General Appraiser Site Valuation and Cost Approach

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Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 62 independently owned and operated offices in 34 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins., MAI, FRICS	MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS	MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS	NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS	NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS	NEW JERSEY COASTAL - Halvor J. Egeland, MAI
BOSTON, MA - David L. Cary, Jr., MAI, MRICS	NEW JERSEY NORTHERN - Barry J. Krauser, MAI, CRE, FRICS
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI	NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS	ORANGE COUNTY, CA - Larry D. Webb, MAI, FRICS
CHICAGO, IL - Eric L. Enloe, MAI, FRICS	ORLANDO, FL - Christopher Starkey, MAI, MRICS
CINCINNATI, OH - Gary S. Wright, MAI, FRICS, SRA	PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
CLEVELAND, OH - Douglas P. Sloan, MAI	PHOENIX, AZ - Walter 'Tres' Winius III, MAI, FRICS
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM	PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS	PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS	PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA	RALEIGH, NC - Chris R. Morris, MAI, FRICS
DENVER, CO - Brad A. Weiman, MAI, FRICS	RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS	SACRAMENTO, CA - Scott Beebe, MAI, FRICS
FORT WORTH, TX - Gregory B. Cook, SR/WA	ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS	SALT LAKE CITY, UT - Darrin W. Liddell, MAI, CCIM, FRICS
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM	SAN ANTONIO, TX - Martyn C. Glen, MAI, CRE, FRICS
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS	SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS	SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS	SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
JACKSON, MS - J. Walter Allen, MAI, FRICS	SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS	SEATTLE, WA - Allen N. Safer, MAI, MRICS
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS	SYRACUSE, NY - William J. Kimball, MAI, FRICS
LAS VEGAS, NV - Charles E. Jack IV, MAI	TAMPA, FL - Bradford L. Johnson, MAI, MRICS
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS	TULSA, OK - Robert E. Gray, MAI, FRICS
LOS ANGELES, CA - Matthew J. Swanson, MAI	WASHINGTON, DC - Patrick C. Kerr, MAI, SRA, FRICS
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS	WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
MEMPHIS, TN - J. Walter Allen, MAI, FRICS	CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS
MIAMI/PALM BEACH, FL - Scott M. Powell, MAI, FRICS	

Corporate Headquarters

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Raymond T. Cirz, MAI, CRE, FRICS
Chairman of the Board – rcirz@irr.com

John R. Albrecht
CEO – jalbrecht@irr.com

Addendum B

Definitions

DEFINITIONS

Unless otherwise noted, these definitions have been extracted, solely or in combination, from definitions and descriptions printed in:

- Uniform Standards of Professional Appraisal Practice, 2014-2015 Edition (USPAP)
- The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, IL: Appraisal Institute, (Dictionary)
- The Appraisal of Real Estate, Fourteenth Edition, Chicago, IL: Appraisal Institute, 2013 (The Appraisal of Real Estate)

Accrued Depreciation

The difference between the reproduction or replacement cost of the improvement cost of the improvements and the market value of the improvements. (Dictionary)

Appraisal

The act or process of developing an opinion of value; an opinion of value. (USPAP)

Assignment

A valuation service provided as a consequence of an agreement between an appraiser and a client. (Dictionary)

Compensable Damages

Damages for which a condemnor is legally required to compensate the owner or tenant of the property that is being wholly or partially condemned. In most jurisdictions, physical invasion of the property by a condemning authority or the taking of some property right must occur before damages are considered compensable. (Dictionary)

Community Damages

Damages resulting from a public project that are borne by the “community” at large and which are not specific to singular properties (special damages). These damages include loss of visibility, diversion of traffic, circuitous access and construction inconvenience. State v. Schmidt, 867 S.W.2d 769 (Tex. 1993)

Deferred Maintenance

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Easement Interest

An interest in real property that transfers use, but not ownership, of a portion of an owner's property. (The Appraisal of Real Estate)

Effective Date

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. (Dictionary) For the purposes of IRR - DFW, the effective date may be the date of inspection, date of special commissioners hearing, date of acquisition, or some prospective date based upon the needs of the client and purpose of the assignment, as described in the body of the report.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued independently.

Surplus Land: Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

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

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of the land or improved property-specific with respect to the user and the timing of the use- that is adequately supported and results in the highest present value. (Dictionary)

Intended Use

The use or users of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communications with the client at the time of the assignment. (USPAP)

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 communication with the client at the time of the assignment. (USPAP)

Jurisdictional Exception

An assignment condition that voids the force of part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment. (USPAP)

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of the current zoning in the zone where it is located. (Dictionary)

Lease

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e, a lease).

Leasehold Interest

The tenant's possessory interest created by a lease.

Lease Type

Full Service Lease or Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses.

Full Service + Tenant Electric Lease or Gross + Tenant Electric Lease: A lease in which the tenant pays electric charges for its space but in other respects is a full service or gross lease as defined above. Tenant electric is often abbreviated as "TE". (Source: *Integra Realty Resources*)

Modified Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.

Net Lease: A general term for a lease in which the tenant pays all or most of the operating and fixed expenses of a property. Whenever the term net lease is used, an analyst should identify the specific expense responsibilities of the tenant and owner. (Source: *Integra Realty Resources*)

Triple Net Lease: A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, net net net, or fully net lease.

Absolute Net Lease: A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant.

Load Factor

A measure of the relationship of common area to usable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area: $\text{Load Factor} = (\text{Rentable Area} - \text{Usable Area}) / \text{Usable Area}$. Also known as add-on factor.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

Market Value

Market Value is defined by *City of Austin v. Cannizzo*, 267 S.W. 2d 808 (Tex 1954) as being:

“The price the property would bring when offered for sale by one who desires to sell, but is not obliged to sell, and is bought by one who desires to buy, but is under no necessity of buying, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is, or in all reasonable probability, will become available within the reasonable future.”

Market Value is defined by the Dictionary as follows:

“The most probably price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely reveal terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

Market Value is defined by USPAP as:

“A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.” USPAP also requires the following be identified:

- Identification of the specific property rights being appraised.
- Statement of the effective date of value.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed.
- Upon what conditions the terms are based, including interest rates being above or below market, other incentives, and their affect on value.

Federal agencies mandate different definitions of Market Value.

Partial Taking

The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of just compensation. (Dictionary) Also called “partial acquisition.”

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Real Property

All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Stabilized Income

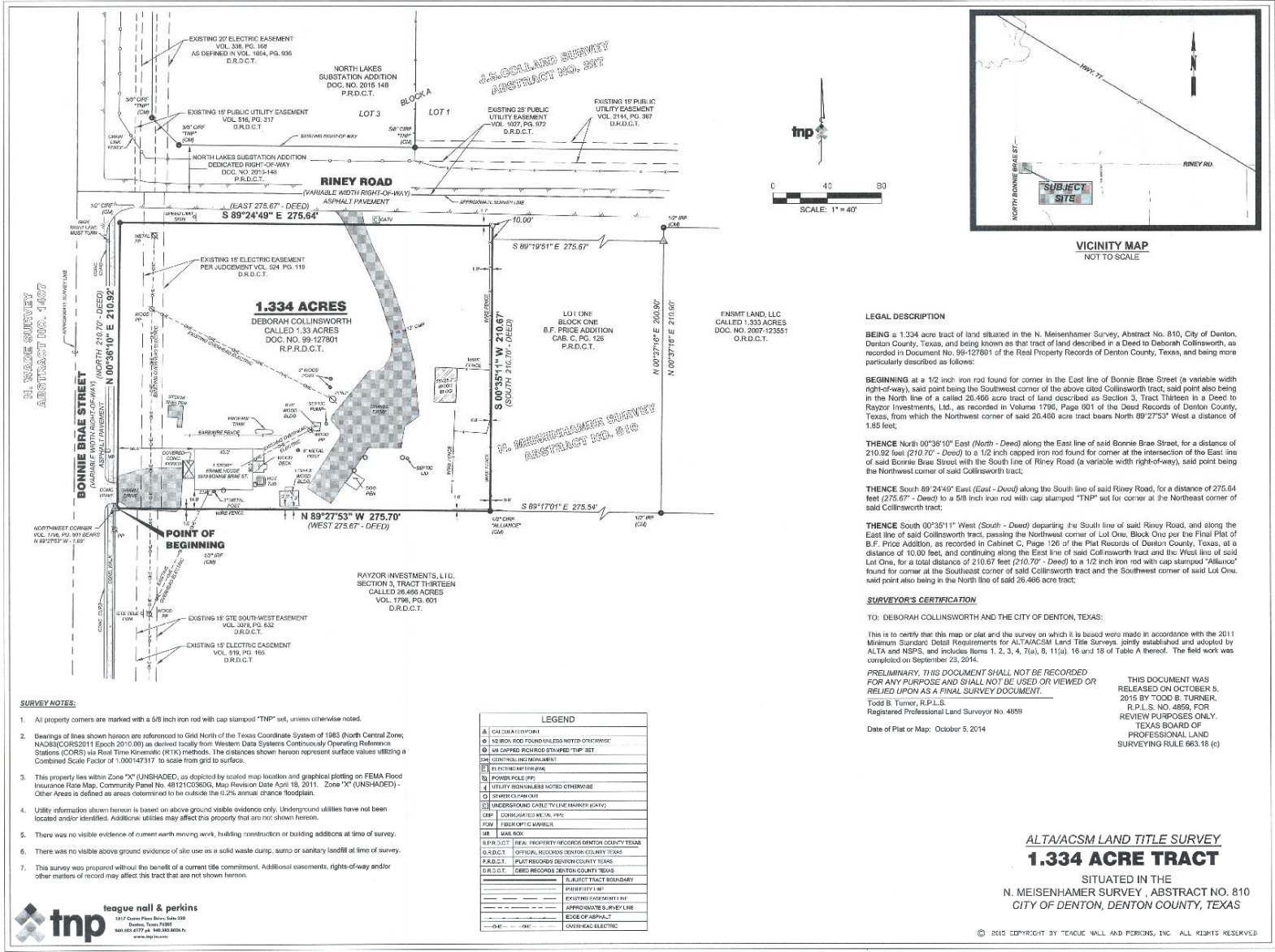
Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

Value

The monetary relationship between properties and those who buy, sell, or use the properties. Value expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified – for example, market value, liquidation value, or investment value. (Appraisal Institute Code of Professional Ethics, 2003)

Addendum C

Project/Survey Maps And Legal Descriptions



Addendum D

Engagement Letter

From: Nicole Costanza [<mailto:bounces@e-builder.net>]
Sent: Thursday, September 10, 2015 11:22 AM
To: Allison Whitehead
Subject: Appraisal Order - Bonnie Brae to North Lakes - Collinsworth Property

North Lakes to Bonnie Brae 69kV TM Line

From	Nicole Costanza
To	
CC	

Allison,

Please prepare an appraisal on the property referenced above. This will be a fee purchase.

Thanks,

Nikki

Addendum E

Property Information

Denton Central Appraisal District - PropertyDetails

Property Details for account 216880Exemptions: **HS (Homestead)****Tax Information**

The Denton Central Appraisal District is not responsible for the assessment or collection of taxes for this or any other property. If you have a question regarding your tax bill please contact the **Denton County Tax Assessor / Collector**.

General Information

Property ID	216880
Geographic ID	A0810A-000-0045-0000
Legal Description	A0810a N.h. Meisenheimer, Tr 45, 1.33 Acres
Situs Address	3310 N Bonnie Brae St Tx
Property Type	Real
Neighborhood	DC05308F
	A0810a N.h.meisenheimer (frames) & Smith Addn
Abstract/Subdivision	A0810A
	All properties in A0810A
	View Plat
Owner ID	377907
Owner Name	Collinsworth, Deborah
Percent Ownership	100
Mailing Address	Po Box 1212
	Denton, TX 76202-1212
Taxing Jurisdictions	C05 (Denton City Of)
	G01 (Denton County)
	S05 (Denton Isd)
Exemptions	HS (Homestead)
View Map	Denton CAD GIS

**New Restrictions on the Display of
Exemption Information**[Details](#)
https://www.dentoncad.com/...n=com_content&task=view&id=100&Year=2016&PropertyID=216880&PropertyType=R&AbsCd=A0810A[9/17/2015 12:03:14 PM]

Denton Central Appraisal District - PropertyDetails

2015 Certified Values

Total Improvement Value	(+) \$27,900
Land Homesite Value	(+) \$26,600
Land Non-Homesite Value	(+) \$0
Agricultural Market Value	(+) \$0
Timber Market Value	(+) \$0
Total Market Value	(=) \$54,500
Agricultural Use Reduction	(-) \$0
Timber Use Reduction	(-) \$0
Appraised Value	(=) \$54,500
Homestead Cap <small>What's this?</small>	(-) \$0
Assessed Value	(=) \$54,500

2015 Estimated Taxes

Entity Name	Tax Rate Per \$100	Taxable Value	Estimated Taxes	Tax Ceiling Amount
Denton City Of	0.68975%	\$49,500.00	\$341.43	N/A
Denton County	0.2722%	\$54,500.00	\$148.35	N/A
Denton ISD	1.54%	\$29,500.00	\$454.30	N/A
Estimated Total Taxes				\$944.08

DO NOT PAY TAXES BASED ON THESE ESTIMATED TAXES. You will receive an official tax bill from the appropriate agency when they are prepared. Taxes are collected by the agency sending you the official tax bill. To see a listing of agencies that collect taxes for your property, [click here](#)

The estimated taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. The Denton Central Appraisal District (DCAD) does not control the tax rate nor the amount of the taxes, as that is the responsibility of each Taxing Jurisdiction. Questions about your taxes should be directed to the appropriate taxing jurisdiction. These tax estimates are calculated by using the taxable value as of 6:00AM multiplied by the most current tax rate. It does not take into account other special or unique tax scenarios.

2016 Improvements**Improvement 1380056**

https://www.dentoncad.com/...n=com_content&task=view&id=100&Year=2016&PropertyID=216880&PropertyType=R&AbsCd=A0810A[9/17/2015 12:03:14 PM]

Denton Central Appraisal District - PropertyDetails

State Code A1 Improvement Type Residential - RES Exterior Wall Wood Foundation PIER Heating/Cooling Gas Stove Interior Finish Sheetrock Plumbing 2 Roof Covering Composition Shingle Number of Bedrooms 3			
Class What's this?	Year Built	Sq. Footage	Type
3	1956	1,290 sq. feet	Main Area

Improvement 1380057

State Code A1 Improvement Type Misc Imp - STORAGE			
Class What's this?	Year Built	Sq. Footage	Type
1650	2006	150 sq. feet	Res Storage

Land Segments

Land Type	Acres	Sq. Ft.
Resident Lot	1.33	57,935 sq. feet

Property History

Year	Improvement(s)	Land	Market	Appraised	Assessed
2015	\$27,900	\$26,600	\$54,500	\$54,500	\$54,500
2014	\$27,900	\$26,600	\$54,500	\$54,500	\$54,500

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Denton Central Appraisal District - PropertyDetails

2013	\$27,900	\$26,600	\$54,500	\$54,500	\$54,500
2012	\$27,900	\$26,600	\$54,500	\$54,500	\$54,500
2011	\$27,900	\$26,600	\$54,500	\$54,500	\$54,500
2010	\$27,929	\$26,600	\$54,529	\$54,529	\$54,529
2009	\$27,801	\$26,600	\$54,401	\$54,401	\$54,401
2008	\$30,433	\$26,600	\$57,033	\$57,033	\$57,033
2007	\$34,319	\$26,600	\$60,919	\$60,919	\$60,919
2006	\$33,768	\$26,600	\$60,368	\$60,368	\$60,368
2005	\$34,941	\$26,600	\$61,541	\$61,541	\$61,541
2004	\$35,596	\$26,600	\$62,196	\$62,196	\$62,196
2003	\$36,822	\$26,600	\$63,422	\$63,422	\$63,422
2002	\$35,750	\$26,600	\$62,350	\$62,350	\$58,889
2001	\$26,935	\$26,600	\$53,535	\$53,535	\$53,535

Deed History

Date	Type	Seller	Buyer	Deed Number	Sale Price
12/22/1999	Wd With Vendors Lien	Collinsworth, Deborah	Collinsworth, Deborah	99-127801	\$67,000

Real Estate Sales

	Show sales that occurred within the past		
	6 months	1 year	2 years
Subject Property Neighborhood: A0810a N.h.meisenheimer (frames) & Smith Addn	Link	Link	Link
Subject Property Abstract/Subdivision: A0810A	Link	Link	Link
Subject Property City: Denton City Of	Link	Link	Link
Subject Property School District: Denton	Link	Link	Link

Senate Bill 541

In 2005, Texas passed Senate Bill 541, which prohibits the Denton Central Appraisal District -- and every other Appraisal District in the State of Texas -- from making photographs and floorplans of property available online. Exempted from the restriction will be aerial photographs of five or more separately owned buildings.

You can read more about S.B. 541 [here](#).

https://www.dentoncad.com/...n=com_content&task=view&id=100&Year=2016&PropertyID=216880&PropertyType=R&AbsCd=A0810A[9/17/2015 12:03:14 PM]

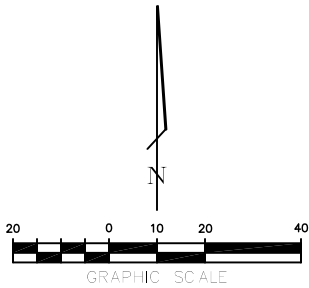
Denton Central Appraisal District - PropertyDetails

House Bill 394

HB 394 restricts the appraisal district from posting information that indicates the age of a property owner, including information that a property owner is 65 years of age or older, on the appraisal district's website.

[[Back to Search](#)]

https://www.dentoncad.com/...n=com_content&task=view&id=100&Year=2016&PropertyID=216880&PropertyType=R&AbsCd=A0810A[9/17/2015 12:03:14 PM]



*AREAS ASSUME R.O.W.
WILL BE DEDICATED



teague nall & perkins
1517 Centre Place Drive, Suite 320
Denton, Texas 76205
940.383.4177 ph 940.383.8026 fx
TBPE Registration No. F-230
www.tnpinc.com

Denton Municipal Electric
Bonnie Brae to North Lakes TL
Collinsworth Tract Easement

056002

Appraisal of Easement Rights Acquisition

Rayzor Investments, Ltd. Property

East Line of N. Bonnie Brae Street, South of Riney Road
Denton, Denton County, Texas 76207

Prepared For:

Freese and Nichols, Inc.

Effective Date of the Appraisal:

February 17, 2016

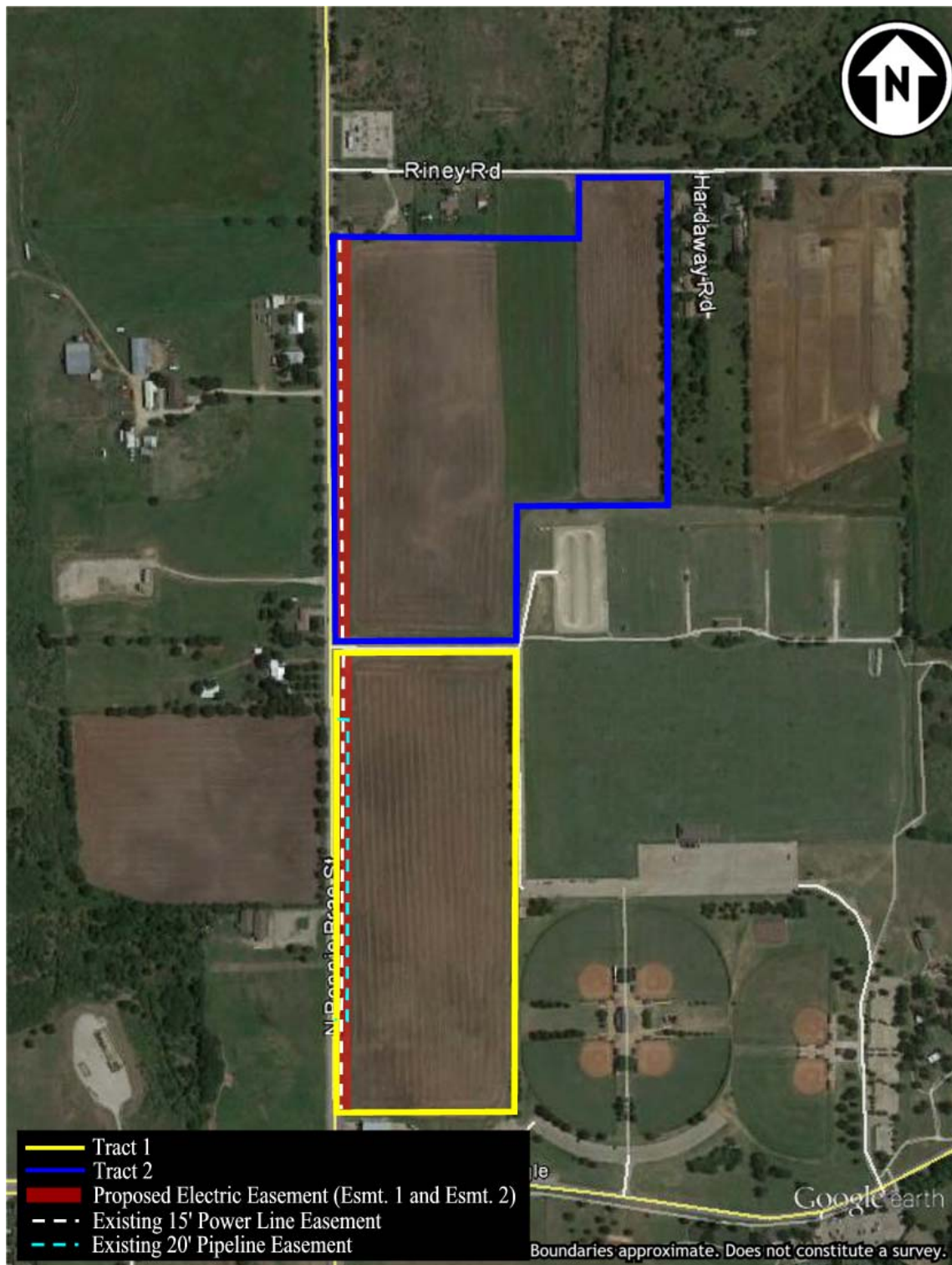
Report Format:

Appraisal Report – Standard Format

IRR - DFW

File Number: 116-2016-0087





Rayzor Investments, Ltd. Property

East Line of N. Bonnie Brae Street, South of Riney Road
Denton, Texas



3/2/2016

Mr. Kendall King, P.E.
Freese and Nichols, Inc.
4055 International Plaza
Fort Worth , Texas 76109

SUBJECT: Easement Rights Appraisal
Rayzor Investments, Ltd. Property
East Line of N. Bonnie Brae Street, South of Riney Road
Denton, Denton County, Texas 76207
IRR - DFW File No. 116-2016-0087

Dear Mr. Kendall King, P.E.:

Integra Realty Resources – DFW is pleased to submit the accompanying appraisal of the referenced property. The intended use of this appraisal is to assist the client in their determination of compensation due to the property owner as of February 17, 2016, the effective date of the appraisal.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; The Texas Property Code and any other applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of the 2016-2017 edition of USPAP. This type of report has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

The whole property consists of two tracts delineated by their respective zoning districts and separated by a private road used to access North Lakes Park Athletic Complex. Tract 1 consists of 20.841 acres, or 907,834 square feet zoned for neighborhood residential. Tract 2 consists of 31.940 acres, or 1,391,306 square feet zoned for neighborhood residential mixed use. Therefore, the whole property is a 52.781-acre, or 2,299,144-square foot unimproved land site. The client has proposed to acquire two electric easements, which consist of a

000085

total of 2.918 acres, or 127,098 square feet in easement interest. These electric easements are proposed to traverse both tracts of the subject property. Proposed easement 1 traversing Tract 1 consists of approximately 1.558 acres, or 67,865 square feet in easement interest. However, approximately 0.683 acre, or 29,751 square feet of this proposed easement lies within existing easements currently on the property (15' power line easement and 20' pipeline easement). Proposed easement 2 traversing Tract 2 consists of 1.360 acres, or 59,233 square feet in easement interest. However, approximately 0.200 acres, or 8,712 square feet of this proposed easement lies within an existing easement currently on the property (15' power line easement).

Based on the analysis and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the compensation for the acquisition of the herein described property as of the effective date is as follows:

Determination of Compensation

Whole Property Value	\$2,838,486	
Part To Be Acquired		\$113,179
Remainder Before the Acquisition	\$2,725,307	
Remainder After the Acquisition	\$2,725,307	
Damages (or Enhancements)		\$0
Total Compensation		\$113,179

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Because of the numerous mathematical calculations that are inherent for partial acquisition valuations, very little rounding of value estimates is made in this report. Value estimates are not exact, but opinions of approximate value only.
2. The information pertaining to the subject property is based on public documents and records along with data from commercial data providers. It is assumed that the aerial maps and subject data is reasonably accurate.
3. The sizes utilized for the existing easements traversing the property along with the portion of these easements located within the proposed easements are based on estimates made by the appraisers. These estimates are considered to be accurate for the purposes of our assignment.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to a fact known by the appraiser on the effective date of the appraisal but is supposed for the purpose of analysis, relating to a specific assignment.

1. The appraisal of a remainder property assumes that the proposed public or private improvements are complete as of the effective date of valuation.
-

Freese and Nichols, Inc.

3/2/2016

Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - DFW



Gregory B. Cook, SR/WA
Senior Managing Director
TX-1329987-G



Allison Whitehead, RWA
Senior Analyst
TX-1380451-G



000087

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Salient Facts

Summary of Salient Facts**IRR File Number: 116-2016-0087**

+/- 52.781 Acres, or 2,299,144 Square Feet of Land

East Line of N. Bonnie Brae Street, South of Riney Road, Denton, Denton County, Texas.

Latitude, Longitude Coordinates	33.244537, -97.159716
Legal Description	Tract 1 is a 31.940-acre tract situated in the N.H. Meisenheimer Survey, Abstract No. 810A, Tracts 42, 46 & 47, City of Denton, Denton County, Texas. Tract 2 is a 20.841-acre tract situated in the N.H. Meisenheimer Survey, Abstract No. 810A, Tract 48 & 49b and being Lot 1, Block 1, of the North Lakes Fire Station Addition, an addition to the City of Denton, Denton County, Texas.
Zoning Designation	The subject is located in the City of Denton with Tract 1 being zoned "NR-2 - Neighborhood Residential 2 (two homes per acre)" which is primarily for residential development. Tract 2 is zoned "NRMU-12 - Neighborhood Residential Mixed Use 12 (twelve units per acre)" which allows for mixed uses with allowances for low to moderate intensity multi-family housing.
Property Tax Numbers	162896; 162886; 34811; 34793; 34817
Owner of Record	Rayzor Investments, Ltd. c/o Philip Baker
Land Area	Approximately 52.781 acres or 2,299,144 square feet.
Improvements	Both tracts of the subject property are unimproved.
Floodplain Designation	FEMA Zone X: Areas determined to be outside the 500-year flood plain.
Highest and Best Use As Vacant	Tract 1: Residential; Tract 2: Mixed Use
Property Rights Appraised	Fee simple estate, subject to existing easements, encumbrances and restrictions
Effective Date	February 17, 2016

Whole Property

Tract 1	864,408 SF	@	\$0.90 / SF			\$777,967
Tract 2	1,370,405 SF	@	\$1.50 / SF			\$2,055,608
Tract 1 - Existing Power Line Esmt.	23,958 SF	@	\$0.90 / SF	@	1%	\$216
Tract 1 - Existing Pipeline Esmt.	19,471 SF	@	\$0.90 / SF	@	25%	\$4,381
Tract 2 - Existing Power Line Esmt.	<u>20,902 SF</u>	@	\$1.50 / SF	@	1%	<u>\$314</u>
Total	2,299,144 SF	@	/SF			\$2,838,486

Part to be Acquired

Esmt. 1	38,114 SF	@	\$0.90 / SF	@	99%	\$33,960
Esmt. 2	50,521 SF	@	\$1.50 / SF	@	99%	\$75,024
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979 SF	@	\$0.90 / SF	@	1% @	\$107
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772 SF	@	\$0.90 / SF	@	25% @	\$3,959
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	8,712 SF	@	\$1.50 / SF	@	1% @	<u>\$129</u>
Total						\$113,179

Remainder Property

Remainder immediately before acquisition: \$2,725,307

Remainder immediately after acquisition:

Tract 1	826,294 SF	@	\$0.90 / SF			\$743,665
Esmt. 1	38,114 SF	@	\$0.90 / SF	@	1%	\$343
Tract 2	1,319,884 SF	@	\$1.50 / SF			\$1,979,826
Esmt. 2	50,521 SF	@	\$1.50 / SF	@	1%	\$758
Tract 1 - Existing Power Line Esmt.	11,979 SF	@	\$0.90 / SF	@	1%	\$108
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979 SF	@	\$0.90 / SF	@	1% @	\$1
Tract 1 - Existing Pipeline Esmt.	1,699 SF	@	\$0.90 / SF	@	25%	\$382
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772 SF	@	\$0.90 / SF	@	25% @	\$40
Tract 2 - Existing Power Line Esmt.	12,190 SF	@	\$1.50 / SF	@	1%	\$183
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	<u>8,712 SF</u>	@	\$1.50 / SF	@	1% @	<u>\$1</u>
Total	2,299,144					\$2,725,307

Net Damages/Enhancements

Net Damages/Enhancements \$0

Total Compensation

Part to be Acquired	\$113,179
Net Damages/Enhancements	\$0
Cost to Cure (if necessary)	\$0
Temporary Easements (if necessary)	<u>\$0</u>
Total	\$113,179

General Information

Identification of Subject and Project

The subject property is identified by the client as the Rayzor Investments, Ltd. Property, which is a portion of a parent tract, or the “whole property,” with the following identifying characteristics:

Subject Identification and Legal Description

+/- 52.781 Acres, or 2,299,144 Square Feet of Land

East Line of N. Bonnie Brae Street, South of Riney Road, Denton, Denton County, Texas.

Latitude, Longitude Coordinates	33.244537, -97.159716
Legal Description	Tract 1 is a 31.940-acre tract situated in the N.H. Meisenheimer Survey, Abstract No. 810A, Tracts 42, 46 & 47, City of Denton, Denton County, Texas. Tract 2 is a 20.841-acre tract situated in the N.H. Meisenheimer Survey, Abstract No. 810A, Tract 48 & 49b and being Lot 1, Block 1, of the North Lakes Fire Station Addition, an addition to the City of Denton, Denton County, Texas

The whole property consists of two tracts delineated by their respective zoning districts and separated by a private road used to access North Lakes Park Athletic Complex. Tract 1 consists of 20.841 acres, or 907,834 square feet zoned for neighborhood residential. Tract 2 consists of 31.940 acres, or 1,391,306 square feet zoned for neighborhood residential mixed use. Therefore, the whole property is a 52.781-acre, or 2,299,144-square foot unimproved land site. The client has proposed to acquire two electric easements, which are itemized in the table on the following page.

Subject Land Areas		
Whole Property	Square Feet	Acres
Tract 1	864,408	19.844
Tract 2	1,370,405	31.460
Tract 1 - Existing Power Line Esmt.	23,958	0.550
Tract 1 - Existing Pipeline Esmt.	19,471	0.447
Tract 2 - Existing Power Line Esmt.	20,902	0.480
Total Whole Property	2,299,144	52.781
Part Acquired	Square Feet	Acres
Esmt. 1	38,114	0.875
Esmt. 2	50,521	1.160
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979	0.275
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772	0.408
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	8,712	0.200
Total Part Acquired in Easement	127,098	2.918
Remainder Property	Square Feet	Acres
Tract 1	826,294	18.969
Esmt. 1	38,114	0.875
Tract 2	1,319,884	30.300
Esmt. 2	50,521	1.160
Tract 1 - Existing Power Line Esmt.	11,979	0.275
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979	0.275
Tract 1 - Existing Pipeline Esmt.	1,699	0.039
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772	0.408
Tract 2 - Existing Power Line Esmt.	12,190	0.280
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	8,712	0.200
Total Remainder Property	2,299,144	52.781

The proposed acquisition of two electric easements across the Rayzor Investment, Ltd. Property will facilitate future improvements to Denton Municipal Electric Project through Denton County.

Current Ownership and Sales History

The owner of record is Rayzor Investments, Ltd. This party acquired the property from Jess Newton Rayzor, et al on 12/4/1985 for an undisclosed price. The transaction is recorded in Volume 1796, Page 601 of the Denton County public records. To the best of our knowledge, no other sale or transfer of ownership has occurred within the past three years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale.

Inspection

On February 16, 2016 contact was established with the representative of the property, Mr. Philip Baker. An inspection of the property was made on February 17, 2016. The property representatives allowed the appraisers to inspect the property without their presence. The reported contact information for the subject property is:

Primary Contact

Name	Philip Baker, Owner
Company	Rayzor Investments, Ltd.
Address	400 W. Oak Street
City, State, Zip	Denton, Texas 76201
Phone 1	(940) 387-8711

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of real property compensation due to the property owner, which includes the market value of the part to be acquired, plus any applicable damages to the remainder property, as of the effective date of the appraisal, February 17, 2016. Market value is based upon analysis of the underlying fee simple interest in the property. In some assignments, the market value of permanent or temporary easement interest(s) are required. "Market value" and "fee simple" are described and cited in the addenda of this report. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market Value is defined by City of Austin v. Cannizzo, 267 S.W. 2d 808 (Tex 1954) as being:

"The price the property would bring when offered for sale by one who desires to sell, but is not obliged to sell, and is bought by one who desires to buy, but is under no necessity of buying, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is, or in all reasonable probability, will become available within the reasonable future."

Intended Use and User

The intended use of this appraisal is to assist the client in their determination of adequate compensation due to the property owner, in compliance with the Texas Constitution, Article 1, Section 17, to be paid for the acquisition of Real Property interest for a public purpose as described herein. Others may receive a copy of this report due to legal requirements of disclosure, but the report is not intended for any other use or user (i.e., mortgage lending, tax assessment, etc.).

This appraisal report is prepared for Freese and Nichols, Inc., Mr. Kendall King, P.E., 4055 International Plaza, Fort Worth, Texas 76109.

Although the appraisal is not intended for any other use or user, the client may designate use of this report to an outside entity to assist in the project, which may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations including Texas Property Code, Title 4, Chapter 21;

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of the 2016-2017 edition of USPAP.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised a portion of the property (Tract 2) that is the subject of this report for another client within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. The subject property is a vacant tract of land. Therefore, we use only the sales comparison approach in developing an opinion of land value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. In general, the following steps were taken to perform this assignment:

- Physically inspected the subject property and the surrounding market area. The inspection of the property is limited to those things readily observable without the use of special testing or equipment.
- Collected factual information about the property and the surrounding market, and confirmed the information with various sources.
- Performed a highest and best use analysis of the subject site as vacant and as improved when applicable.
- Gathered market information relevant to the valuation of the subject. Data on comparables were confirmed with at least one of the parties to the transaction.
- Analyzed market information and developed indications of value under the necessary approaches to value for a credible assignment result. The market information was analyzed for an appraisal of the **Whole Property**, the **Part to be Acquired** and the value of the **Remainder Before** and **Remainder After** the acquisition.
 - The appraisal of real estate typically employs three traditional valuation methods: the sales comparison approach, the cost approach, and the income approach. The subject is vacant land and as such, the valuation is limited to the sales comparison approach for land.
- Partitioned the **Whole Property** value opinion between the **Part to be Acquired** and the **Remainder Before** the acquisition. In this case, the part to be acquired and remainder before estimates are prorated allocations of the whole property (e.g., If the whole property is 100% and the part to be acquired is 10%, the remainder before the acquisition is 90%).
- Performed a highest and best use analysis on the **Remainder After** with consideration to the impact on the residual property as a result of the proposed acquisition. If necessary, the cost to cure and restore the functional utility of the remainder after was estimated.
- Derived an estimate of the total compensation due to the owner of the property as the result of a proposed acquisition by summation of the part to be acquired and any damages. The damages were calculated based on the difference in the value opinion for the remainder before and remainder after.
- Prepared an appraisal report summarizing our analyses, opinions and conclusions.

Other elements of the scope of work undertaken to perform this assignment are outlined throughout the narrative of the report.

Extraordinary Assumptions and Hypothetical Conditions

In this assignment, we have assumed typical general assumptions and limiting conditions as cited in the addenda of this report. The use of hypothetical conditions derived from public policy and case law does not result in a process that is limited or renders the results no longer credible. In this particular assignment, the following additional special assumptions were made:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Because of the numerous mathematical calculations that are inherent for partial acquisition valuations, very little rounding of value estimates is made in this report. Value estimates are not exact, but opinions of approximate value only.
2. The information pertaining to the subject property is based on public documents and records along with data from commercial data providers. It is assumed that the aerial maps and subject data is reasonably accurate.
3. The sizes utilized for the existing easements traversing the property along with the portion of these easements located within the proposed easements are based on estimates made by the appraisers. These estimates are considered to be accurate for the purposes of our assignment.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to a fact known by the appraiser on the effective date of the appraisal but is supposed for the purpose of analysis, relating to a specific assignment.

1. The appraisal of a remainder property assumes that the proposed public or private improvements are complete as of the effective date of valuation.
-

Jurisdictional Exceptions

The Jurisdictional Exception Rule allows “an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.¹” This includes federal and state constitutions, legislative and court made law, administrative rules, regulations and ordinances. In this assignment, there are no known conflicts of law or public policy that disregard a part of *USPAP*.

Case Law and Legislative Precedents

For right-of-way projects in the State of Texas, there are also several cases that may establish compensable and non-compensable elements resulting from a project. For example, regarding the compensation for landscaping, the Texas Supreme Court stated in the case of *White vs. Natural Gas* that “in eminent domain proceedings our courts have consistently held that the landowner cannot recover for damage to crops, loss of trees, ornamental shrubs, etc., as separate items. These features

¹ *Uniform Standards of Professional Appraisal Practice, 2016-2017 Ed., “Jurisdictional Exception.” Washington, D.C.: The Appraisal Foundation, 2015.*

can be taken into consideration in determining compensation only insofar as they affect the market value of the land, as land.²

Personal Property and Trade Fixtures

The estimate of compensation in this report is for real property interest, or real estate which includes the physical land and improvements attached to the land. This report does not include a value estimate for personal property or trade fixtures unless represented otherwise in this report.

According to the *Code of Federal Regulations (CFR), Title 49 – Transportation, Section 24.103(a)(1)*, “The appraisal report should identify the items considered in the appraisal to be real property, as well as those identified as personal property”. The real property or real estate is described in other sections of this report, or the *Description and Analysis of the Land* and in the *Description and Analysis of the Improvements*.

No items of personal property were observed by the appraisers during the inspection.

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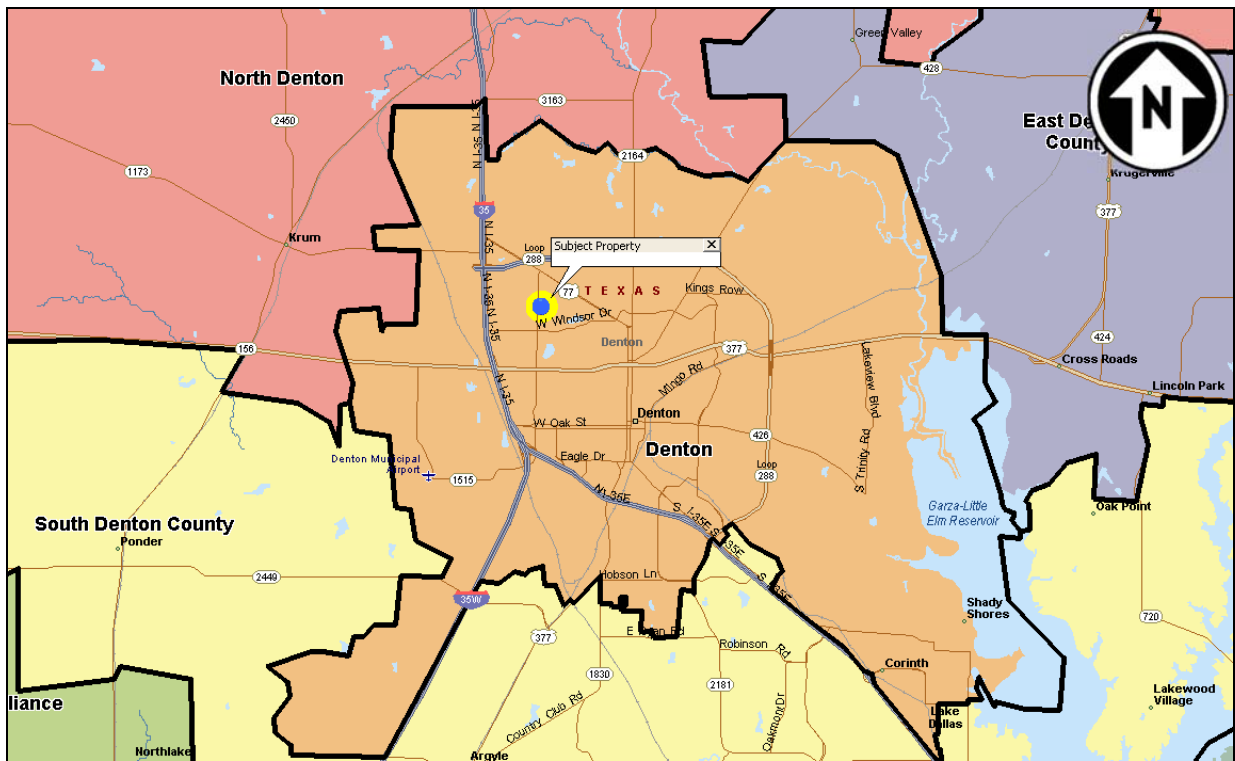
² *White v. Natural Gas Pipeline Company of America*, 444 S.W.2d 298, 301 (Tex. 1969)

Market Area Analysis

Surrounding Area Analysis

The subject is located in the Denton surrounding area. The Denton surrounding area is comprised of the following zip codes: 76201, 76205, 76207, 76209, and 76208.

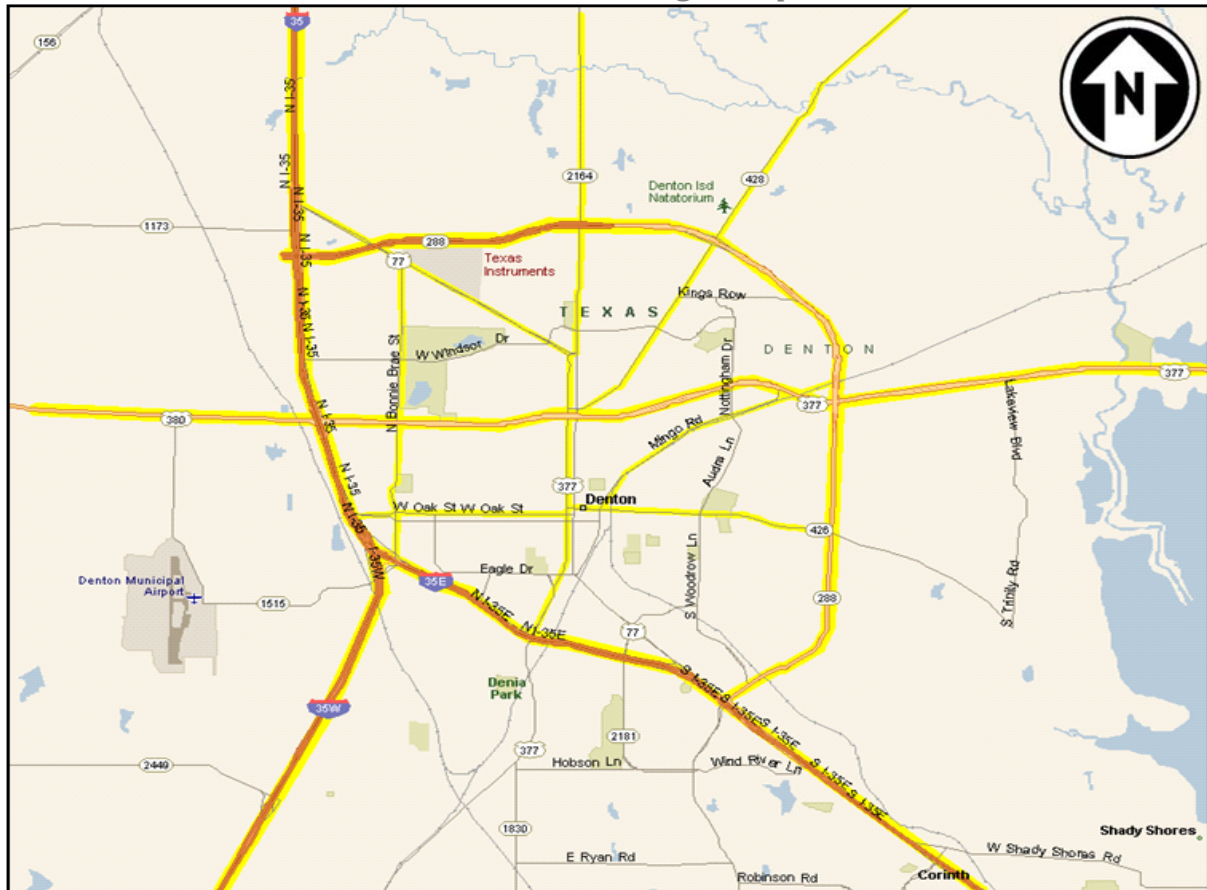
A map identifying the subject within the Denton surrounding area is below.



Access and Linkages

Roadways providing access to the area and major city streets are highlighted on the map below.

Access and Linkages Map



Surrounding Area Access & Linkages

Primary North-South Access:	Interstate 35E	
	US Highway 77/Elm Street	
Primary East-West Access:	US Highway 380/University Drive	
	State Highway 288 Loop	
Major Roads:	Oak Street	Sherman Drive
	Bonnie Brae Street	Mingo Road
	Eagle Drive	Fort Worth Drive

Public transportation is provided within the City of Denton by Denton County Transportation Authority (DCTA). The primary mode of transportation in this area is the automobile.

Public Services

Police and fire protection is provided by the City of Denton. The Denton submarket is served by the Denton Independent School District (DISD). Denton is also the home of three universities: University of North Texas, Texas Woman's University and North Central Texas College.

Demand Generators

- **The University of North Texas (UNT)** is a public university founded in 1890 and located in Denton. With an enrollment of 36,200 students (including graduate students), UNT is one of Texas' largest universities. The university offers 98 undergraduate programs, 82 master's and 36 doctoral degree programs. The university employs a faculty and staff of more than 4,000. The University of North Texas is known for its music and fine arts departments and counts several notable musicians, such as The Eagles and Norah Jones, as alumni. The campus has recently expanded with the construction of a new 87,000 square foot Life Sciences Complex, an 180,000 square foot Business Leadership Building and a \$78 million eco-friendly football stadium that seats 30,000 spectators.³
- **Texas Woman's University (TWU)** is a public university, founded in 1901. Texas Woman's University is known for its health and education programs. With campuses in Denton, Dallas and Houston, the university has a total enrollment of 15,135. The faculty is comprised of 941 full-time instructors and 421 part-time instructors. The university has a staff of 781 employees. TWU offers 47 undergraduate programs, 50 master's programs and 21 doctoral programs.⁴
- **Rayzor Ranch** is a mixed-use development on 400 acres at the intersection of Interstate 35 and US Highway 380 in Denton. Rayzor Ranch features residential, retail, hotel, office, medical facilities, public parks and entertainment venues. The development includes a 900,000 square foot power center anchored by a Walmart Supercenter and Sam's Club. Additionally, a 68-acre residential component includes multi-family units and single-family homes, as well as an adult living campus and retirement center. Rayzor Ranch also offers a 30-acre medical and office park and 15 acres of public parks and walking trails.⁵



³ University of North Texas, www.unt.edu

⁴ Texas Woman's University, www.twu.edu

⁵ Rayzor Ranch, www.rayzor ranch.com

- **Texas Health Presbyterian Hospital Denton** is a 255-bed, full-service acute care facility featuring more than 43 specialties. Texas Health Denton is located on North Interstate 35 in the City of Denton and is accredited by The Joint Commission and is distinguished as a Bariatric Center of Excellence. Texas Health Denton employs over 750 people on their full-time staff.⁶
- **Denton Regional Medical Center** is a 208-bed, full service acute care hospital located on South Interstate 35 in Denton. Denton Regional has more than 850 employees on staff and over 300 physicians. Denton Regional specializes in bariatrics, cancer care, general surgery, vascular surgery, diabetes care, imaging, emergency services, cardiovascular, occupational medicine, orthopedic and sports medicine and women and children's care.⁷
- **Downtown Denton** is a 60-block area which serves as the historic central business district of Denton, with Courthouse Square as the focal point. Downtown Denton is located south of University Drive, north of Eagle Drive, west of Mingo Road and east of Carroll Boulevard. Downtown Denton provides a link between UNT and TWU and is known as a local destination for shopping, dining and entertainment. Since 1989, over \$47 million has been reinvested in the downtown area to improve the streets, sidewalks and facades. There are currently over 50 shops, 26 restaurants and 12 entertainment venues in Downtown Denton.⁸



⁶ Texas Health Presbyterian Hospital Denton, www.texashealth.org/landing.cfm?id=2928&fr=true

⁷ Denton Regional Medical Center, www.dentonregional.com

⁸ Denton Economic Development Partnership, www.dentonedp.com

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

2016 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Denton MSA	Dallas-Fort Worth MSA	State of Texas
Population 2010	3,193	44,919	84,843	100,731	6,817,483	25,145,561
Population 2016	3,637	48,465	93,383	112,349	7,528,568	27,611,503
Population 2021	3,990	51,467	100,352	121,520	8,094,091	29,594,059
Compound % Change 2010-2016	2.2%	1.3%	1.6%	1.8%	1.7%	1.6%
Compound % Change 2016-2021	1.9%	1.2%	1.4%	1.6%	1.5%	1.4%
Households 2010	1,297	17,411	32,569	38,763	2,471,118	8,922,933
Households 2016	1,513	19,217	36,492	44,025	2,715,854	9,804,313
Households 2021	1,681	20,650	39,583	47,988	2,918,360	10,523,761
Compound % Change 2010-2016	2.6%	1.7%	1.9%	2.1%	1.6%	1.6%
Compound % Change 2016-2021	2.1%	1.4%	1.6%	1.7%	1.4%	1.4%
Median Household Income 2016	\$61,426	\$39,786	\$42,983	\$46,647	\$60,906	\$55,352
Average Household Size	2.4	2.2	2.3	2.4	2.7	2.8
College Graduate %	38%	38%	34%	36%	31%	27%
Median Age	37	29	29	31	35	35
Owner Occupied %	66%	34%	39%	43%	62%	64%
Renter Occupied %	34%	66%	61%	57%	38%	36%
Median Owner Occupied Housing Value	\$146,646	\$146,044	\$150,111	\$173,764	\$172,150	\$150,318
Median Year Structure Built	1989	1983	1986	1990	1988	1987
Avg. Travel Time to Work in Min.	31	24	24	25	30	28

Source: The Nielsen Company

As shown above, the estimated 2016 population for Denton is approximately 112,349. Population in the area has been growing over the past 5 years and this trend is expected to continue in the foreseeable future. Compared to the DFW MSA area overall, population of the local area is growing at a faster rate. Income levels in the area are lower than income levels in the DFW MSA area as a whole.

Land Use

In the immediate vicinity of the subject, predominant land uses include a mix of residential and vacant land uses along with a park and tennis center. These surrounding land uses are depicted in the aerial below.



Other land use characteristics are summarized in the following table.

Surrounding Area Land Uses	
Character of Area	Urban
Predominant Age of Improvements	10 to 50 years
Predominant Quality and Condition	Average
Approximate Percent Developed	90%
Infrastructure/Planning	Average
Predominant Location of Undeveloped Land	Northeast

Subject's Immediate Surroundings

North	Vacant Land
South	Residential
East	Park/Vacant Land
West	Residential/Vacant Land

Development Activity and Trends

The most dominant area for retail has historically been around the Golden Triangle Mall at Loop 288 and IH-35E. Recent renovation of the retail center and has spurred some new pad site development in its vicinity. Several retail developments have also been developed in the last ten to fifteen years along Loop 288 in the vicinity of the Mall. For example, Denton Towne Crossing is a 37,716 square foot center, shadow anchored by Target and Home Depot. Denton Crossing is also located at the confluence of Loop 288 and Brinker Road. Retail growth has been gradually moving north along Loop 288 in that area.

Medical office and related development has been a popular land use around the Denton Regional Medical Center and North Texas Hospital, just south of the mall. Growth in this area is expected to continue. A similar trend has occurred around the Texas Health Presbyterian Hospital along I-35W at West Hickory and Scripture Lane.

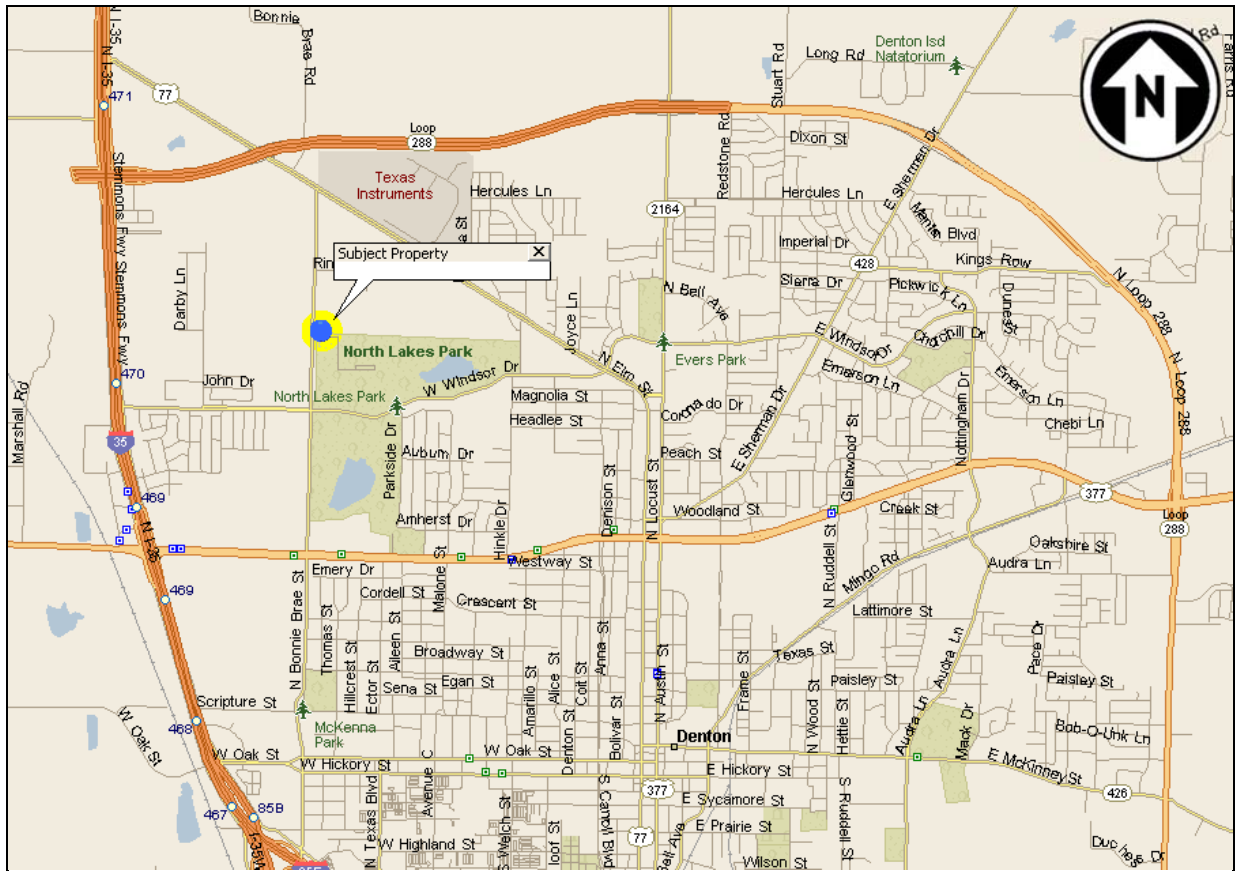
Another notable retail development is the Rayzor Ranch property at Hwy. 380 and IH 35N. Most recently, a Sam's Club and Wal-Mart were constructed on the north side of University Drive. Following their presence has been multiple pad site retailers, such as Chik-fil-a.

Apartment and student housing has also been a popular property type for recent development, especially in the vicinity of the University of North Texas campus. As part of UNT's dedication to green, the recently constructed Apogee Stadium is the first Leadership in Energy and Environmental Design (LEED) Platinum certified stadium for standards for clean technology innovation. The University of North Texas (along with several other universities), businesses around the Denton Airport, and the Alliance area are the primary economic drivers in the region. Growth in the Alliance area has outpaced most cities in the US and continues to expand its commercial and residential development. The Denton Airport has also supported recent growth in the industrial sector. The 360,000 square foot Target Distribution Center was recently completed and now employs about 140 workers. Additionally, PMFT, the parent company of Peerless Manufacturing, recently completed a new 80,000 square foot manufacturing facility in Denton.

Outlook and Conclusions

The Denton market area is in the growth stage and nearing the stability stage of its life cycle: although, pockets of growth and decline can be observed throughout the market. The local economy appears to be diversified and stable. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map



Whole Property Analysis

Land Analysis

A survey indicating the size of the partial acquisition was provided by the client. No survey of the whole property was made available for review. The size of the whole property is based on tax records. As noted previously, the sizes utilized for the existing easements traversing the property along with the portion located within the proposed easements are based on estimates made by the appraisers. These size estimates are assumed to be accurate for purposes of this assignment. The whole property includes the following land areas:

Subject Land Areas

Whole Property	Square Feet	Acres
Tract 1	864,408	19.844
Tract 2	1,370,405	31.460
Tract 1 - Existing Power Line Esmt.	23,958	0.550
Tract 1 - Existing Pipeline Esmt.	19,471	0.447
Tract 2 - Existing Power Line Esmt.	20,902	0.480
Total Whole Property	2,299,144	52.781

Land Description & Physical Features

Source of Land Area	Tax Records
Shape	Tract 1: Rectangular; Tract 2: Irregular
Width	Tract 1: 1,560 Feet; Tract 2: 1,605 Feet
Depth	Tract 1: 605 Feet; Tract 2: 1,140 Feet
Corner	No
Rail Access	No
Topography	Tract 1: Gently Sloping; Tract 2: Level
Drainage	No problems reported or observed
Environmental Hazards	No problems reported or observed
Ground Stability	No problems reported or observed

Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage			
Street	N. Bonnie Brae (Tract 1)	N. Bonnie Brae (Tract 2)	Riney Road (Tract 2)
Frontage Feet	Approx. 1,560 Feet	Approx. 1,605 Feet	Approx. 598 Feet
Paving	Asphalt	Asphalt	Asphalt
Curbs	Yes	Yes	No
Sidewalks	Yes	Yes	No
Lanes	Two	Two	Two
Direction of Traffic	North/South	North/South	East/West
Condition	Average	Average	Average
Traffic Levels	Average	Average	Below Average
Signals/Traffic Control	Yes	Yes	No
Access/Curb Cuts	No	No	No
Visibility	Average	Average	Average

Overall, ingress and egress to and from both tracts is considered adequate.

Utilities

The availability of utilities is considered to be typical for both tracts of the subject, as summarized in the following table. Utility maps provided by the City of Denton are provided on Pages 25 and 26 herein.

Utilities	Tract 1
Status	Water and septic
Service	Provider
Water	City of Denton
Sewer	Septic System Required
Electricity	Denton Municipal Electric
Natural Gas	Atmos Energy
Local Phone	Verizon through various local providers
Source:	City of Denton Utility Maps
Utilities	Tract 2
Status	Water and septic
Service	Provider
Water	City of Denton
Sewer	Septic System Required
Electricity	Denton Municipal Electric
Natural Gas	Atmos Energy
Local Phone	Verizon through various local providers
Source:	City of Denton Utility Maps

Flood Hazard Status

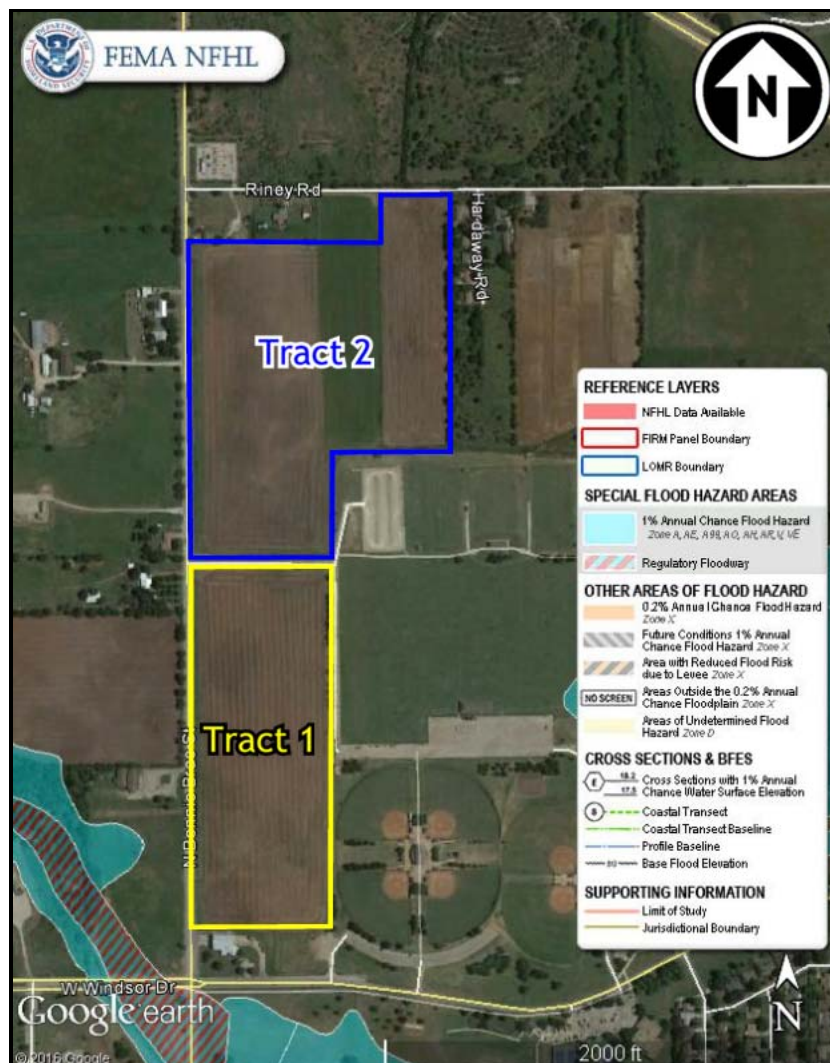
No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

Community Panel Number	48121C0360G
Date	4/18/2011
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

FEMA Zone X: Areas determined to be outside the 500-year flood plain.

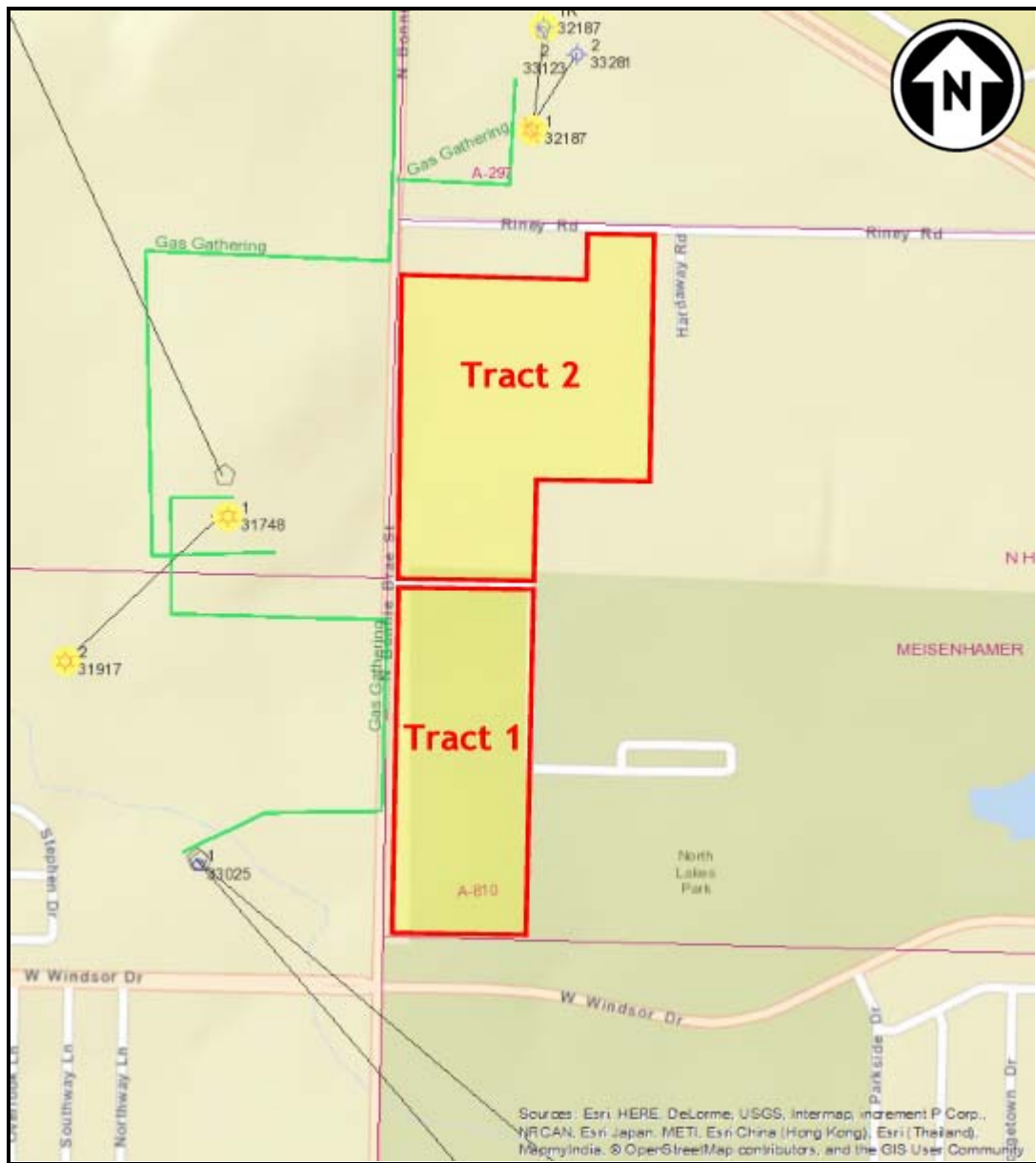
Flood Map



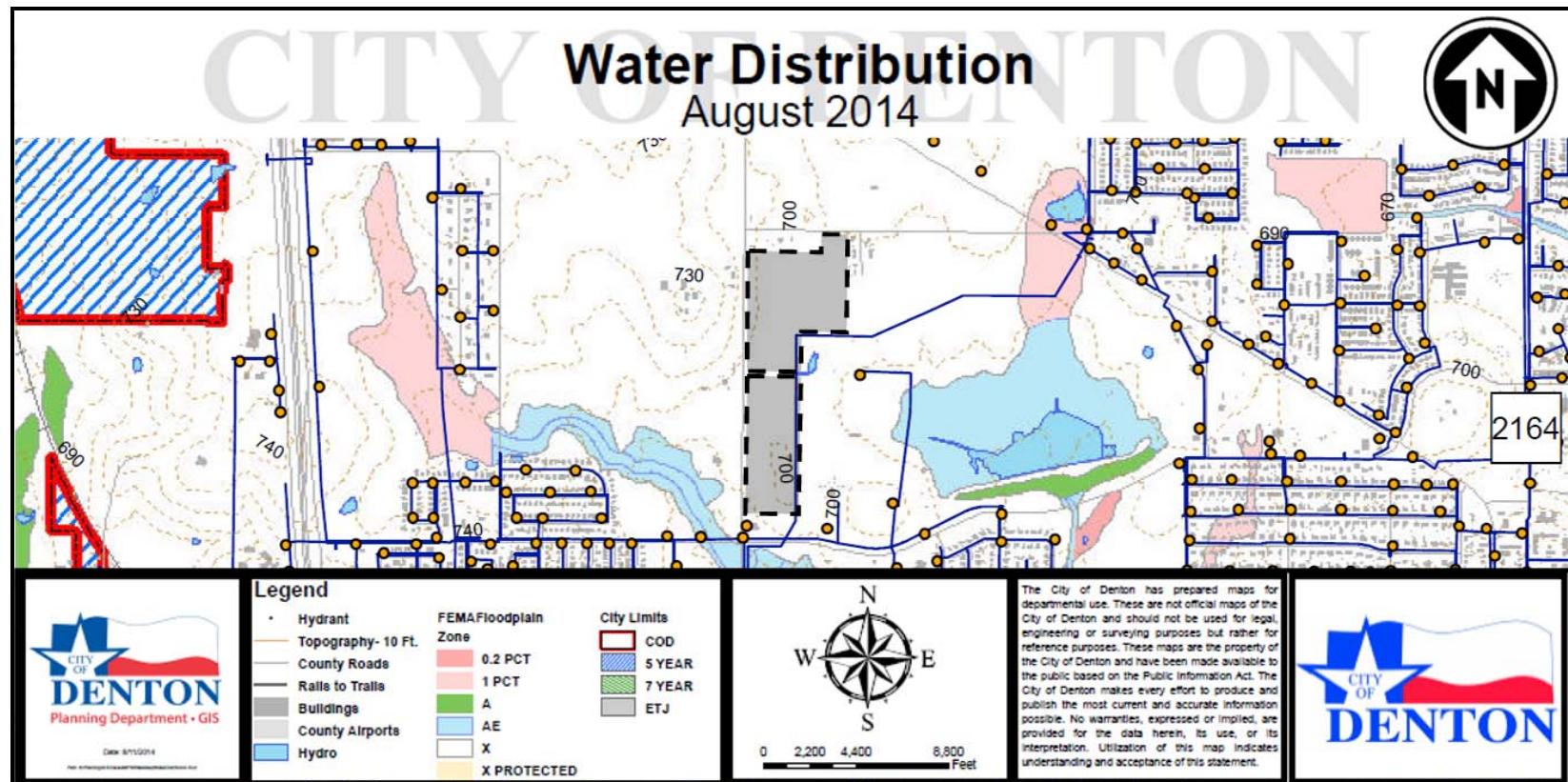
Topography Map (City of Denton Map)



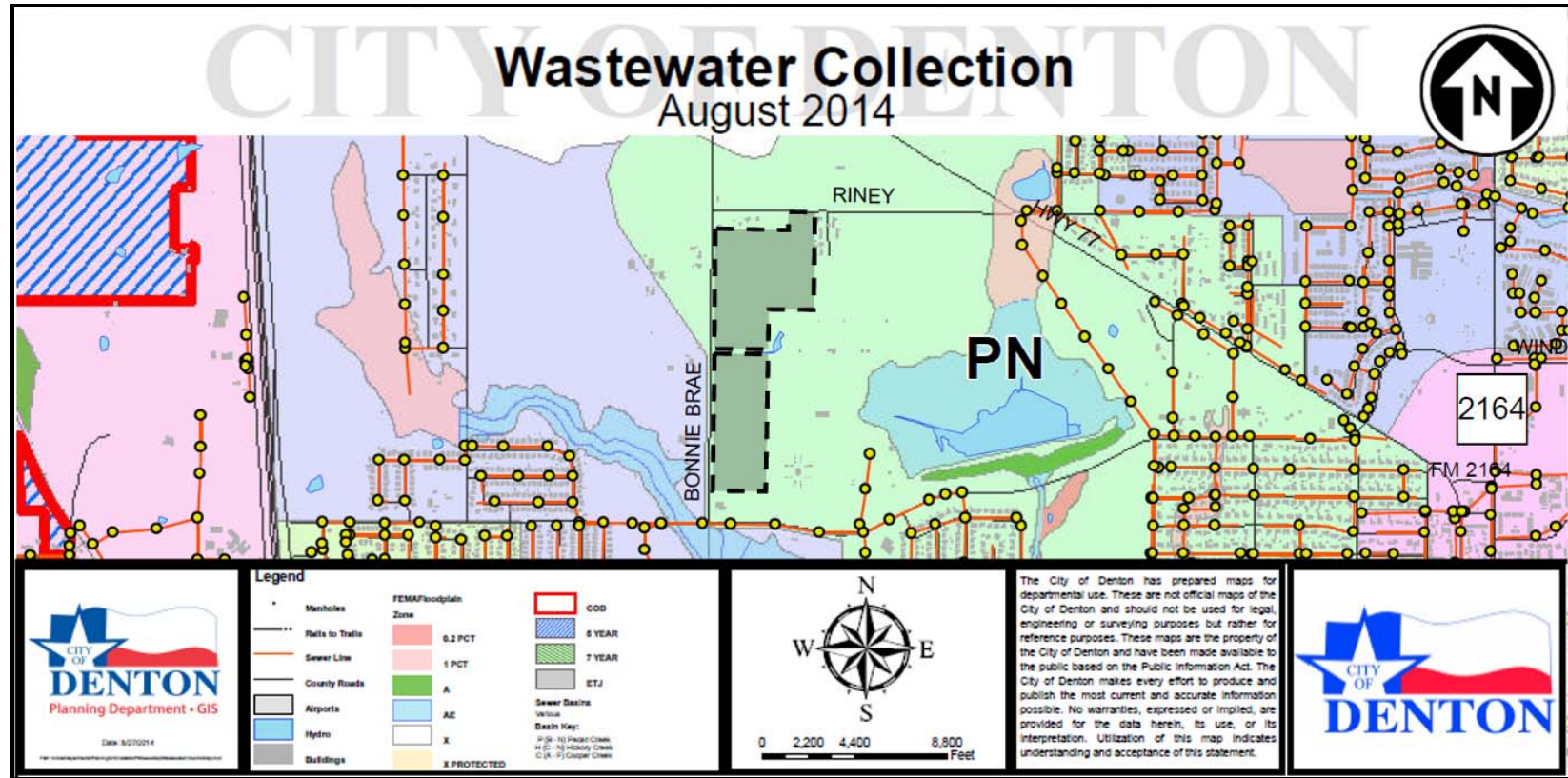
Railroad Commission Map



Water Map (City of Denton Maps)



Sewer Map (City of Denton Maps)



Zoning

The subject is located in a municipality that has zoning ordinances. Specific zoning requirements are summarized in the following table.

Zoning Summary

Zoning Jurisdiction	City of Denton	
Zoning Designation	Tract 1: NR-2; Tract 2: NRMU-12	
Description	NR-2 - Neighborhood Residential 2 (two homes per acre); NRMU-12 - Neighborhood Residential Mixed Use 12 (twelve units per acre)	
Legally Conforming?	Appears to be legally conforming	
Zoning Change Likely?	No	
Permitted Uses	NR-2 - Primarily residential development; NRMU-12 - Mixed use with allowances for low to moderate intensity multi-family housing.	
Other Land Use Regulations	None	
Category	Zoning Requirement	Existing Conditions
Minimum Lot Area	NR-2 - 16,000 SF NRMU-12 - 3,500 SF	2,299,144 SF; 52.781 acres
Minimum Lot Width (Feet)	NR-2 - 80 NRMU-12 - 30	
Minimum Lot Depth (Feet)	NR-2 - 100 NRMU-12 - 80	
Minimum Setbacks (Feet)	NR-2 - Front: 20; Side: 6; Rear: 10 NRMU-12 - Front: 10; Side: 6; Rear: 10	
Maximum Building Height	NR-2 - 40 Feet NRMU-12 - 40 Feet	
Maximum Site Coverage	NR-2 - 30% NRMU-12 - 60%	
Maximum Density	NR-2 - 2 units per acre NRMU-12 - 12 units per acre	
Maximum WECS Height (Feet)	NR-2 - 55 NRMU-12 - 55	
Minimum Landscaped Area	NR-2 - 70% NRMU-12 - 40%	
Source:	City of Denton Development Code	

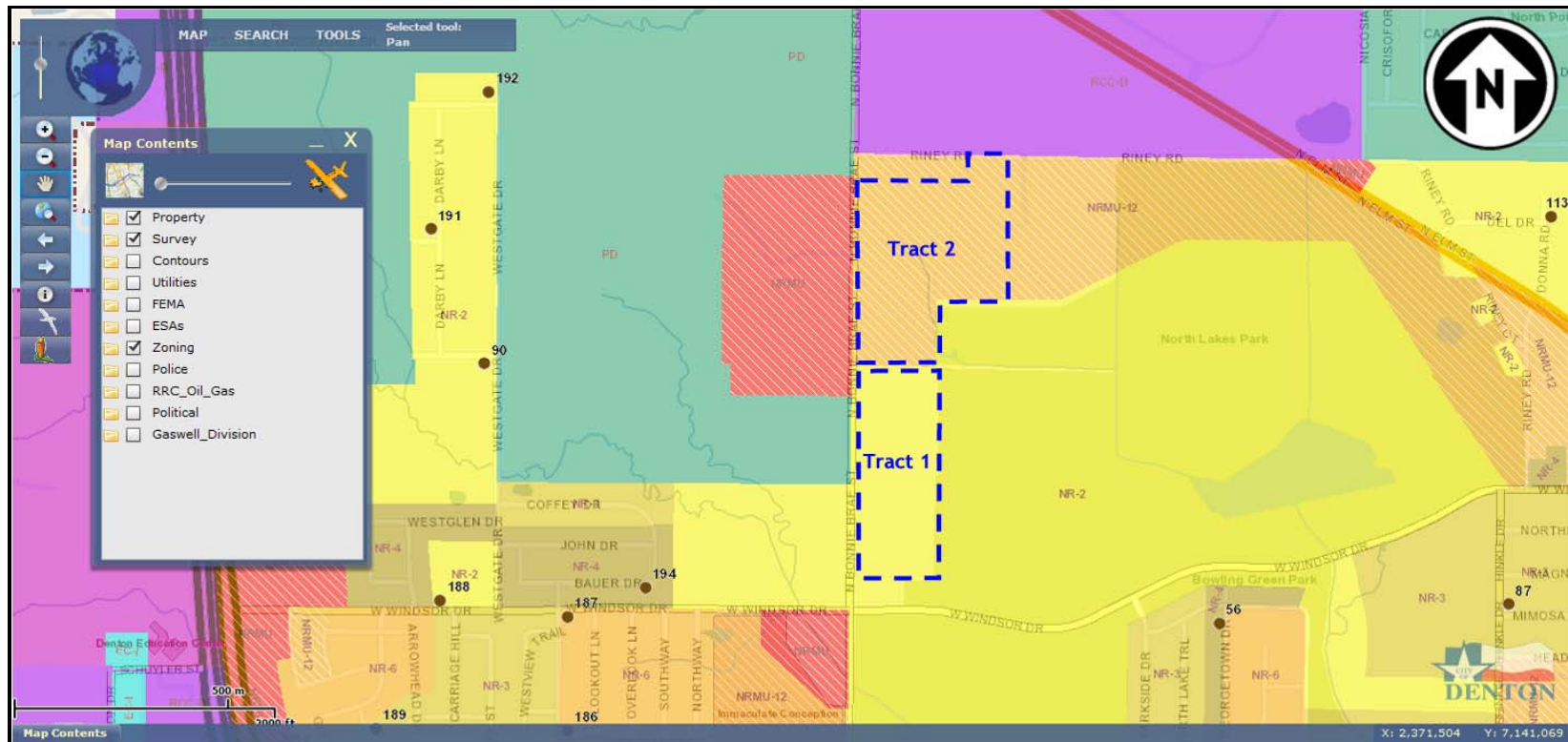
A determination of compliance with all zoning regulations would require an extensive evaluation of existing conditions and a thorough knowledge of all aspects of the city ordinances, as well as fire, electrical, plumbing and safety codes that are usually incorporated by reference into most cities' ordinances. Local municipalities have no process available to investigate and render a judgment regarding full compliance with all applicable standards for existing properties. The appraiser is not in a

capacity to give an opinion about the property's overall compliance with zoning regulations as of the effective date. As no issues of nonconformity are readily apparent to the appraiser, it is assumed the subject meets current zoning regulation. It appears that the current use of the site is a legally conforming use.

Other Land Use Regulations

We are not aware of any land use regulations other than zoning that would affect the property, nor are we aware of any moratoria on development.

Zoning Map



Easements, Encroachments and Restrictions

We have reviewed a "Limited Title Certificate" prepared by The Norfleet Group, LLC and not dated. There were no exceptions noted. Based on our on-site inspection and the survey provided by the client, both tracts have an existing 15' power line easement traversing near the respective western property lines. Tract 1 also has an existing 20' pipeline easement (Energy Assets Operating Company) traversing near the western property line. Our valuation assumes no other adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development, outside of the existing encumbrances.



View looking north along the eastern property line of Tract 1
(Photo Taken on February 17, 2016)



Overall view of Tract 1 from near the SEC of Tract 1
(Photo Taken on February 17, 2016)



View looking north along the existing power line traversing the western property line of Tract 1
(Photo Taken on February 17, 2016)



View looking east along the southern property line of Tract 1
(Photo Taken on February 17, 2016)



View looking north along N. Bonnie Brae Street
(Photo Taken on February 17, 2016)



View looking south along N. Bonnie Brae Street
(Photo Taken on February 17, 2016)



Overall view of Tract 1 from near the NWC of Tract 1
(Photo Taken on February 17, 2016)



View looking east near the northern property line of Tract 1
(Photo Taken on February 17, 2016)



Overall view of Tract 1 from near the NEC of Tract 1
(Photo Taken on February 17, 2016)



View looking west along the private road separating the two tracts
(Photo Taken on February 17, 2016)



Overall view of Tract 2 from near the SEC of Tract 2
(Photo Taken on February 17, 2016)



View looking north at an overall view of Tract 2 from near the southern property line
(Photo Taken on February 17, 2016)



View looking north along the proposed acquisition area from near the SWC of Tract 2
(Photo Taken on February 17, 2016)



View looking north along N. Bonnie Brae Street
(Photo Taken on February 17, 2016)



View looking east near the northern property line of Tract 2
(Photo Taken on February 17, 2016)



Overall view of Tract 2 from near the NWC of Tract 2
(Photo Taken on February 17, 2016)



View looking south along the proposed acquisition area of Tract 2 from near the NWC of Tract 2
(Photo Taken on February 17, 2016)



View looking south along N. Bonnie Brae Street near the western property line of Tract 2
(Photo Taken on February 17, 2016)



View looking east along Riney Road near the northern property line of Tract 2
(Photo Taken on February 17, 2016)



View looking west along Riney Road near the northern property line of Tract 2
(Photo Taken on February 17, 2016)



Overall view of Tract 2 looking south from near the northern property line of Tract 2
(Photo Taken on February 17, 2016)



Overall view of Tract 2 from near the NEC of Tract 2
(Photo Taken on February 17, 2016)

Real Estate Taxes

The subject property is located in Denton County. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate. The composite rate is based on a consistent state tax rate throughout the state, in addition to one or more local taxing district rates.

Real estate taxes and assessments for the current tax year are shown in the following table.

Property Tax Analysis	
Tax ID Numbers: 162896; 162886; 34811; 34793; 34817	
Land Assessment	\$1,063,146
Building Assessment	<u>\$0</u>
Total Assessment	\$1,063,146
Exemption Amount	\$1,057,110
Tax Rate	<u>2.491750%</u>
Indicated Tax Liability	\$150
<i>The above tax rates and tax values are 'current' for tax year 2015.</i>	

Tax records indicate that the site has 52.781 acres, or 2,299,144 square feet, indicating a land assessment of \$0.46 per square foot of land area. In addition, the subject enjoys tax exemption in the amount of \$1,057,110, resulting in a taxable or assessed value of \$6,036. Based on our investigations, analyses and conclusions in this report, the assessed value of the subject property for the current tax year appears to be low.

Assessment valuations, when compared to market valuations, are different due to multiple factors that are outside of the scope of this analysis, which include methodology, purpose, and variations in opinion. Furthermore, the size of the subject property utilized in this report is based upon tax records. The size of a property as described in the tax records may differ from the size described deed records or independent surveys. Tax records utilize different techniques for determining property boundaries than do surveyors, including consideration of Geographic Information Systems (GIS) protocols and are generally given less credence than an on-the-ground survey of a property. When current plat, survey or metes and bounds descriptions are not available, tax record estimates can still be sufficient to develop a credible opinion of value.

Whole Property Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

Applicability of Valuation Approaches

The subject is a vacant tract of land. As such, consideration of the land value was investigated. Only the sales comparison approach for land is relevant.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Physically Possible

The physical characteristics of the two tracts do not appear to impose any unusual restrictions on development. Tract 1 is gently sloping and open while Tract 2 is level and open. As stated previously, both tracts have an existing 15' power line easement traversing near the western property line. Tract 1 also has an existing 20' pipeline easement traversing near the western property line. Development within these encumbered areas would be limited to some extent. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

Tract 1 is zoned "NR-2: Neighborhood Residential 2 (two homes per acre)." Permitted uses include single-family residential development. To our knowledge, other than the easements previously described, there are no other legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only residential use is given further consideration in determining the highest and best use of Tract 1, as though vacant.

Tract 2 is zoned "NRMU-12: Neighborhood Residential Mixed Use 12 (twelve units per acre)." Permitted uses include mixed uses with allowances for low to moderate intensity multi-family housing. To our knowledge, other than the easement previously described, there are no other legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only mixed use is given further consideration in determining highest and best use of Tract 2, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for residential and mixed use in the subject's area. It appears that a newly developed residential and mixed use on the tracts would have a value commensurate with its cost. Therefore, residential for Tract 1 and mixed use for Tract 2 is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of Tract 1 that would generate a higher residual land value than a residential use. Accordingly, it is our opinion that a residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of Tract 1.

There does not appear to be any reasonably probable use of Tract 2 that would generate a higher residual land value than a mixed use. Accordingly, it is our opinion that mixed use, developed to the normal market density level permitted by zoning, is the maximally productive use of Tract 2.

Conclusion

Development of Tract 1 for a residential use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of Tract 1 as vacant.

Development of Tract 2 for a mixed use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of Tract 2 as vacant.

As Improved

No improvements are situated on the subject. Therefore, a highest and best analysis as improved is not applicable.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer or investor.

Land Valuation – Tract 1

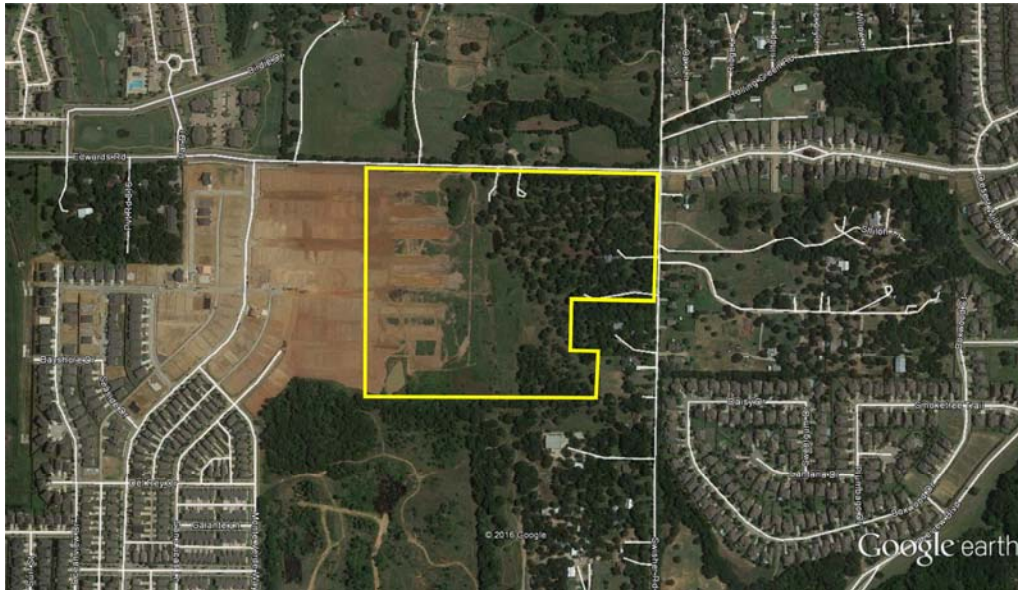
To develop an opinion of the Tract 1's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

- Location: City of Denton
- Size: 10 to 50 Acres (435,600 Square Feet to 2,178,000 Square Feet)
- Use: Residential
- Transaction Date: December 2012 to Present

For this analysis, we use price per SF as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales for Tract 1 are summarized in the following pages.

Sales Comparison Approach – Land Whole Property

Land Sale 1: Villages of Carmel Land



6184 Swisher Road, Denton, Texas 76208

Sale (Deed) Date	3/18/15
Recording Doc	2015-27142
Zoning	NR-6 & RD-5X
Highest and Best Use	Residential
Utilities	Water and Electric
Flood Plain	None
Land Size (SF)	1,956,280
Land Size (Acres)	44.910
Effective Sale Price	\$2,357,775
Sale Price per SF	\$1.21
Sale Price per Acre	\$52,500
Latitude & Longitude	33.176968, -97.069778

Grantor (Seller): Zack D. Mason, Trustee of Mary L. Mason Children's Trust

Grantee (Buyer): DW Carmel, LLC

Verified With: Mike McGhee, Listing Broker

Legal Description/Tax ID: 44.910 acres of land situated in the Gideon Walker Survey, Abstract No. 1330, Denton County, Texas

Purchased for an additional phase of Villages of Carmel, a single-family residential subdivision. Property was AG exempt at the time of sale. Mix of trees on the east side of the property and pasture in the middle. Located outside of the 100-year floodplain.

Land Sale 2: Forest Meadows Phase II Land**Ryan Road at Roxbury Street, Denton, Texas 76210**

Sale (Deed) Date	12/6/13
Recording Doc	2013-144585
Zoning	NR-4
Highest and Best Use	Residential
Utilities	All to Site
Flood Plain	None
Land Size (SF)	1,872,200
Land Size (Acres)	42.980
Effective Sale Price	\$2,300,000
Sale Price per SF	\$1.23
Sale Price per Acre	\$53,513
Latitude & Longitude	33.159973, -97.111578

Grantor (Seller): Jamp Properties, LLC

Grantee (Buyer): Lennar Homes of Texas Land and Construction, Ltd.

Verified With: Brady Giddens, Listing Broker

Legal Description/Tax ID: 42.980 acres of land situated in the Eli Pickett Survey, Abstract No. 1018, City of Denton, Denton County, Texas

Purchased for the development of Forest Meadow Phase II. Site had a preliminary plat in place. Made final post acquisition. The total acquisition was for \$2,900,000; however, \$600,000 of this was allocated to 12 finished lots in Phase 1. This value has been subtracted from the sale price to determine a net sale price for the raw land of \$2,300,000.

Land Sale 3: Church of Christ Land Sale



801 N. Loop 288, Denton, Texas 76209

Sale (Deed) Date	12/11/12
Recording Doc	2012-141313
Zoning	NR-2 & NRMU-12
Highest and Best Use	Mixed Use
Utilities	All to Site
Flood Plain	None
Land Size (SF)	1,395,239
Land Size (Acres)	32.030
Effective Sale Price	\$2,100,000
Sale Price per SF	\$1.51
Sale Price per Acre	\$65,564
Latitude & Longitude	33.222823, -97.093312

Grantor (Seller): North Texas State University Educational Foundation, Inc., et al

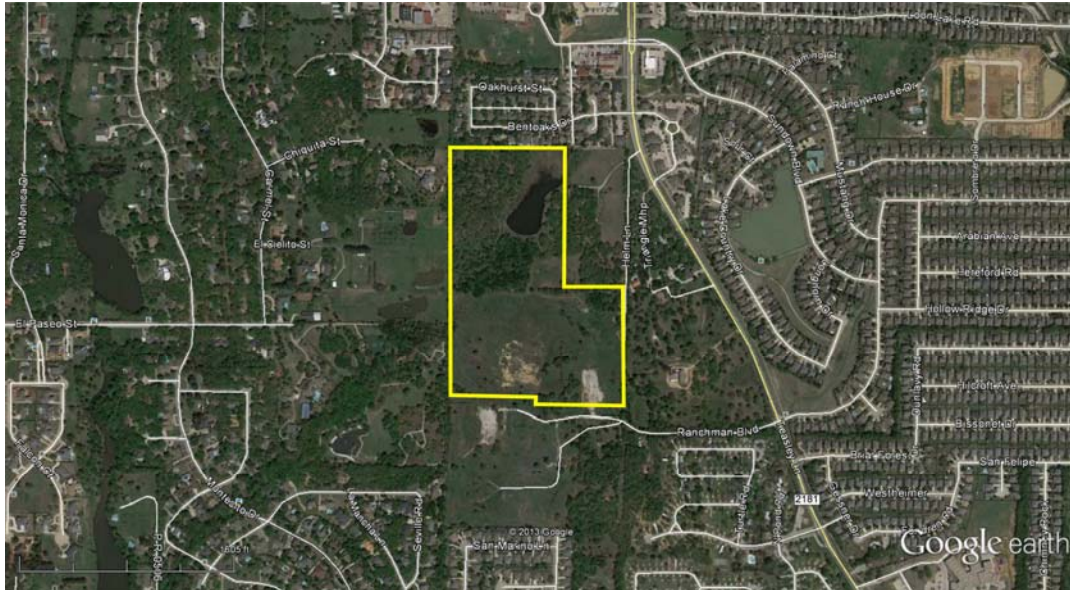
Grantee (Buyer): Singing Oaks Church of Christ of Denton

Verified With: DCAD,

Legal Description/Tax ID: 32.030 acres of land situated in the M.E.P. & P.R.R. Company Survey, Abstract No. 927, City of Denton, Denton County, Texas

There was a power line traversing the eastern portion of the property at the time of sale. This power line encumbers less than 5% of the property. An additional power line has been added since the sale that traverses the southern portion of the property. Located outside of the 100-year floodplain.

Land Sale 4: Teasley Trails Subdivision Land



W/L of Helm Lane, South of Bentoaks Drive, Denton , Texas 76210

Sale (Deed) Date	7/26/13
Recording Doc	2013-94216
Zoning	NR-3
Highest and Best Use	Residential
Utilities	Electric
Flood Plain	Zone A (100-year floodplain)
Land Size (SF)	2,093,943
Land Size (Acres)	48.070
Effective Sale Price	\$1,201,750
Sale Price per SF	\$0.57
Sale Price per Acre	\$25,000
Latitude & Longitude	33.168977, -97.115201

Grantor (Seller): SRC Teasley PKEST, LP

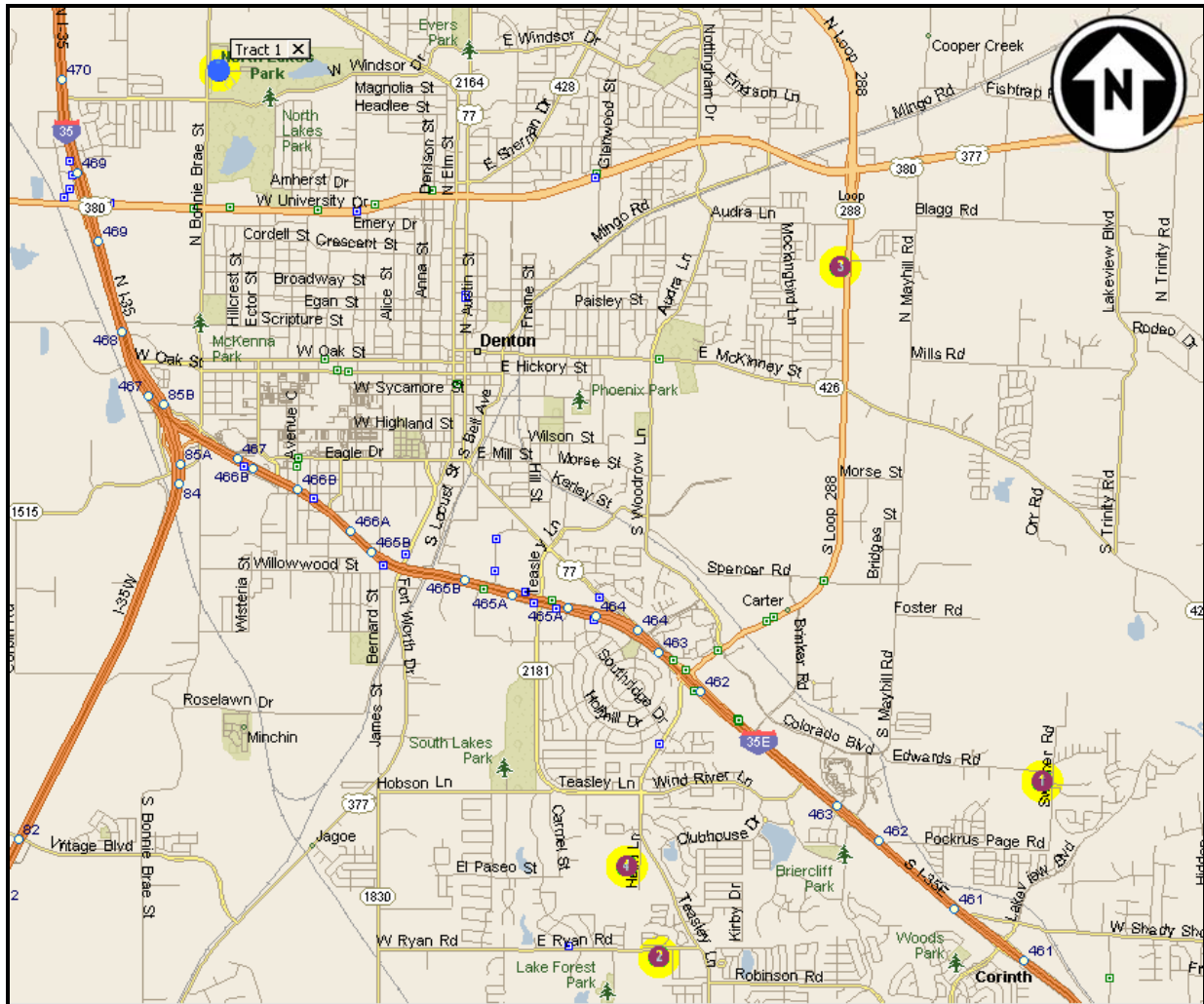
Grantee (Buyer): Teasley Trails, LLC

Verified With: Andrew Prine, Listing Broker

Legal Description/Tax ID: 48.070 acres of land situated in the Cyprian Poullalier Survey, Abstract No. 1006, City of Denton, Denton County, Texas

The property was purchased for the development of the Teasley Trails Subdivision, which is a planned 160 lot subdivision. Preliminary plat in place at the time of sale, also pending USACE 404 permit. According to FEMA flood maps, approximately 20% of the site is located within the 100-year floodplain.

Comparable Land Sales Map – Tract 1



Analysis and Adjustment of Sales – Tract 1

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are made as shown below.

Valuation Grid - Tract 1, Rayzor Investments, Ltd. Property			Comparable Sales		
	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4
Property Name	Rayzor Investments, Ltd. Property	Villages of Carmel Land	Forest Meadows Phase II Land	Church of Christ Land Sale	Teasley Trails Subdivision Land
Address	East Line of N. Bonnie Brae Street, South of Riney Road	6184 Swisher Road	Ryan Road at Roxbury Street	801 N. Loop 288	W/L of Helm Lane, South of Bentoaks Drive
City	Denton	Denton	Denton	Denton	Denton
Grantor	-	Zack D. Mason, Trustee of Mary L. Mason Children's Trust	Jamp Properties, LLC	North Texas State University Educational Foundation, Inc., et al	SRC Teasley PKEST, LP
Grantee	-	DW Carmel, LLC	Lennar Homes of Texas Land and Construction, Ltd.	Singing Oaks Church of Christ of Denton	Teasley Trails, LLC
Date of Sale	2/17/2016	3/18/2015	12/6/2013	12/11/2012	7/26/2013
Size (Acres)	19.844	44.910	42.980	32.030	48.070
Size (Square Feet)	864,408	1,956,280	1,872,200	1,395,239	2,093,943
Sale Price	-	\$2,357,775	\$2,300,000	\$2,100,000	\$1,201,750
Effective Sale Price	-	\$2,357,775	\$2,300,000	\$2,100,000	\$1,201,750
Unit Price	Per SF	\$1.21	\$1.23	\$1.51	\$1.57
Property Rights					
Financing					
Condition of Sale					
Date of Sale (Annual Adjustment)	3%	3%	7%	10%	8%
Adjusted Price	Per SF	\$1.25	\$1.32	\$1.66	\$1.62
Location	Denton	-10%	-10%	-15%	-10%
Size	19.844	5%	5%		5%
Utilities	Water & Electric		-5%	-5%	5%
Shape	Rectangular				
Topography/Flood	Gently Sloping/None	-10%	-10%	-10%	
Zoning/Use Potential	NR-2/Residential	-5%	-5%	-10%	-5%
Legal Encumbrances	Power line & Pipeline	-5%	-5%		-5%
Entitlements	None		-20%		-20%
Total Adjustments		-25%	-50%	-40%	-30%
Indicated Unit Value		\$1.94	\$1.66	\$1.00	\$1.43
Estimated Unit Value				\$1.90	

The research in the market included property that has sold in addition to property listed for sale. Four land sales were selected for direct comparison and adjusted accordingly. Before adjustment for physical characteristics of each comparable are made, the sales are adjusted for real property rights conveyed, financing terms, condition of sale and time (market conditions). For this analysis, each sale is adjusted by 3% per year to allow for changing market conditions since the time of the transaction.

The above adjustments are applied to arrive at an adjusted price before the following adjustments:

Land Sale 1 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton. A downward adjustment was made. Land Sale 1 is adjusted upward for its larger size. This upward adjustment is based on the inverse relationship expected between size and unit price. Land Sale 1 is considered superior with respect to topography based on the superior tree coverage on the site. A downward adjustment was made. Land Sale 1 is considered superior with regard to zoning based on the site having a zoning designation that allows for more dense development. A downward adjustment was made. In addition, Land Sale 1 is considered superior with respect to legal encumbrances based on the power line and pipeline traversing the subject property. A downward adjustment was made.

Land Sale 2 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton. A downward adjustment was made. Land Sale 2 is adjusted upward for its larger size. This upward adjustment is based on the inverse relationship expected between size and unit price. Land Sale 2 has superior utility access and a downward adjustment was made. Land Sale 2 is considered superior with respect to topography based on the superior tree coverage on the site. A downward adjustment was made. Land Sale 2 is considered superior with regard to zoning based on the site having a zoning designation that allows for more dense development. A downward adjustment was made. Land Sale 2 is considered superior with respect to legal encumbrances based on the power line and pipeline traversing the subject property. A downward adjustment was made. In addition, Land Sale 2 is considered superior with respect to entitlements based on the site having a preliminary plat in place at the time of sale. A downward adjustment was made.

Land Sale 3 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton and along a heavily traveled thoroughfare. A downward adjustment was made. Land Sale 3 has superior utility access and a downward adjustment was made. Land Sale 3 is considered superior with respect to topography based on the superior tree coverage on the site. A downward adjustment was made. In addition, Land Sale 3 is considered superior with respect to zoning based on a portion of the site being zoned for mixed use development. A downward adjustment was made.

Land Sale 4 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton. A downward adjustment was made. Land Sale 4 is adjusted upward for its larger size. This upward adjustment is based on the inverse relationship expected between size and unit price. Land Sale 4 has inferior utility access and an upward adjustment was made. Land Sale 4 has superior trees compared to the subject; however, this aspect was offset by approximately 20% of the site being encumbered by floodplain. Therefore, no overall topography/flood adjustment was made. Land Sale 4 is considered superior with regard to zoning based on the site having a zoning designation that allows for more dense development. A downward adjustment was made. Land Sale 4 is considered superior with respect to legal encumbrances based on the power line and pipeline traversing the subject property. A downward adjustment was made. In addition, Land Sale 4 is considered superior with respect to entitlements based on the site having a preliminary plat in place at the time of sale. A downward adjustment was made.

Other Sales Considered

In addition to the sales previously presented, the appraisers have analyzed two additional sales that were not included in our analysis grid.

Land Sale A – This land sale consists of 23.000 acres, or 1,001,792 square feet of land located at 2700 Mayhill Road in Denton. The site is zoned “RCR-1: Regional Center Residential 1” and “RD-5x: Rural Residential.” Based on FEMA flood maps, approximately 10% of the site is located within the 100-year floodplain (Zone A). The site has access to public water and electric and is heavily treed. The tract sold for \$500,000, or \$0.50 per square foot on February 26, 2014. This sale price was confirmed with the Denton County Appraisal District (DCAD). In addition, the transaction is conveyed in 2014-17157 of the Denton County public records.

Land Sale B – This land sale consists of 25.060 acres, or 1,091,793 square feet of land located on the north and south sides of Paisley Street, east of Mack Drive in Denton. The site is zoned “NR-4: Neighborhood Residential.” Based on FEMA flood maps, the site is located outside of the 100-year floodplain. The site has access to all utilities and is heavily treed with undulating topography. The tract sold for \$1,060,000, or \$0.97 per square foot on May 16, 2013. This sale price was confirmed with the contract of sale. This transaction is conveyed in 2013-59309 of the Denton County public records. The buyer planned to build future phases of Maple Leaf subdivision. Zoning requires lots to be minimum of 7,000 square feet.

Land Value Conclusion – Tract 1

Based on the preceding analysis and adjustments, the comparable sales provide a range of value indications from \$0.43 to \$1.00 per SF with an average of \$0.76 per SF. The most weight was placed on Land Sale 1 based on the most recent transaction date and similar use. Secondary weight was placed on Land Sales 2 and 4 based on their similar use. Therefore, it is our opinion that the applicable unit value is \$0.90 per SF for **Tract 1**.

The discussion on the following page describes the valuation of the existing power line and pipeline easements.

Easement Valuation Matrix

In addition to the fee simple valuation of the subject, consideration has also been given to the existing power line and pipeline easements that traverse near the western property line of Tract 1. The following chart (Right of Way Magazine, “The Valuation of Easements”, Sherwood, November/December 2014) outlines a very basic analysis of typical easement encumbrances. It can be used as a generic guide to analyze the extent of ownership rights the fee owner loses as a result of the encumbrances brought about by potential types of easements.

Percentage of Fee	Comments	Potential Types of Easements
90% - 100%	<ul style="list-style-type: none"> Severe impact on surface use Conveyance of future uses 	Overhead electric, flowage easements, railroad ROW, irrigation canals, exclusive access easements
75% - 89%	<ul style="list-style-type: none"> Major impact on surface use Conveyance of future uses 	Overhead electric, pipelines, drainage easements, railroad ROW, flowage easements
51% - 74%	<ul style="list-style-type: none"> Some impact on surface use Conveyance of ingress/egress rights 	Pipelines, scenic easements
50%	<ul style="list-style-type: none"> Balanced use by both owner and easement holder 	Water or sewer lines, cable lines, telecommunications
26% - 49%	<ul style="list-style-type: none"> Location along a property line or location across non usable land area 	Water or sewer line, cable lines
11% - 25%	<ul style="list-style-type: none"> Subsurface or air rights that have minimal effect on use and utility Location within a setback 	Air rights, water or sewer lines
0% - 10%	<ul style="list-style-type: none"> Nominal effect on use and utility 	Small subsurface easements

Given that the existing overhead electric lines on the tract are high-voltage transmission lines and they encumber most of the surface uses, we estimate 99% encumbrance on the land area within the existing power line easement, leaving 1% interest to the underlying land owner.

Given that the easement holder has subsurface rights for the pipeline easement and the landowner has use of the easement surface for landscaping, driveways, recreational, agricultural and other uses, but is unable to erect any permanent buildings or structure, we estimate 75% encumbrance on the land area within the existing pipeline, leaving 25% interest to the underlying land owner.

This results in a concluded **Tract 1** value as follows:

Sales Comparison Analysis - Tract 1 - Land Value per SF				
Adjusted Unit Value (per SF)				
	Unit Value	Ownership Interest	Land Area	Concluded Land Value
Tract 1	\$0.90 / SF		864,408 SF	\$777,967
Tract 1 - Existing Power Line Esmt.	\$0.90 / SF	@ 1%	23,958 SF	\$216
Tract 1 - Existing Pipeline Esmt.	\$0.90 / SF	@ 25%	19,471 SF	\$4,381
Total				\$782,564

Land Valuation – Tract 2

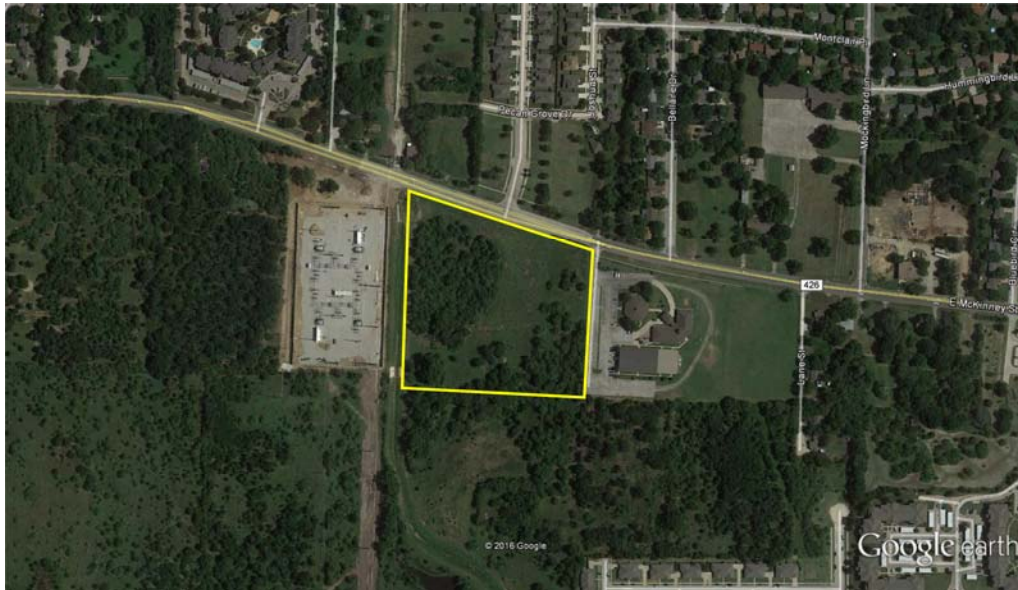
To develop an opinion of the Tract 2's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

- Location: City of Denton
- Size: 10 to 60 Acres (435,600 Square Feet to 2,613,600 Square Feet)
- Use: Mixed Use and Residential
- Transaction Date: December 2012 to Present

For this analysis, we use price per SF as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales for Tract 2 are summarized in the following pages.

Sales Comparison Approach – Land Whole Property – Tract 2

Land Sale 5: McKinney Street Land



2700 E. McKinney Street, Denton, Texas 76209

Sale (Deed) Date	1/10/13
Recording Doc	2013-4364
Zoning	NRMU & NRMU-12
Highest and Best Use	Mixed Use
Utilities	All to Site
Flood Plain	None
Land Size (SF)	497,063
Land Size (Acres)	11.411
Effective Sale Price	\$650,000
Sale Price per SF	\$1.31
Sale Price per Acre	\$56,963
Latitude & Longitude	33.213473, -97.100769

Grantor (Seller): Joan Cohagen, Trustee of the Joan Cohagen Living Trust, et al

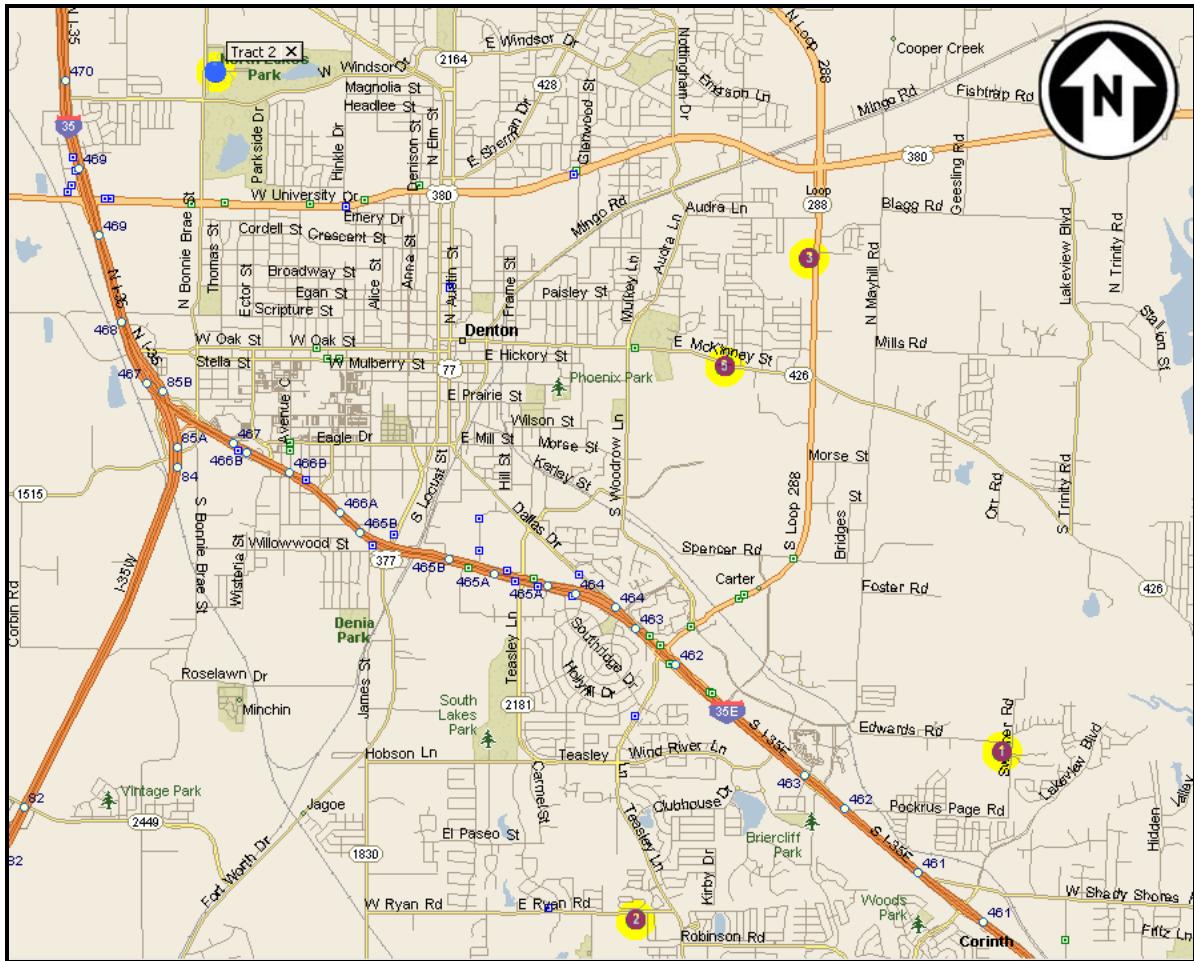
Grantee (Buyer): BL Denton Land 1, LLC

Verified With: Chris Rosprim, Listing Broker

Legal Description/Tax ID: 11.411 acres of land situated in the M. Yoachum Survey, Abstract No. 1442, City of Denton, Denton County, Texas

Site purchased for the construction of apartment buildings. The Majestic on McKinney apartments were built in 2015.

Comparable Land Sales Map – Tract 2



Analysis and Adjustment of Sales – Tract 2

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are made as shown below.

Valuation Grid - Tract 2, Rayzor Investments, Ltd. Property		Comparable Sales			
	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 5
Property Name	Rayzor Investments, Ltd. Property	Villages of Carmel Land	Forest Meadows Phase II Land	Church of Christ Land Sale	McKinney Street Land
Address	East Line of N. Bonnie Brae Street, South of Riney Road	6184 Swisher Road	Ryan Road at Roxbury Street	801 N. Loop 288	2700 E. McKinney Street
City	Denton	Denton	Denton	Denton	Denton
Grantor	-	Zack D. Mason, Trustee of Mary L. Mason Children's Trust	Jamp Properties, LLC	North Texas State University Educational Foundation, Inc., et al	Joan Cohagen, Trustee of the Joan Cohagen Living Trust, et al
Grantee	-	DW Carmel, LLC	Lennar Homes of Texas Land and Construction, Ltd.	Singing Oaks Church of Christ of Denton	BL Denton Land 1, LLC
Date of Sale	2/17/2016	3/18/2015	12/6/2013	12/11/2012	1/10/2013
Size (Acres)	31.460	44.910	42.980	32.030	11.411
Size (Square Feet)	1,370,405	1,956,280	1,872,200	1,395,239	497,063
Sale Price	-	\$2,357,775	\$2,300,000	\$2,100,000	\$1,201,750
Price Adjustment	-	\$0	\$0	\$0	\$0
Effective Sale Price	-	\$2,357,775	\$2,300,000	\$2,100,000	\$1,201,750
Unit Price	Per SF	\$1.21	\$1.23	\$1.51	\$2.42
Property Rights					
Financing					
Condition of Sale					
Date of Sale (Annual Adjustment)	3%	3%	7%	10%	9%
Adjusted Price	Per SF	\$1.25	\$1.32	\$1.66	\$2.64
Location	Denton	-10%	-10%	-15%	-10%
Size	31.460 acres				-10%
Utilities	Water & Electric		-5%	-5%	
Shape	Rectangular				
Topography/Flood	Gently Sloping/None				
Zoning/Use Potential	NRMU-12/Mixed Use	10%	10%	5%	
Legal Encumbrances	Power line			5%	
Entitlements	None		-20%		
Total Adjustments		0%	-25%	-10%	-20%
Indicated Unit Value		\$1.25	\$0.99	\$1.49	\$2.11
Estimated Unit Value				\$1.50	

The research in the market included property that has sold in addition to property listed for sale. Four land sales were selected for direct comparison and adjusted accordingly. Before adjustment for physical characteristics of each comparable are made, the sales are adjusted for real property rights conveyed, financing terms, condition of sale and time (market conditions). For this analysis, each sale is adjusted by 3% per year to allow for changing market conditions since the time of the transaction.

The above adjustments are applied to arrive at an adjusted price before the following adjustments:

Land Sale 1 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton. A downward adjustment was made. In addition, Land Sale 1 is considered inferior with respect to zoning due to the site being zoned for residential use. An upward adjustment was made.

Land Sale 2 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton. A downward adjustment was made. Land Sale 2 has superior utility access and a downward adjustment was made. Land Sale 2 is considered inferior with respect to zoning due to the site being zoned for residential use. An upward adjustment was made. In addition, Land Sale 2 is considered superior with respect to entitlements based on the site having a preliminary plat in place at the time of sale. A downward adjustment was made.

Land Sale 3 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton and along a heavily traveled thoroughfare. A downward adjustment was made. Land Sale 3 has superior utility access and a downward adjustment was made. Land Sale 3 is considered inferior with respect to zoning due to the site being zoned for residential use. An upward adjustment was made. In addition, Land Sale 3 is considered inferior with respect to legal encumbrances based on the power line bisecting the site. An upward adjustment was made.

Land Sale 5 is considered superior with respect to location based on the site being located in a more developed sector of the City of Denton. A downward adjustment was made. In addition, Land Sale 5 is adjusted downward for its smaller size. This downward adjustment is based on the inverse relationship expected between size and unit price.

Land Value Conclusion – Tract 2

Based on the preceding analysis and adjustments, the comparable sales provide a range of value indications from \$0.99 to \$2.11 per SF with an average of \$1.46 per SF. Similar weight was placed on the four sales analyzed. Therefore, it is our opinion that the applicable unit value is \$1.50 per SF for **Tract 2**.

Reference is made to the Easement Valuation Matrix presented previously (page 50) for the valuation of the existing power line easement. As noted previously, given that the existing overhead electric lines on the tract are high-voltage transmission lines and they encumber most of the surface uses, we estimate 99% encumbrance on the land area within the existing power line easement. This leaves 1% interest to the underlying land owner.

This results in a concluded **Tract 2** value as follows:

Sales Comparison Analysis - Tract 2 - Land Value per SF				
Adjusted Unit Value (per SF)				
	Unit Value	Ownership Interest	Land Area	Concluded Land Value
Tract 2	\$1.50 / SF		1,370,405 SF	\$2,055,608
Tract 2 - Existing Power Line Esmt.	\$1.50 / SF	@ 1%	20,902 SF	\$314
Total				\$1,713,267

Land Value Conclusion – Whole Property

Sales Comparison Analysis - Whole Property - Land Value per SF				
	Unit Value		Land Area	Concluded Land Value
Tract 1	\$0.90 / SF		864,408 SF	\$777,967
Tract 2	\$1.50 / SF		1,370,405 SF	\$2,055,608
Tract 1 - Existing Power Line Esmt.	\$0.90 / SF	@ 1%	23,958 SF	\$216
Tract 1 - Existing Pipeline Esmt.	\$0.90 / SF	@ 25%	19,471 SF	\$4,381
Tract 2 - Existing Power Line Esmt.	\$1.50 / SF	@ 1%	20,902 SF	\$314
Total				\$2,838,486

Conclusion of Value – Whole Property

Reconciliation involves the analysis of alternative value indications to determine a final value conclusion. The appraisal of real estate typically employs three traditional valuation methods: the Sales Comparison Approach, the Cost Approach, and the Income Approach. The values indicated by the applicable approaches are as follows:

Value Indications - Whole Property	
Cost Approach	\$0
Sales Comparison Approach (Land Only)	\$2,838,486
Income Capitalization Approach	\$0

Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the market value as of February 17, 2016, which is appraised as vacant land, is:

Concluded Value - Whole Property	
Improvements (Allocated)	\$0
Land	\$2,838,486
Ground Lease Total	\$0
Reconciled Value - Whole Property	\$2,838,486

Exposure Time – Whole Property

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, it is our opinion that the probable exposure time for the subject at the concluded market value for the whole property before the acquisition stated previously is about 12 months.

Part to Be Acquired

The part to be acquired may be valued in two different manners in Texas. If the part to be acquired can be considered an individual economic entity, then it is valued as a separate parcel. Thus, this may require that all three approaches to value and possibly, a whole new set of market data be considered, which would be more comparable to the part acquired, than just the reuse of the market data utilized in the whole property valuation. On the other hand, if the part acquired cannot be considered an individual economic entity, then its value contribution to the entire parcel is used. In this case, the value of the part to be acquired would not be independent and the part to be acquired represents the prorated value from the whole property.

The value of the remainder before the acquisition is found by subtracting the value of the part to be acquired from the value of the whole property. The remaining property before the acquisition is sometimes referred to as the “residual.”

Property Description – Part to Be Acquired

Survey maps provided by the client indicate that the part to be acquired includes the following land areas:

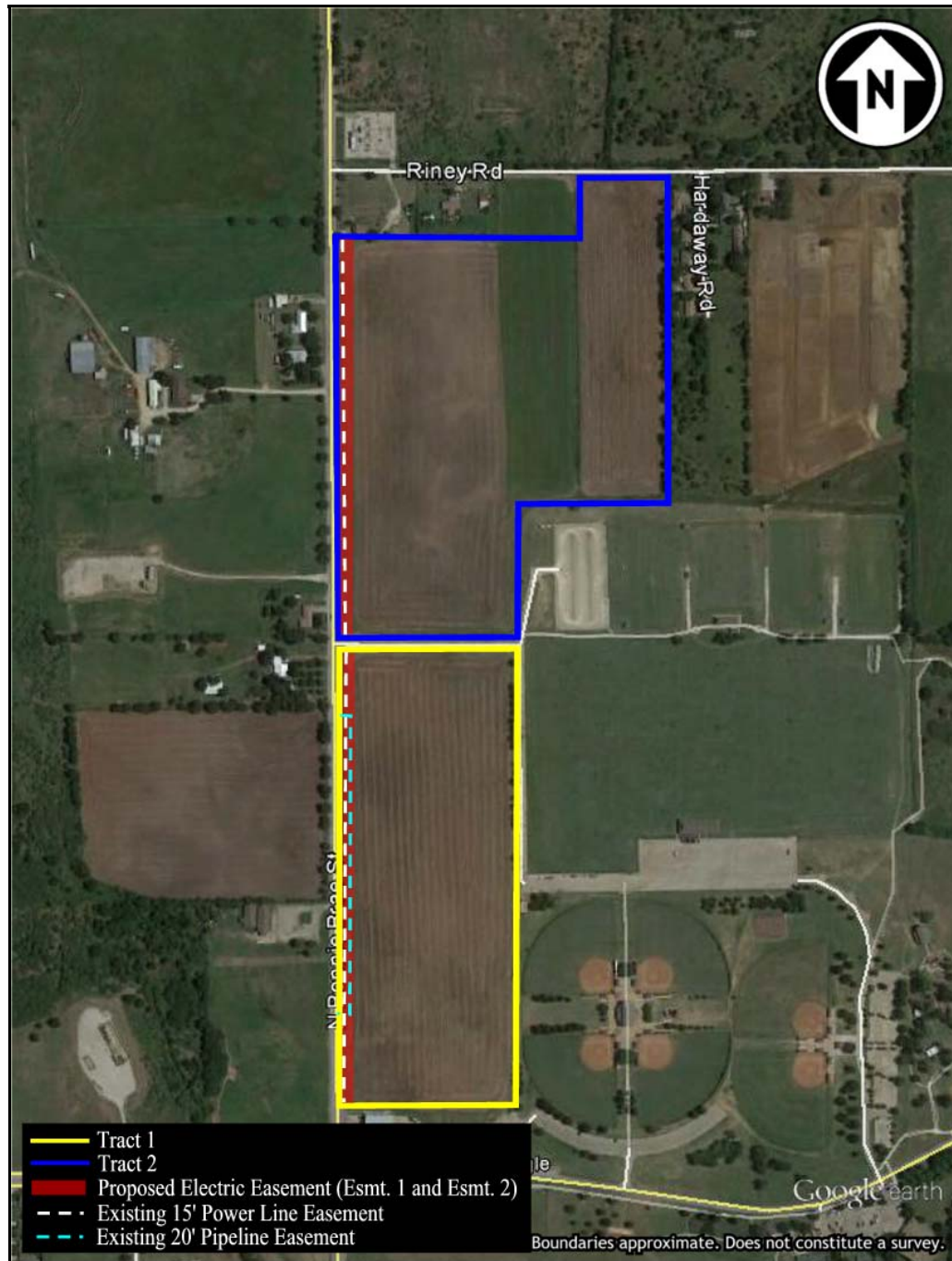
Part Acquired	Square Feet	Acres
Esmt. 1	38,114	0.875
Esmt. 2	50,521	1.160
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979	0.275
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772	0.408
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	8,712	0.200
Total Part Acquired in Easement	127,098	2.918

The client has proposed to acquire two separate electric easements. Proposed easement 1 consists of 1.558 acres, or 67,865 square feet. Based on estimations made by the appraisers, approximately 0.275 acres, or 11,979 square feet of this proposed easement lies within an existing power line easement. In addition, approximately 0.408 acres, or 17,772 square feet lies within an existing pipeline easement. Therefore, approximately 0.875 acres, or 38,114 square feet of the proposed easement lies outside of the existing easements.

Proposed easement 2 consists of 1.360 acres, or 59,233 square feet. Based on estimations made by the appraisers, approximately 0.200 acres, or 8,712 square feet of this proposed easement lies within an existing power line easement. Therefore, approximately 1.160 acres, or 50,521 square feet of the proposed easement lies outside of the existing easements.

The project/survey map and legal description of the part to be acquired are presented in the addenda of this report. A map of the proposed acquisition area prepared by the appraiser and based on an aerial overlay of the documents provided by the client is shown below.

Aerial Overlay– Part to Be Acquired



Highest and Best Use – Part to be Acquired

While smaller than the whole site, there is no market evidence that would suggest a unit value of a parcel smaller than the whole subject could command a higher unit value than its contribution to the whole. Due to the size and shape of the partial acquisition, the parcel would not stand alone as a separate economic unit. Thus, it would have the same unit value as the whole property. Therefore, its highest and best use is to serve as part of the whole site.

Land Value – Part to be Acquired

It is the appraisers' opinion that the comparable land sales used to estimate the market value for the subject property whole land would be applicable to the part to be acquired. The table below details the land value in the part acquired along with any partial encumbrances:

Land Value - Part to be Acquired							
Land Area	Size of Acquisition	Unit Value	Ownership Interest	Interest to be Acquired	Unrounded Value	Reconciled	
Esmt. 1	38,114 SF	@ \$0.90 / SF	@	99%	\$33,959.57	\$33,960	
Esmt. 2	50,521 SF	@ \$1.50 / SF	@	99%	\$75,023.69	\$75,024	
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979 SF	@ \$0.90 / SF	@ 1%	99%	\$106.73	\$107	
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772 SF	@ \$0.90 / SF	@ 25%	99%	\$3,958.71	\$3,959	
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	8,712 SF	@ \$1.50 / SF	@ 1%	99%	\$129.37	\$129	
Total Land Value - Part to be Acquired						\$113,179	

Reference is made to the easement discussion provided previously (Page 55) that describes the valuation of the new encumbrances that are listed in the above table.

Remainder Before

The value of the remainder before the acquisition is found by subtracting the value of the part to be acquired from the value of the whole property. The remaining property before the acquisition is sometimes referred to as the “residue.”

When the total estimated value of the part to be acquired is deducted from the estimated value of the whole property, a residual value or Remainder Before value is indicated as follows:

Part to be Acquired and Remainder Before Summary	
Whole Property Value	\$2,838,486
Less: Part To Be Acquired	\$113,179
Equals: Remainder Before Value	\$2,725,307

The following chart provides a breakdown of the remainder before components:

Summary of the Remainder Before the Acquisition							
Tract 1	826,294 SF	@	\$0.90 / SF				\$743,665
Esmt. 1	38,114 SF	@	\$0.90 / SF	@	1%		\$343
Tract 2	1,319,884 SF	@	\$1.50 / SF				\$1,979,826
Esmt. 2	50,521 SF	@	\$1.50 / SF	@	1%		\$758
Tract 1 - Existing Power Line Esmt.	11,979 SF	@	\$0.90 / SF	@	1%		\$108
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979 SF	@	\$0.90 / SF	@	1% @	1%	\$1
Tract 1 - Existing Pipeline Esmt.	1,699 SF	@	\$0.90 / SF	@	25%		\$382
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772 SF	@	\$0.90 / SF	@	25% @	1%	\$40
Tract 2 - Existing Power Line Esmt.	12,190 SF	@	\$1.50 / SF	@	1%		\$183
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	8,712 SF	@	\$1.50 / SF	@	1% @	1%	\$1
Land Value in Remainder Before							\$2,725,307
Total Value of Remainder Before							\$2,725,307

Remainder After Analysis

The value of the remainder after the acquisition is an estimate of the market value taking into consideration the effect that the proposed easement or right-of-way will have on the remainder. This valuation is based upon a new site analysis, highest and best use analysis, as well as the consideration of the three approaches to value.

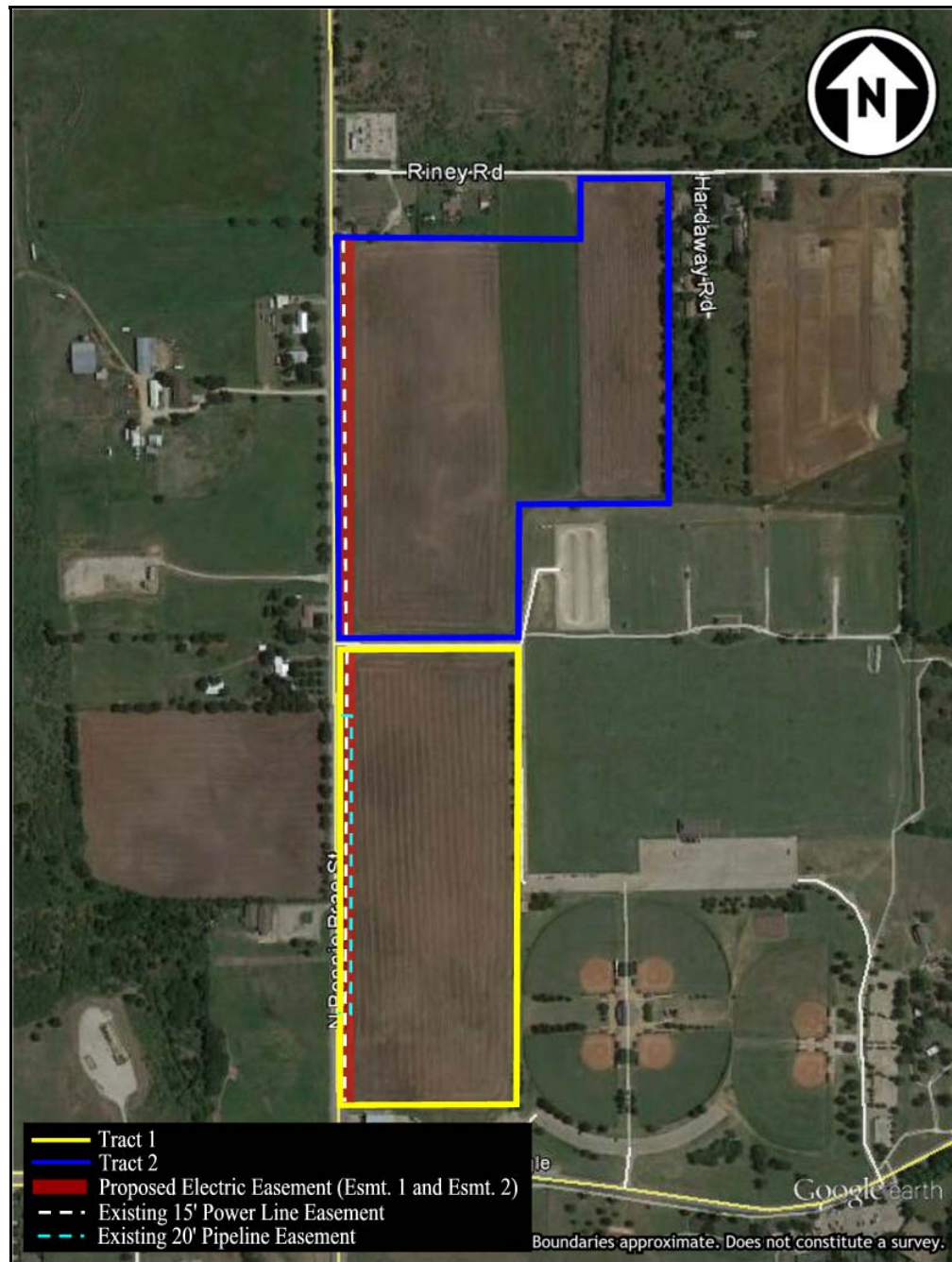
Damages or benefits to the remainder are found by subtracting the value of the remainder after the acquisition from the value of the remainder before the acquisition. If positive, damages exist. Likewise, if the figure is negative, benefits are present (enhancement). The State of Texas through legislative prescription and case law provide some direction with regard to the estimation of damages specific to a remainder property.

Property Description – Remainder After

The size of the remainder property is calculated as the whole property less any fee simple acquisitions. Based on this calculation the remainder contains 52.781 acres, or 2,299,144 square feet. The land areas in the remainder are indicated as follows:

Remainder Property	Square Feet	Acres
Tract 1	826,294	18.969
Esmt. 1	38,114	0.875
Tract 2	1,319,884	30.300
Esmt. 2	50,521	1.160
Tract 1 - Existing Power Line Esmt.	11,979	0.275
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	11,979	0.275
Tract 1 - Existing Pipeline Esmt.	1,699	0.039
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	17,772	0.408
Tract 2 - Existing Power Line Esmt.	12,190	0.280
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	8,712	0.200
Total Remainder Property	2,299,144	52.781

The remainder tracts will be very similar to the whole property before the acquisition, as illustrated on the following page. After the acquisition, the subject tracts will be rectangular in shape.

Aerial Overlay– Remainder After

Highest and Best Use – Remainder After

The highest and best use of the remainder after the acquisition is the same as that of the remainder with the part to be acquired. After the acquisition, the remainder tracts will be similar to the whole property, except that both tracts will contain a new electric easement. The proposed acquisition does not impact the functional utility of the site.

Because there is no impact to the functional utility of the site, we conclude that the highest and best use of the remainder after the acquisition is the same as that of the whole property. No damages to the remainder result from the proposed acquisition.

Land Valuation – Remainder After

The land sales presented for analysis of the whole property land would be applicable to the remainder property land. In addition, the adjustments for the whole property land are similar to the remainder property land. For a recompilation of information, reference is made to the sale data sheets and explanation of adjustments presented in Section 3.

The comparables' adjusted prices range from \$0.43 to \$1.00 per SF with an average of \$0.76 per SF for Tract 1. The most weight was placed on Land Sale 1 based on the most recent transaction date and similar use. Secondary weight was placed on Land Sales 2 and 4 based on their similar use. Therefore, the appraisers have concluded a unit value of \$0.90 per SF for **Tract 1**.

The comparables' adjusted prices range from \$0.99 to \$2.11 per SF with an average of \$1.46 per SF for Tract 2. Similar weight was placed on the four sales analyzed. Therefore, the appraisers have concluded a unit value of \$1.50 per SF for **Tract 2**.

This indicates a remainder value of:

Sales Comparison Analysis Remainder After - Land Value per SF					
Adjusted Unit Value (per SF)				\$.90	
	Unit Value	1st Interest	2nd Interest	Land Area	Concluded Land Value
Tract 1	\$0.90 / SF			826,294 SF	\$743,665
Esmt. 1	\$0.90 / SF @	1%		38,114 SF	\$343
Tract 2	\$1.50 / SF			1,319,884 SF	\$1,979,826
Esmt. 2	\$1.50 / SF @	1%		50,521 SF	\$758
Tract 1 - Existing Power Line Esmt.	\$0.90 / SF @	1%		11,979 SF	\$108
Tract 1 - Esmt. 1 - Existing Power Line Esmt.	\$0.90 / SF @	1%	@	1%	\$1
Tract 1 - Existing Pipeline Esmt.	\$0.90 / SF @	25%		1,699 SF	\$382
Tract 1 - Esmt. 1 - Existing Pipeline Esmt.	\$0.90 / SF @	25%	@	1%	\$40
Tract 2 - Existing Power Line Esmt.	\$1.50 / SF @	1%		12,190 SF	\$183
Tract 2 - Esmt. 2 - Existing Power Line Esmt.	\$1.50 / SF @	1%	@	1%	\$1
Total					\$2,725,307

Conclusion of Value – Remainder After

Reconciliation involves the analysis of alternative value indications to determine a final value conclusion. The values indicated by the applicable approaches are as follows:

Value Indications - Remainder After the Acquisition	
Cost Approach	\$0
Sales Comparison Approach (Land Only)	\$2,725,307
Income Capitalization Approach	\$0

Conclusion and Compensation Summary

The previous data has been considered for an indication of permanent damages or enhancements to the subject property. Typically, enhancements to the Remainder After property are applied to off-set damages to the Remainder After property. However, enhancements do not off-set compensation for the Part to be Acquired.

No permanent damages are anticipated after the acquisition.

Based on the analysis and conclusions in this report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the compensation for the acquisition of the herein described property as of February 17, 2016, is calculated as follows:

Determination of Compensation		
Whole Property Value	\$2,838,486	
Part To Be Acquired		\$113,179
Remainder Before the Acquisition	\$2,725,307	
Remainder After the Acquisition	\$2,725,307	
Damages (or Enhancements)		\$0
Total Compensation		\$113,179

The appraisal and compensation estimate are also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Because of the numerous mathematical calculations that are inherent for partial acquisition valuations, very little rounding of value estimates is made in this report. Value estimates are not exact, but opinions of approximate value only.
2. The information pertaining to the subject property is based on public documents and records along with data from commercial data providers. It is assumed that the aerial maps and subject data is reasonably accurate.
3. The sizes utilized for the existing easements traversing the property along with the portion of these easements located within the proposed easements are based on estimates made by the appraisers. These estimates are considered to be accurate for the purposes of our assignment.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to a fact known by the appraiser on the effective date of the appraisal but is supposed for the purpose of analysis, relating to a specific assignment.

1. The appraisal of a remainder property assumes that the proposed public or private improvements are complete as of the effective date of valuation.

Certification

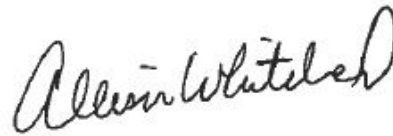
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction 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.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. We have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
11. It is our opinion that the subject does not include any enhancement in value as a result of any natural, cultural, recreational or scientific influences retrospective or prospective.
12. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
13. We have previously appraised a portion of the property (Tract 2) that is the subject of this report for another client within the three-year period immediately preceding acceptance of this assignment.

14. Gregory B. Cook, SR/WA, made a personal inspection of the property that is the subject of this report. Allison Whitehead, RWA, has also personally inspected the subject.
15. No one provided significant real property appraisal assistance to the person(s) signing this certification.
16. As of the date of this report, Gregory B. Cook, SR/WA, has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Gregory B. Cook, SR/WA
Senior Managing Director
TX-1329987-G



Allison Whitehead, RWA
Senior Analyst
TX-1380451-G

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and is subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during

- the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. Unless otherwise stated in the report, no studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – DFW, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – DFW is not a building or environmental inspector. Integra DFW does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, curative measures, repairs or alterations in a workmanlike manner.
 24. If condemnation proceedings become necessary, this appraiser must be engaged or notified to proceed in writing in order to testify to an updated opinion reflecting the value of the whole property, the part to be acquired, the value of the entire remainder prior to the acquisition and the value of the entire remainder after the acquisition, reflecting any change in the size or

- character of the land and/or changes in number and/or conditions of the improvements located thereon.
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
 26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
 27. The appraisal is also subject to the Extraordinary Assumptions and Hypothetical Conditions described in the body of the report.

Addendum A

Appraiser Qualifications

Gregory B. Cook, SR/WA

Experience

Senior Managing Director for the Fort Worth office of Integra Realty Resources DFW, LLC, a full service real estate consulting and valuation firm. Mr. Cook has been an appraiser of all types of real property since January 1995 including, but not limited to, shopping centers, apartment complexes, industrial facilities, automobile race track, raw and developed land, office complexes, cemeteries, and mixed use developments. Mr. Cook has testified in a number of Special Commissioner's hearings as an expert on real estate value. Mr. Cook was employed as a staff appraiser for Sherwood & Associates upon graduation from Texas A&M University. He then became employed by Appraisal Data Services, Inc. upon the merger of Sherwood & Associates and Loughry Appraisal Co., Inc. in 1996. Later, Appraisal Data Services merged with Lambis Consulting to form Integra Realty Resources DFW.

Professional Activities & Affiliations

International Right-of-Way
Appraisal Institute - Candidate for Designation
Leadership Advisory Council formerly the Young Advisory, Council of the Appraisal Institute
Society of Texas A&M Real Estate Professionals
Texas A&M Letterman
Chapter 36 IRWA President 2010-2011
Chapter 36 IRWA Vice President 2009
Chapter 36 IRWA Education Co-Chair, Region 2, IRWA 2008
Chapter 36 IRWA Treasurer 2008
Chapter 36 IRWA Secretary 2007
Chapter 36 IRWA Professional of the Year Award 2007
Agent Region II 2010
Fort Worth Business Press Award 40 Under 40 Honoree 2009
Chapter 36 IRWA Director 2011
Designated Senior Right-of-Way Agent (SR/WA)

Licenses

Oklahoma, Certified General Real Estate Appraiser, 12946CGA, Expires March 2018
Texas, Certified General Real Estate Appraiser, TX-1329987-G, Expires March 2017

Education

Master of Agriculture, Specializing in Land Economics & Real Estate,
Texas A&M University, College Station, Texas 1994

Bachelor of Science
Texas A&M University, College Station, Texas 1993

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, the International Right-of-Way Association, and others.

Integra Realty Resources

DFW

930 West First Street
Suite 400
Fort Worth, TX 76102

T 817.332.5522
F 817.336.1621

irr.com



Allison Whitehead, RWA

Experience

Ms. Whitehead is a Senior Analyst for the Fort Worth office of Integra Realty Resources DFW, LLC, a full service real estate consulting and appraisal firm. Ms. Whitehead joined IRR, DFW as an intern in May 2009 and accepted an analyst position upon graduating with her graduate degree from Texas A&M University in December 2010.

Ms. Whitehead has assisted in valuation and consulting services on various property types working extensively on eminent domain assignments.

Professional Activities & Affiliations

International Right of Way Association, Member
Fort Worth Chamber of Commerce
Greater Fort Worth Real Estate Council (GFWREC), Young Leaders Council
Society of Texas A&M Real Estate Professionals, Member (STAMREP)
The Junior League of Fort Worth
Appraisal Institute, Central Texas Chapter

Licenses

Texas, General Real Estate Appraiser, TX 1380451 G, Expires June 2017

Education

Bachelor of Business Administration in Marketing
Texas A&M University, College Station, Texas 2008

Master of Real Estate
Texas A&M University, College Station, Texas 2010

Master's Degree Coursework

- Real Property Valuation
- Real Property Finance and Analysis
- Financing Real Estate Investments
- Commercial Real Estate Law
- Real Estate Development Analysis
- Real Property GIS Applications
- Land Economics
- Analysis of Money and Capital Markets
- Negotiations

Additional Appraisal Institute Courses

- Standards of Professional Appraisal Practice (USPAP)
 - General Appraiser Site Valuation and Cost Approach

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INTEGRA REALTY RESOURCES, INC. CORPORATE PROFILE

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in North America with over 60 independently owned and operated offices located throughout the United States and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS
 AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
 BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
 BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
 BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
 BOSTON, MA - David L. Cary, Jr., MAI, MRICS
 CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
 CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
 CHICAGO, IL - Eric L. Enloe, MAI, FRICS
 CINCINNATI, OH - Gary S. Wright, MAI, FRICS, SRA
 CLEVELAND, OH - Douglas P. Sloan, MAI
 COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
 COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
 DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
 DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA
 DENVER, CO - Brad A. Weiman, MAI, FRICS
 DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
 FORT WORTH, TX - Gregory B. Cook, SR/WA
 GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
 GREENVILLE, SC - Michael B. Dodds, MAI, CCIM
 HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
 HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
 INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
 JACKSON, MS - John R. Praytor, MAI
 JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS
 KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
 LAS VEGAS, NV - Charles E. Jack IV, MAI
 LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
 LOS ANGELES, CA - Matthew J. Swanson, MAI
 LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS
 MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
 MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
 NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
 NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
 NEW JERSEY COASTAL - Halvor J. Egeland, MAI
 NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS
 NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
 ORANGE COUNTY, CA - Steve Calandra, MAI
 ORLANDO, FL - Christopher Starkey, MAI, MRICS
 PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
 PHOENIX, AZ - Walter 'Tres' Winius III, MAI, FRICS
 PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
 PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
 PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
 RALEIGH, NC - Chris R. Morris, MAI, FRICS
 RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
 SACRAMENTO, CA - Scott Beebe, MAI, FRICS
 ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
 SALT LAKE CITY, UT - Darrin W. Liddell, MAI, FRICS, CCIM
 SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
 SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
 SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
 SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA
 SEATTLE, WA - Allen N. Safer, MAI, MRICS
 SYRACUSE, NY - William J. Kimball, MAI, FRICS
 TAMPA, FL - Bradford L. Johnson, MAI, MRICS
 TULSA, OK - Owen S. Ard, MAI
 WASHINGTON, DC - Patrick C. Kerr, MAI, FRICS, SRA
 WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
 CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS

Corporate Office

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 Website: www.irr.com

Addendum B

Definitions

Definitions

Unless otherwise noted, these definitions have been extracted, solely or in combination, from definitions and descriptions printed in:

- Uniform Standards of Professional Appraisal Practice, 2014-2015 Edition (USPAP)
- The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, IL: Appraisal Institute, (Dictionary)
- The Appraisal of Real Estate, Fourteenth Edition, Chicago, IL: Appraisal Institute, 2013 (The Appraisal of Real Estate)

Accrued Depreciation

The difference between the reproduction or replacement cost of the improvement cost of the improvements and the market value of the improvements. (Dictionary)

Appraisal

The act or process of developing an opinion of value; an opinion of value. (USPAP)

Assignment

A valuation service provided as a consequence of an agreement between an appraiser and a client. (Dictionary)

Compensable Damages

Damages for which a condemnor is legally required to compensate the owner or tenant of the property that is being wholly or partially condemned. In most jurisdictions, physical invasion of the property by a condemning authority or the taking of some property right must occur before damages are considered compensable. (Dictionary)

Community Damages

Damages resulting from a public project that are borne by the “community” at large and which are not specific to singular properties (special damages). These damages include loss of visibility, diversion of traffic, circuitous access and construction inconvenience. State v. Schmidt, 867 S.W.2d 769 (Tex. 1993)

Deferred Maintenance

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Easement Interest

An interest in real property that transfers use, but not ownership, of a portion of an owner's property. (The Appraisal of Real Estate)

Effective Date

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. (Dictionary) For the purposes of IRR - DFW, the effective date may be the date of inspection, date of special commissioners hearing, date of acquisition, or some prospective date based upon the needs of the client and purpose of the assignment, as described in the body of the report.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued independently.

Surplus Land: Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

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

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of the land or improved property-specific with respect to the user and the timing of the use- that is adequately supported and results in the highest present value. (Dictionary)

Intended Use

The use or users of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communications with the client at the time of the assignment. (USPAP)

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 communication with the client at the time of the assignment. (USPAP)

Jurisdictional Exception

An assignment condition that voids the force of part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment. (USPAP)

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of the current zoning in the zone where it is located. (Dictionary)

Lease

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e, a lease).

Leasehold Interest

The tenant's possessory interest created by a lease.

Lease Type

Full Service Lease or Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses.

Full Service + Tenant Electric Lease or Gross + Tenant Electric Lease: A lease in which the tenant pays electric charges for its space but in other respects is a full service or gross lease as defined above. Tenant electric is often abbreviated as "TE". (Source: *Integra Realty Resources*)

Modified Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.

Net Lease: A general term for a lease in which the tenant pays all or most of the operating and fixed expenses of a property. Whenever the term net lease is used, an analyst should identify the specific expense responsibilities of the tenant and owner. (Source: *Integra Realty Resources*)

Triple Net Lease: A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, net net net, or fully net lease.

Absolute Net Lease: A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant.

Load Factor

A measure of the relationship of common area to usable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area: $\text{Load Factor} = (\text{Rentable Area} - \text{Usable Area}) / \text{Usable Area}$. Also known as add-on factor.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

Market Value

Market Value is defined by *City of Austin v. Cannizzo*, 267 S.W. 2d 808 (Tex 1954) as being:

“The price the property would bring when offered for sale by one who desires to sell, but is not obliged to sell, and is bought by one who desires to buy, but is under no necessity of buying, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is, or in all reasonable probability, will become available within the reasonable future.”

Market Value is defined by the Dictionary as follows:

“The most probably price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely reveal terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

Market Value is defined by USPAP as:

“A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.” USPAP also requires the following be identified:

- Identification of the specific property rights being appraised.
- Statement of the effective date of value.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed.
- Upon what conditions the terms are based, including interest rates being above or below market, other incentives, and their affect on value.

Federal agencies mandate different definitions of Market Value.

Partial Taking

The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of just compensation. (Dictionary) Also called “partial acquisition.”

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Real Property

All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Stabilized Income

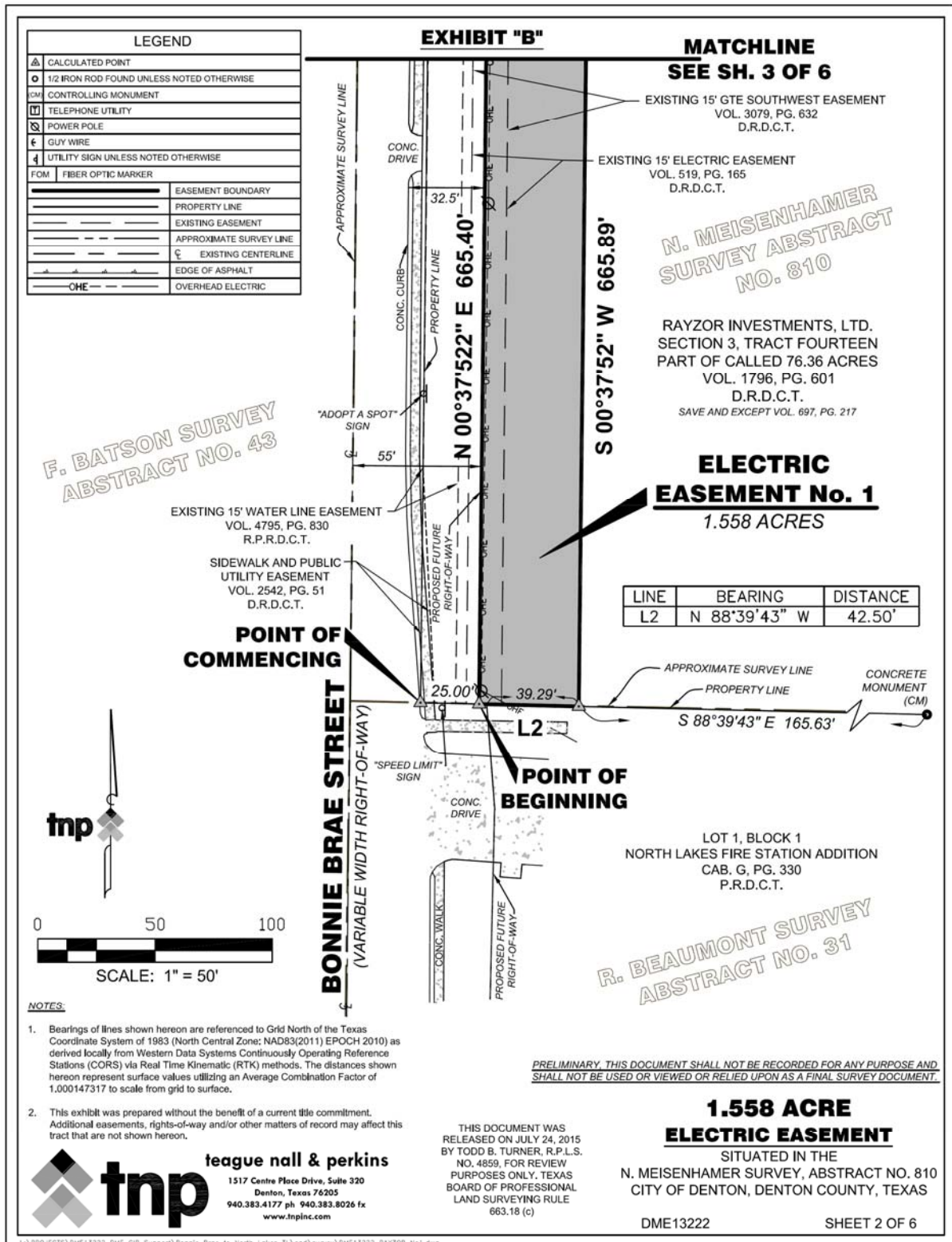
Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

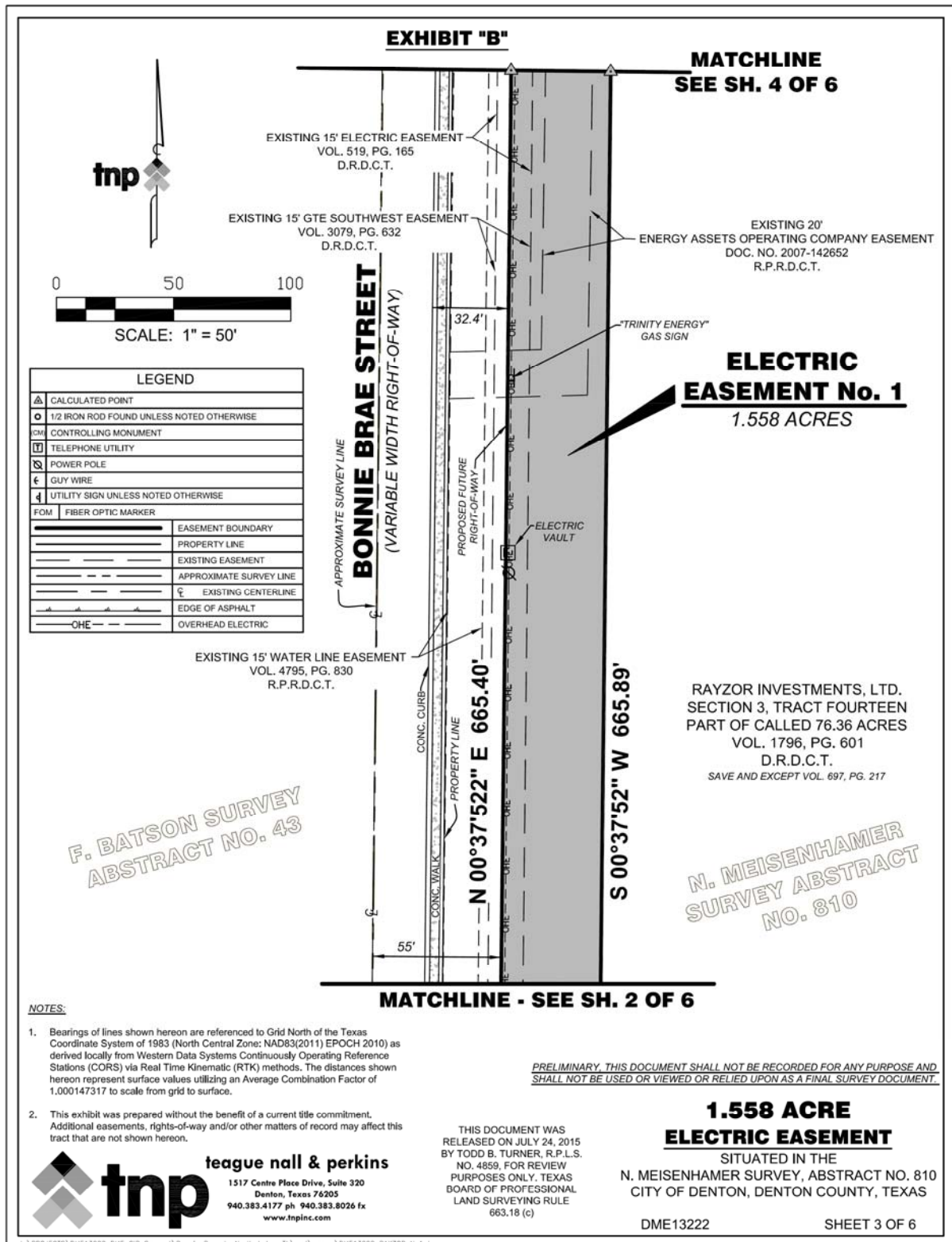
Value

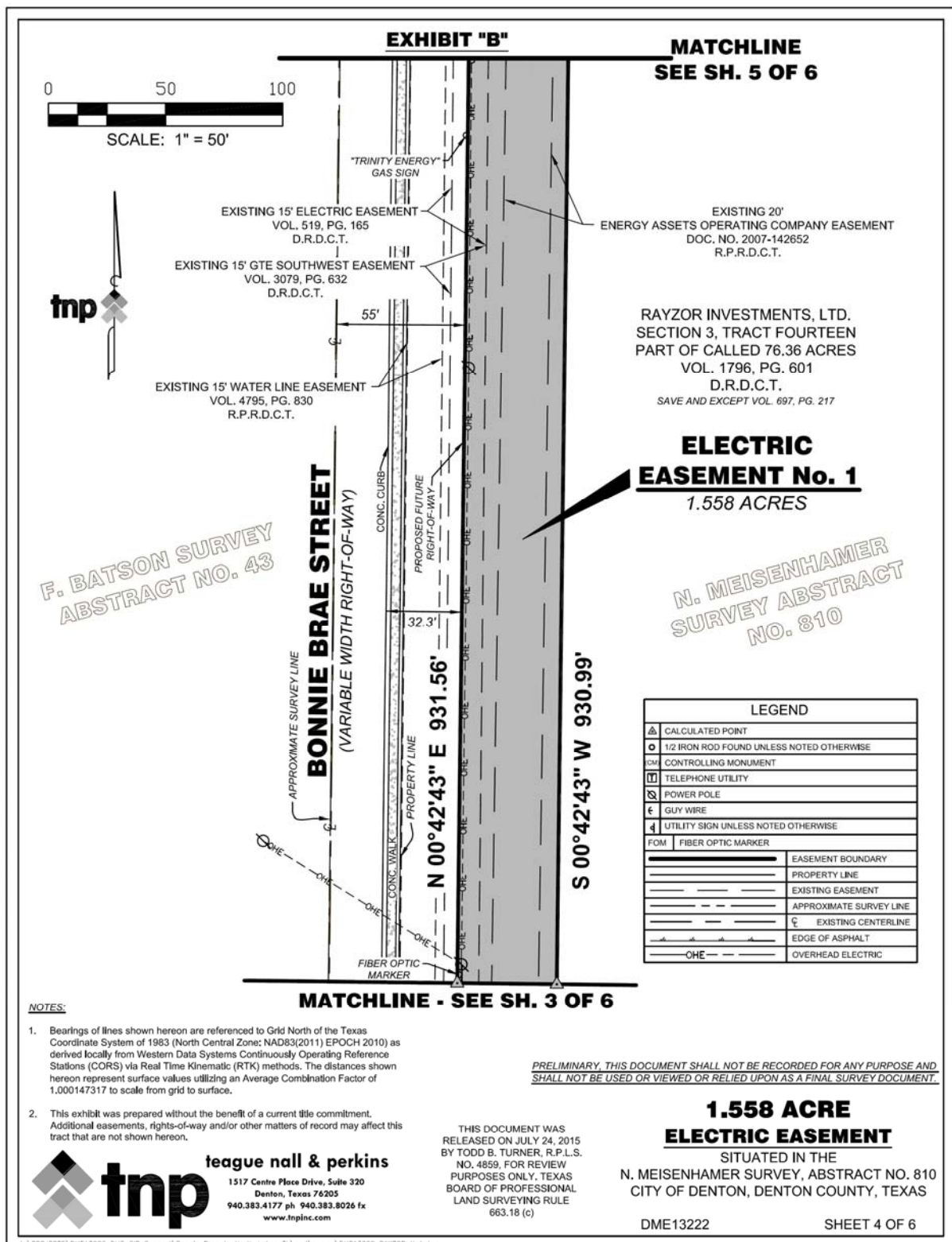
The monetary relationship between properties and those who buy, sell, or use the properties. Value expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified – for example, market value, liquidation value, or investment value. (Appraisal Institute Code of Professional Ethics, 2003)

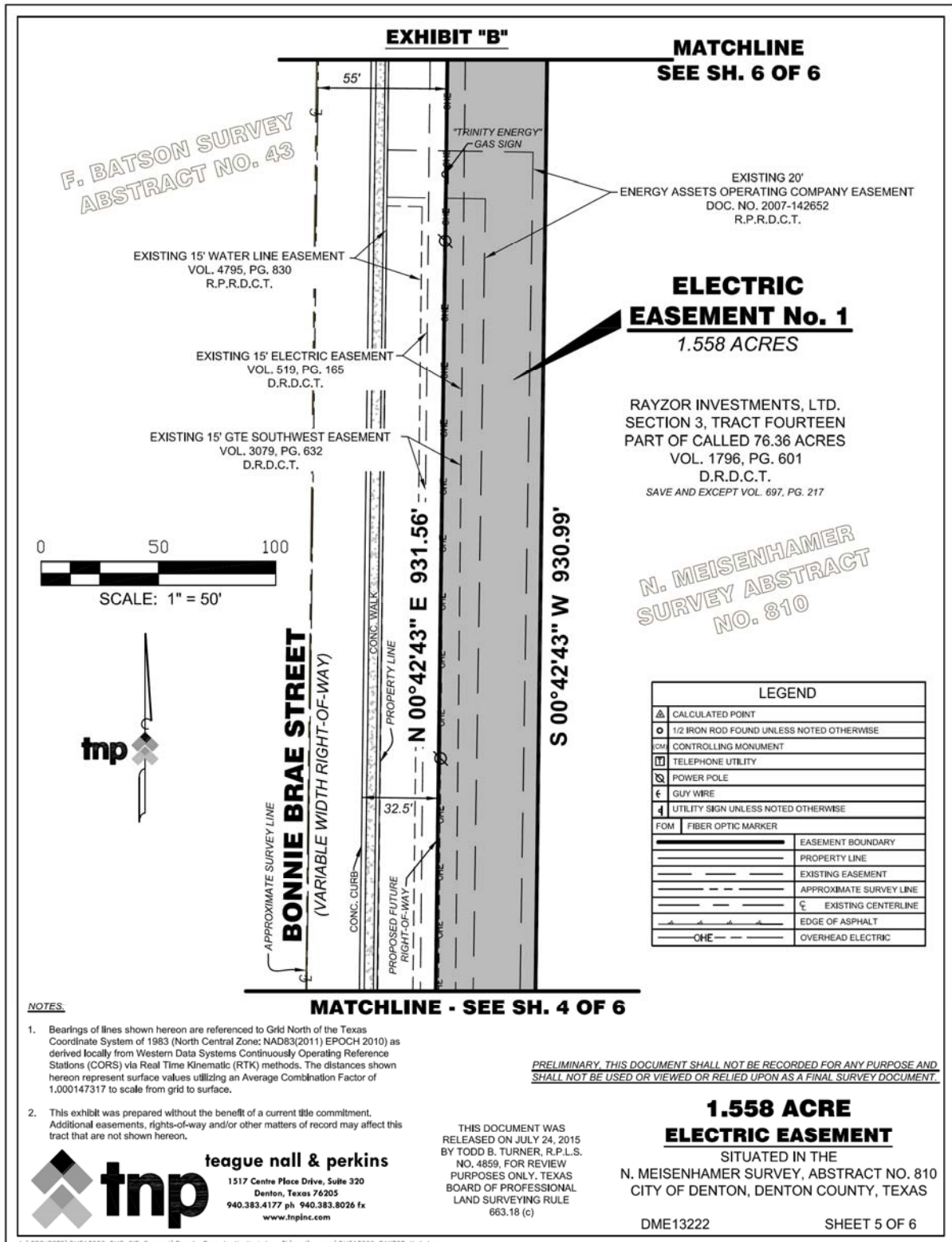
Addendum C

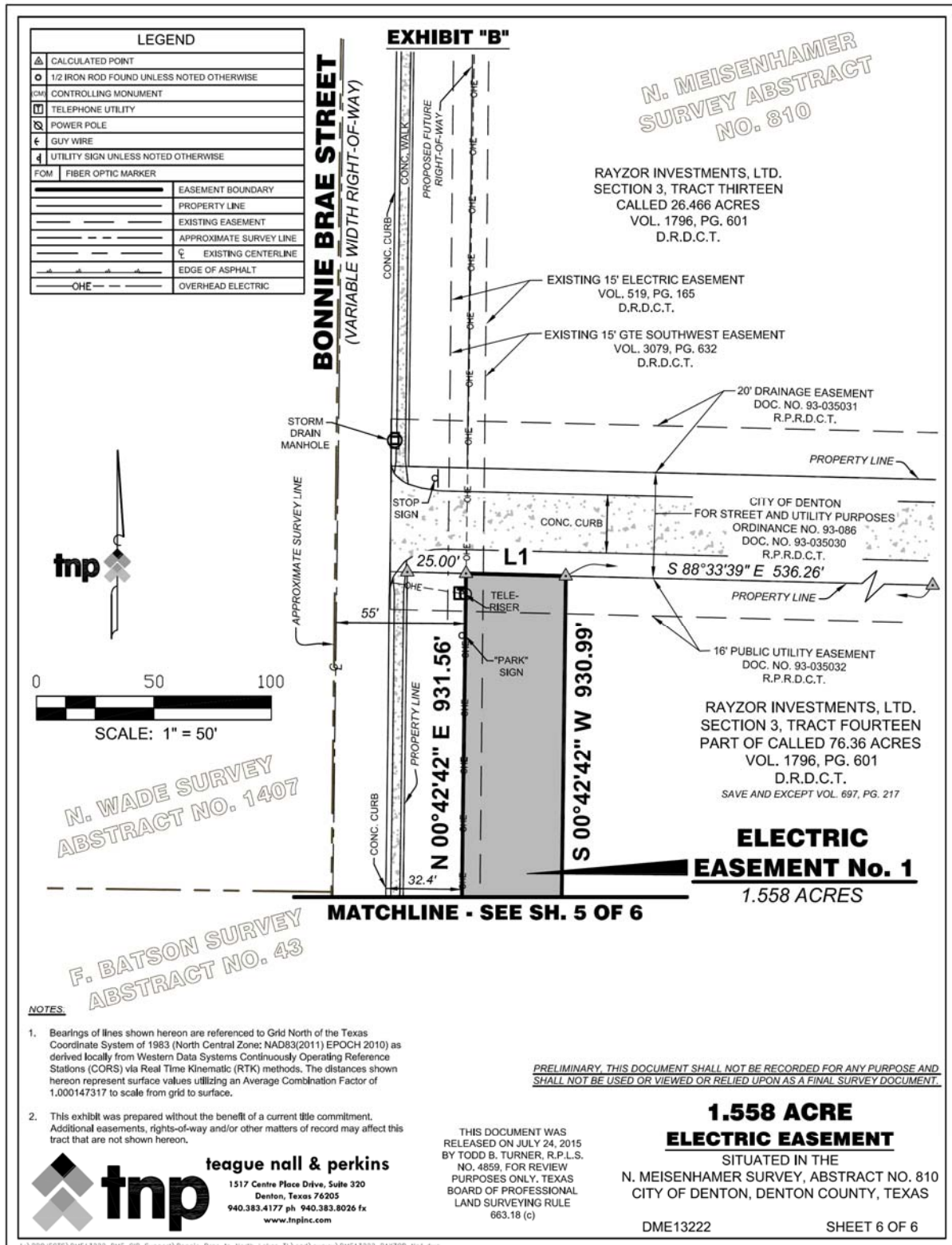
Project/Survey Maps And Legal Descriptions

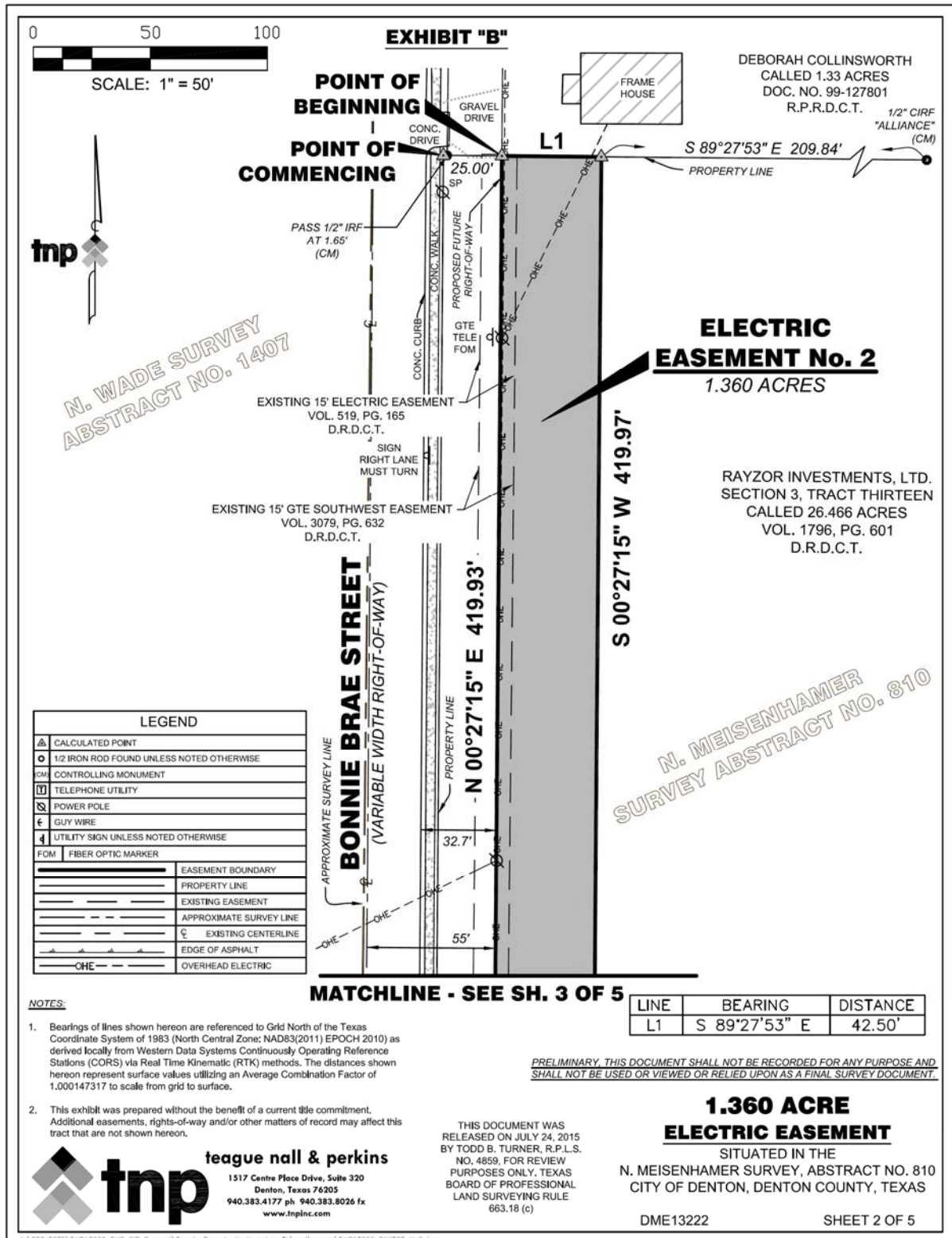


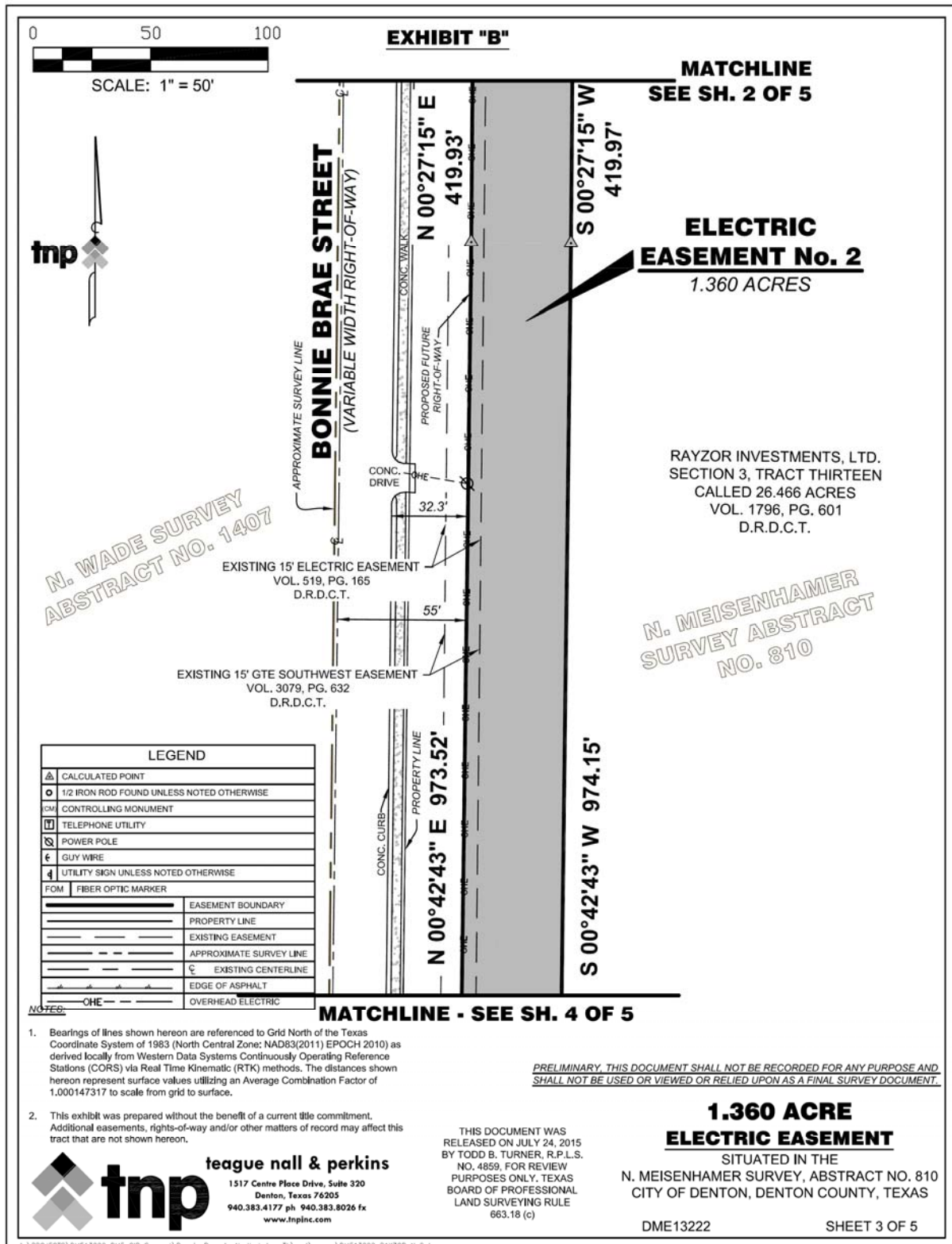


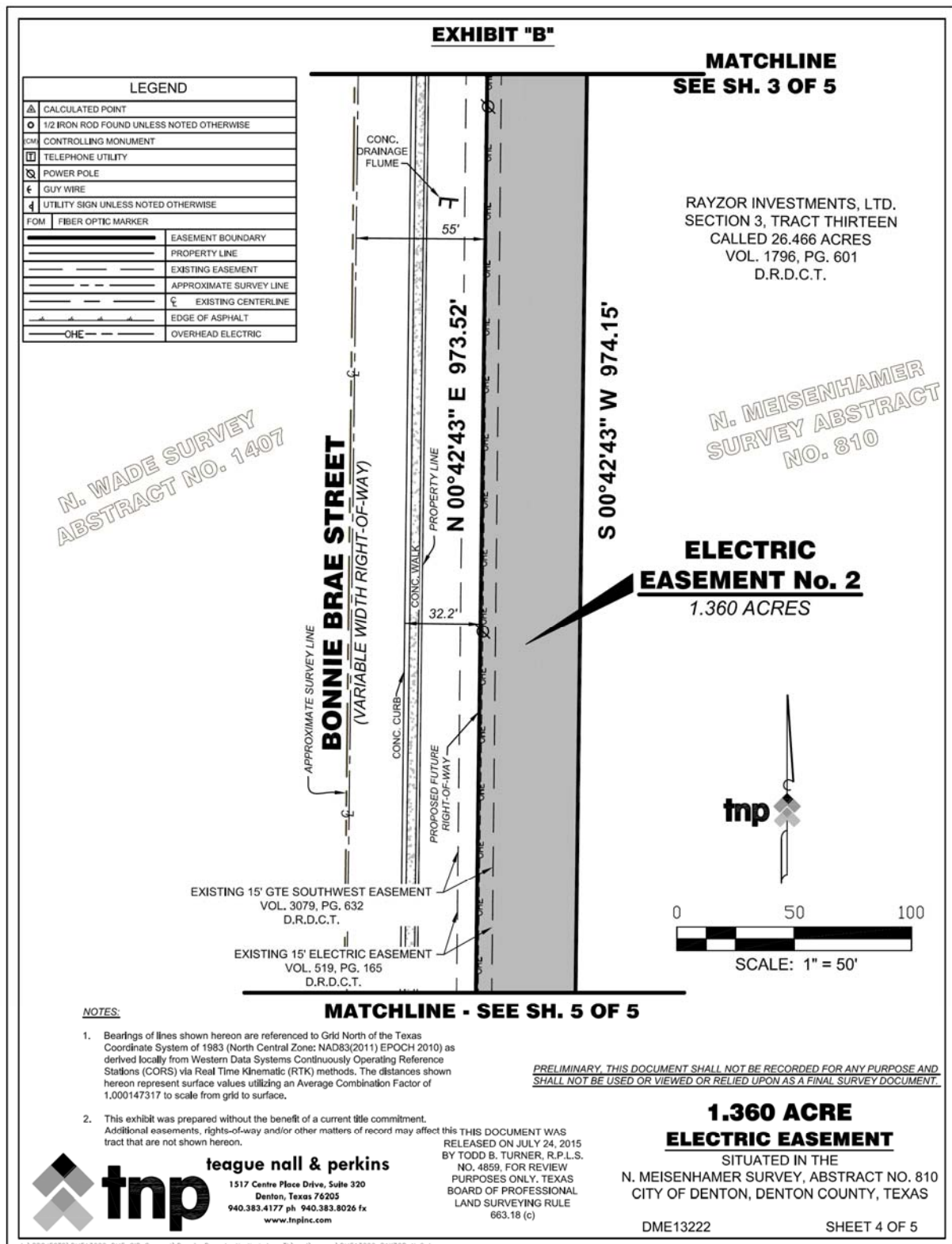


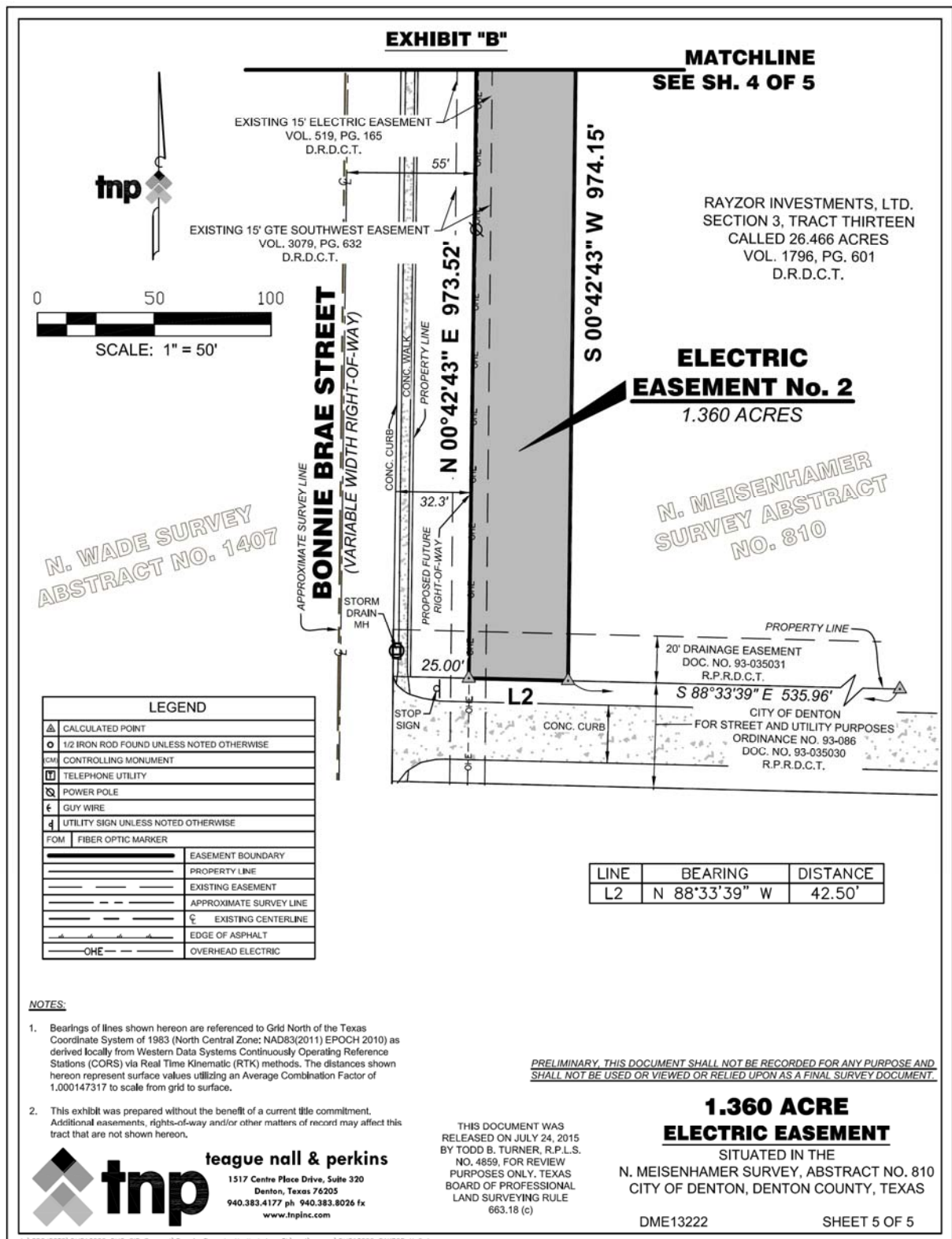












Addendum D

Engagement Letter

Greg/Allison,

Can you please do an appraisal for the attached easement. There is an existing easement that DME will be widening.

I will send the title work through a separate email from the e-builder account.

The contact for Rayzor Investments is Philip Baker and his number is 940-387-8711.

Please charge this one to [602946500] 0059 - DTN13535 / OAI0 / 1160 / DME / US 380 - Bonnie Brae to North Lakes TM Line.

Thanks,

Nikki

*Nikki Costanza
Managing Partner
The Norfleet Group, LLC*

Addendum E

Property Information

Denton Central Appraisal District - PropertyDetails

Property Details for account 34793**Tax Information**

The Denton Central Appraisal District is not responsible for the assessment or collection of taxes for this or any other property. If you have a question regarding your tax bill please contact the **Denton County Tax Assessor / Collector**.

General Information

Property ID	34793
Geographic ID	A0810A-000-0048-0000
Legal Description	A0810a N.h. Meisenheimer, Tr 48, 19.5671 Acres, Old Dcad Tr6
Situs Address	N Bonnie Brae St Tx
Property Type	Real
Neighborhood	DS05PASTUR
	E4 And D1 Props Denton Isd
Abstract/Subdivision	A0810A
	All properties in A0810A
	View Plat
Owner ID	90526
Owner Name	Rayzor Inv Ltd
Percent Ownership	100
Mailing Address	Po Box 336
	Denton, TX 76202-0336
Taxing Jurisdictions	C05 (Denton City Of)
	G01 (Denton County)
	S05 (Denton Isd)
Exemptions	N/A
View Map	Denton CAD GIS

New Restrictions on the Display of Exemption Information

Details

https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34793&PropertyType=R&AbsCd=A0810A[2/5/2016 1:30:01 PM]

Denton Central Appraisal District - PropertyDetails

2015 Certified Values

Total Improvement Value	(+) \$0
Land Homesite Value	(+) \$0
Land Non-Homesite Value	(+) \$0
Agricultural Market Value	(+) \$391,342
Timber Market Value	(+) \$0
Total Market Value	(=) \$391,342
Agricultural Use Reduction	(-) \$387,624
Timber Use Reduction	(-) \$0
Appraised Value	(=) \$3,718
Homestead Cap. <i>What's this?</i>	(-) \$0
Assessed Value	(=) \$3,718

2015 Estimated Taxes

Entity Name	Tax Rate Per \$100	Taxable Value	Estimated Taxes	Tax Ceiling Amount
Denton City Of	0.68975%	\$3,718.00	\$25.64	N/A
Denton County	0.262%	\$3,718.00	\$9.74	N/A
Denton ISD	1.54%	\$3,718.00	\$57.26	N/A
Estimated Total Taxes				\$92.64

DO NOT PAY TAXES BASED ON THESE ESTIMATED TAXES. You will receive an official tax bill from the appropriate agency when they are prepared. Taxes are collected by the agency sending you the official tax bill. To see a listing of agencies that collect taxes for your property, [click here](#)

The estimated taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. The Denton Central Appraisal District (DCAD) does not control the tax rate nor the amount of the taxes, as that is the responsibility of each Taxing Jurisdiction. Questions about your taxes should be directed to the appropriate taxing jurisdiction. These tax estimates are calculated by using the taxable value as of 6:00AM multiplied by the most current tax rate. It does not take into account other special or unique tax scenarios.

Land Segments

Land Type	Acres	Sq. Ft.
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[https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34793&PropertyType=R&AbsCd=A0810A\[2/5/2016 1:30:01 PM\]](https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34793&PropertyType=R&AbsCd=A0810A[2/5/2016 1:30:01 PM])

Denton Central Appraisal District - PropertyDetails

Cropland Ii	19.5671	852,343 sq. feet
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Property History

Year	Improvement(s)	Land	Market	Appraised	Assessed
2015	\$0	\$391,342	\$391,342	\$3,718	\$3,718
2014	\$0	\$301,539	\$301,539	\$3,816	\$3,816
2013	\$0	\$301,539	\$301,539	\$3,229	\$3,229
2012	\$0	\$301,539	\$301,539	\$3,326	\$3,326
2011	\$0	\$301,539	\$301,539	\$3,326	\$3,326
2010	\$0	\$301,539	\$301,539	\$3,326	\$3,326
2009	\$0	\$301,539	\$301,539	\$3,816	\$3,816
2008	\$0	\$193,920	\$193,920	\$3,816	\$3,816
2007	\$0	\$193,910	\$193,910	\$4,109	\$4,109
2006	\$0	\$193,910	\$193,910	\$4,109	\$4,109
2005	\$0	\$193,910	\$193,910	\$4,109	\$4,109
2004	\$0	\$193,910	\$193,910	\$4,109	\$4,109
2003	\$0	\$193,910	\$193,910	\$4,109	\$4,109
2002	\$0	\$193,910	\$193,910	\$4,403	\$4,403
2001	\$0	\$193,910	\$193,910	\$4,500	\$4,500

Deed History

Date	Type	Seller	Buyer	Deed Number	Sale Price
3/8/1989	Conversion	Rayzor Inv Ltd	Rayzor Inv Ltd	2542 -46-51	Unavailable
1/7/1986	Conversion	Rayzor, J. Newton	Rayzor Inv Ltd	1796 -601	Unavailable

Real Estate Sales

	Show sales that occurred within the past		
	6 months	1 year	2 years
Subject Property Neighborhood: E4 And D1 Props Denton Isd	Link	Link	Link
Subject Property Abstract/Subdivision: A0810A	Link	Link	Link
Subject Property City: Denton City Of	Link	Link	Link
Subject Property School District: Denton	Link	Link	Link

Senate Bill 541

[https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34793&PropertyType=R&AbsCd=A0810A\[2/5/2016 1:30:01 PM\]](https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34793&PropertyType=R&AbsCd=A0810A[2/5/2016 1:30:01 PM])

Denton Central Appraisal District - PropertyDetails

In 2005, Texas passed Senate Bill 541, which prohibits the Denton Central Appraisal District -- and every other Appraisal District in the State of Texas -- from making photographs and floorplans of property available online. Exempted from the restriction will be aerial photographs of five or more separately owned buildings.

You can read more about S.B. 541 here.

House Bill 394

HB 394 restricts the appraisal district from posting information that indicates the age of a property owner, including information that a property owner is 65 years of age or older, on the appraisal district's website.

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Denton Central Appraisal District - PropertyDetails

Property Details for account 34811**Tax Information**

The Denton Central Appraisal District is not responsible for the assessment or collection of taxes for this or any other property. If you have a question regarding your tax bill please contact the **Denton County Tax Assessor / Collector**.

General Information

Property ID	34811
Geographic ID	A0810A-000-0042-0000
Legal Description	A0810a N.h. Meisenheimer, Tr 42, 8.33 Acres, Old Dcad Tr 1
Situs Address	Riney Rd Tx 76207
Property Type	Real
Neighborhood	DS05PASTUR
	E4 And D1 Props Denton Isd
Abstract/Subdivision	A0810A
	All properties in A0810A
	View Plat
Owner ID	90526
Owner Name	Rayzor Inv Ltd
Percent Ownership	100
Mailing Address	Po Box 336
	Denton, TX 76202-0336
Taxing Jurisdictions	C05 (Denton City Of)
	G01 (Denton County)
	S05 (Denton Isd)
Exemptions	N/A
View Map	Denton CAD GIS

**New Restrictions on the Display of
Exemption Information**

Details

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Denton Central Appraisal District - PropertyDetails

2015 Certified Values

Total Improvement Value	(+) \$0
Land Homesite Value	(+) \$0
Land Non-Homesite Value	(+) \$0
Agricultural Market Value	(+) \$166,600
Timber Market Value	(+) \$0
Total Market Value	(=) \$166,600
Agricultural Use Reduction	(-) \$166,059
Timber Use Reduction	(-) \$0
Appraised Value	(=) \$541
Homestead Cap. <i>What's this?</i>	(-) \$0
Assessed Value	(=) \$541

2015 Estimated Taxes

Entity Name	Tax Rate Per \$100	Taxable Value	Estimated Taxes	Tax Ceiling Amount
Denton City Of	0.68975%	\$541.00	\$3.73	N/A
Denton County	0.262%	\$541.00	\$1.42	N/A
Denton ISD	1.54%	\$541.00	\$8.33	N/A
Estimated Total Taxes				\$13.48

DO NOT PAY TAXES BASED ON THESE ESTIMATED TAXES. You will receive an official tax bill from the appropriate agency when they are prepared. Taxes are collected by the agency sending you the official tax bill. To see a listing of agencies that collect taxes for your property, [click here](#)

The estimated taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. The Denton Central Appraisal District (DCAD) does not control the tax rate nor the amount of the taxes, as that is the responsibility of each Taxing Jurisdiction. Questions about your taxes should be directed to the appropriate taxing jurisdiction. These tax estimates are calculated by using the taxable value as of 6:00AM multiplied by the most current tax rate. It does not take into account other special or unique tax scenarios.

Land Segments

Land Type	Acres	Sq. Ft.
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Denton Central Appraisal District - PropertyDetails

Native Pasture II	8.33	362,855 sq. feet
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Splits, Merges, and Deletes

Type	Date	Details
SYSTEM	11/24/2014	Property Split/ 2015 LOWERED ACREAGE TO 8.2923 ACRES PER SPLIT OF TR42 2014-115911 0.0377 ACRES 653867

Property History

Year	Improvement(s)	Land	Market	Appraised	Assessed
2015	\$0	\$166,600	\$166,600	\$541	\$541
2014	\$0	\$128,369	\$128,369	\$500	\$500
2013	\$0	\$128,369	\$128,369	\$541	\$541
2012	\$0	\$128,369	\$128,369	\$541	\$541
2011	\$0	\$128,369	\$128,369	\$541	\$541
2010	\$0	\$128,369	\$128,369	\$541	\$541
2009	\$0	\$128,369	\$128,369	\$583	\$583
2008	\$0	\$82,554	\$82,554	\$583	\$583
2007	\$0	\$82,550	\$82,550	\$583	\$583
2006	\$0	\$82,550	\$82,550	\$583	\$583
2005	\$0	\$82,550	\$82,550	\$583	\$583
2004	\$0	\$82,550	\$82,550	\$583	\$583
2003	\$0	\$82,550	\$82,550	\$583	\$583
2002	\$0	\$82,550	\$82,550	\$625	\$625
2001	\$0	\$82,550	\$82,550	\$583	\$583

Deed History

Date	Type	Seller	Buyer	Deed Number	Sale Price
1/7/1986	Conversion	Rayzor, J. Newton	Rayzor Inv Ltd	1796 -601	Unavailable

Real Estate Sales

	Show sales that occurred within the past		
	6 months	1 year	2 years
Subject Property Neighborhood: E4 And D1 Props Denton Isd	Link	Link	Link

[https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34811&PropertyType=R&AbsCd=A0810A\[2/5/2016 1:30:25 PM\]](https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34811&PropertyType=R&AbsCd=A0810A[2/5/2016 1:30:25 PM])

Denton Central Appraisal District - PropertyDetails

Subject Property Abstract/Subdivision: A0810A	Link	Link	Link
Subject Property City: Denton City Of	Link	Link	Link
Subject Property School District: Denton	Link	Link	Link

Senate Bill 541

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House Bill 394

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Denton Central Appraisal District - PropertyDetails

Property Details for account 34817**Tax Information**

The Denton Central Appraisal District is not responsible for the assessment or collection of taxes for this or any other property. If you have a question regarding your tax bill please contact the **Denton County Tax Assessor / Collector**.

General Information

Property ID	34817
Geographic ID	A0810A-000-0046-0000
Legal Description	A0810a N.h. Meisenheimer, Tr 46.47, 23.61 Acres, Old Dcad Tr 1c, 1e
Situs Address	N Bonnie Brae St Tx
Property Type	Real
Neighborhood	DS05PASTUR
	E4 And D1 Props Denton Isd
Abstract/Subdivision	A0810A
	All properties in A0810A
	View Plat
Owner ID	90526
Owner Name	Rayzor Inv Ltd
Percent Ownership	100
Mailing Address	Po Box 336
	Denton, TX 76202-0336
Taxing Jurisdictions	C05 (Denton City Of)
	G01 (Denton County)
	S05 (Denton Isd)
Exemptions	N/A
View Map	Denton CAD GIS

New Restrictions on the Display of Exemption Information

Details

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Denton Central Appraisal District - PropertyDetails

2015 Certified Values

Total Improvement Value	(+) \$0
Land Homesite Value	(+) \$0
Land Non-Homesite Value	(+) \$0
Agricultural Market Value	(+) \$472,200
Timber Market Value	(+) \$0
Total Market Value	(=) \$472,200
Agricultural Use Reduction	(-) \$470,665
Timber Use Reduction	(-) \$0
Appraised Value	(=) \$1,535
Homestead Cap. <i>What's this?</i>	(-) \$0
Assessed Value	(=) \$1,535

2015 Estimated Taxes

Entity Name	Tax Rate Per \$100	Taxable Value	Estimated Taxes	Tax Ceiling Amount
Denton City Of	0.68975%	\$1,535.00	\$10.59	N/A
Denton County	0.262%	\$1,535.00	\$4.02	N/A
Denton ISD	1.54%	\$1,535.00	\$23.64	N/A
Estimated Total Taxes				\$38.25

DO NOT PAY TAXES BASED ON THESE ESTIMATED TAXES. You will receive an official tax bill from the appropriate agency when they are prepared. Taxes are collected by the agency sending you the official tax bill. To see a listing of agencies that collect taxes for your property, [click here](#)

The estimated taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. The Denton Central Appraisal District (DCAD) does not control the tax rate nor the amount of the taxes, as that is the responsibility of each Taxing Jurisdiction. Questions about your taxes should be directed to the appropriate taxing jurisdiction. These tax estimates are calculated by using the taxable value as of 6:00AM multiplied by the most current tax rate. It does not take into account other special or unique tax scenarios.

Land Segments

Land Type	Acres	Sq. Ft.
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Denton Central Appraisal District - PropertyDetails

Native Pasture Ii	23.61	1,028,452 sq. feet
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Property History

Year	Improvement(s)	Land	Market	Appraised	Assessed
2015	\$0	\$472,200	\$472,200	\$1,535	\$1,535
2014	\$0	\$363,842	\$363,842	\$1,417	\$1,417
2013	\$0	\$363,842	\$363,842	\$1,535	\$1,535
2012	\$0	\$363,842	\$363,842	\$1,535	\$1,535
2011	\$0	\$363,842	\$363,842	\$1,535	\$1,535
2010	\$0	\$363,842	\$363,842	\$1,535	\$1,535
2009	\$0	\$363,842	\$363,842	\$1,653	\$1,653
2008	\$0	\$233,987	\$233,987	\$1,653	\$1,653
2007	\$0	\$233,975	\$233,975	\$1,653	\$1,653
2006	\$0	\$233,975	\$233,975	\$1,653	\$1,653
2005	\$0	\$233,975	\$233,975	\$1,653	\$1,653
2004	\$0	\$233,975	\$233,975	\$1,653	\$1,653
2003	\$0	\$233,975	\$233,975	\$1,653	\$1,653
2002	\$0	\$233,975	\$233,975	\$1,771	\$1,771
2001	\$0	\$233,975	\$233,975	\$1,653	\$1,653

Deed History

Date	Type	Seller	Buyer	Deed Number	Sale Price
1/7/1986	Conversion	Rayzor, J Newton Etal	Rayzor Inv Ltd	1796 -601	Unavailable

Real Estate Sales

	Show sales that occurred within the past		
	6 months	1 year	2 years
Subject Property Neighborhood: E4 And D1 Props Denton Isd	Link	Link	Link
Subject Property Abstract/Subdivision: A0810A	Link	Link	Link
Subject Property City: Denton City Of	Link	Link	Link
Subject Property School District: Denton	Link	Link	Link

Senate Bill 541

[https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34817&PropertyType=R&AbsCd=A0810A\[2/5/2016 1:16:57 PM\]](https://www.dentoncad.com/...ption=com_content&task=view&id=100&Year=2016&PropertyID=34817&PropertyType=R&AbsCd=A0810A[2/5/2016 1:16:57 PM])

Denton Central Appraisal District - PropertyDetails

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Denton Central Appraisal District - PropertyDetails

Property Details for account 162886**Tax Information**

The Denton Central Appraisal District is not responsible for the assessment or collection of taxes for this or any other property. If you have a question regarding your tax bill please contact the **Denton County Tax Assessor / Collector**.

General Information

Property ID	162886
Geographic ID	A0810A-000-0049-000B
Legal Description	A0810a N.h. Meisenheimer, Tr 49b, 1.0794 Acres
Situs Address	Tx
Property Type	Real
Neighborhood	DS05PASTUR
	E4 And D1 Props Denton Isd
Abstract/Subdivision	A0810A
	All properties in A0810A
	View Plat
Owner ID	90526
Owner Name	Rayzor Inv Ltd
Percent Ownership	100
Mailing Address	Po Box 336
	Denton, TX 76202-0336
Taxing Jurisdictions	C05 (Denton City Of)
	G01 (Denton County)
	S05 (Denton Isd)
Exemptions	N/A
View Map	Denton CAD GIS

New Restrictions on the Display of Exemption Information

Details

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Denton Central Appraisal District - PropertyDetails

2015 Certified Values

Total Improvement Value	(+) \$0
Land Homesite Value	(+) \$0
Land Non-Homesite Value	(+) \$0
Agricultural Market Value	(+) \$27,963
Timber Market Value	(+) \$0
Total Market Value	(=) \$27,963
Agricultural Use Reduction	(-) \$27,758
Timber Use Reduction	(-) \$0
Appraised Value	(=) \$205
Homestead Cap. <i>What's this?</i>	(-) \$0
Assessed Value	(=) \$205

2015 Estimated Taxes

Entity Name	Tax Rate Per \$100	Taxable Value	Estimated Taxes	Tax Ceiling Amount
Denton City Of	0.68975%	\$205.00	\$1.41	N/A
Denton County	0.262%	\$205.00	\$0.54	N/A
Denton ISD	1.54%	\$205.00	\$3.16	N/A
Estimated Total Taxes				\$5.11

DO NOT PAY TAXES BASED ON THESE ESTIMATED TAXES. You will receive an official tax bill from the appropriate agency when they are prepared. Taxes are collected by the agency sending you the official tax bill. To see a listing of agencies that collect taxes for your property, [click here](#)

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Land Segments

Land Type	Acres	Sq. Ft.
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Denton Central Appraisal District - PropertyDetails

Cropland Ii	1.0794	47,018 sq. feet
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Property History

Year	Improvement(s)	Land	Market	Appraised	Assessed
2015	\$0	\$27,963	\$27,963	\$205	\$205
2014	\$0	\$16,634	\$16,634	\$210	\$210
2013	\$0	\$16,634	\$16,634	\$178	\$178
2012	\$0	\$16,634	\$16,634	\$183	\$183
2011	\$0	\$16,634	\$16,634	\$183	\$183
2010	\$0	\$16,634	\$16,634	\$183	\$183
2009	\$0	\$16,634	\$16,634	\$210	\$210
2008	\$0	\$10,697	\$10,697	\$210	\$210
2007	\$0	\$10,697	\$10,697	\$227	\$227
2006	\$0	\$10,697	\$10,697	\$227	\$227
2005	\$0	\$10,697	\$10,697	\$227	\$227
2004	\$0	\$10,697	\$10,697	\$227	\$227
2003	\$0	\$10,697	\$10,697	\$227	\$227
2002	\$0	\$10,697	\$10,697	\$243	\$243
2001	\$0	\$10,697	\$10,697	\$248	\$248

Deed History

Date	Type	Seller	Buyer	Deed Number	Sale Price
3/4/1991	Quit Claim Deed	Denton, City Of	Rayzor Inv Ltd	2935 -537	Unavailable

Real Estate Sales

	Show sales that occurred within the past		
	6 months	1 year	2 years
Subject Property Neighborhood: E4 And D1 Props Denton Isd	Link	Link	Link
Subject Property Abstract/Subdivision: A0810A	Link	Link	Link
Subject Property City: Denton City Of	Link	Link	Link
Subject Property School District: Denton	Link	Link	Link

Senate Bill 541

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Denton Central Appraisal District - PropertyDetails

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Denton Central Appraisal District - PropertyDetails

Property Details for account 162896**Tax Information**

The Denton Central Appraisal District is not responsible for the assessment or collection of taxes for this or any other property. If you have a question regarding your tax bill please contact the **Denton County Tax Assessor / Collector**.

General Information

Property ID	162896
Geographic ID	SD0019A-000001-0000-0001-0002
Legal Description	North Lakes Fire Station Addn Blk 1 Lot 1 (pt)
Situs Address	Tx
Property Type	Real
Abstract / Subdivision	SD0019A
	All properties in SD0019A
	View Plat
Owner ID	90526
Owner Name	Rayzor Inv Ltd
Percent Ownership	100
Mailing Address	Po Box 336
	Denton, TX 76202-0336
Taxing Jurisdictions	C05 (Denton City Of)
	G01 (Denton County)
	S05 (Denton Isd)
Exemptions	N/A
View Map	Denton CAD GIS

**New Restrictions on the Display of
Exemption Information**

[Details](#)

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Denton Central Appraisal District - PropertyDetails

2015 Certified Values

Total Improvement Value	(+) \$0
Land Homesite Value	(+) \$0
Land Non-Homesite Value	(+) \$0
Agricultural Market Value	(+) \$5,041
Timber Market Value	(+) \$0
Total Market Value	(=) \$5,041
Agricultural Use Reduction	(-) \$5,004
Timber Use Reduction	(-) \$0
Appraised Value	(=) \$37
Homestead Cap. <i>What's this?</i>	(-) \$0
Assessed Value	(=) \$37

2015 Estimated Taxes

Entity Name	Tax Rate Per \$100	Taxable Value	Estimated Taxes	Tax Ceiling Amount
Denton City Of	0.68975%	\$37.00	\$0.26	N/A
Denton County	0.262%	\$37.00	\$0.10	N/A
Denton ISD	1.54%	\$37.00	\$0.57	N/A
Estimated Total Taxes				\$0.93

DO NOT PAY TAXES BASED ON THESE ESTIMATED TAXES. You will receive an official tax bill from the appropriate agency when they are prepared. Taxes are collected by the agency sending you the official tax bill. To see a listing of agencies that collect taxes for your property, [click here](#)

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Land Segments

Land Type	Acres	Sq. Ft.
Cropland II	0.1946	8,476 sq. feet

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Denton Central Appraisal District - PropertyDetails

Property History

Year	Improvement(s)	Land	Market	Appraised	Assessed
2015	\$0	\$5,041	\$5,041	\$37	\$37
2014	\$0	\$3,892	\$3,892	\$38	\$38
2013	\$0	\$3,892	\$3,892	\$32	\$32
2012	\$0	\$3,892	\$3,892	\$33	\$33
2011	\$0	\$3,892	\$3,892	\$33	\$33
2010	\$0	\$3,892	\$3,892	\$33	\$33
2009	\$0	\$3,892	\$3,892	\$38	\$38
2008	\$0	\$8,476	\$8,476	\$38	\$38
2007	\$0	\$8,476	\$8,476	\$41	\$41
2006	\$0	\$8,476	\$8,476	\$41	\$41
2005	\$0	\$8,476	\$8,476	\$41	\$41
2004	\$0	\$8,476	\$8,476	\$41	\$41
2003	\$0	\$8,476	\$8,476	\$41	\$41
2002	\$0	\$8,476	\$8,476	\$44	\$44
2001	\$0	\$8,476	\$8,476	\$45	\$45

Deed History

Date	Type	Seller	Buyer	Deed Number	Sale Price
3/4/1991	Quit Claim Deed	Denton, City Of	Rayzor Inv Ltd	2935 -537	Unavailable

Real Estate Sales

	Show sales that occurred within the past		
	6 months	1 year	2 years
Subject Property Abstract/Subdivision: SD0019A	Link	Link	Link
Subject Property City: Denton City Of	Link	Link	Link
Subject Property School District: Denton	Link	Link	Link

Senate Bill 541

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https://www.dentoncad.com/...ion=com_content&task=view&id=100&Year=2016&PropertyID=162896&PropertyType=R&AbsCd=SD0019A[2/5/2016 1:27:57 PM]

Denton Central Appraisal District - PropertyDetails

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EXHIBIT "A"

ELECTRIC EASEMENT RESERVATION

City of Denton Tract

BEING a 0.491 acre tract of land situated in the N. Meisenhamer Survey, Abstract No. 810, City of Denton, Denton County, Texas, and being part of a called 1.334 acre tract of land described in a Deed to the City of Denton, Texas, as recorded in Document No. 2016-25144 of the Official Records of Denton County, Texas, and being more particularly described as follows:

COMMENCING at a 1/2 inch iron rod found for corner in the East line of Bonnie Brae Street (a variable width right-of-way), said point being the Southwest corner of the above cited 1.334 acre tract, said point also being in the North line of a called 26.466 acre tract of land described as Section 3, Tract Thirteen in a Deed to Rayzor Investments, Ltd., as recorded in Volume 1796, Page 601 of the Deed Records of Denton County, Texas, from which the Northwest corner of said 26.466 acre tract bears North 89°27'53" West a distance of 1.65 feet;

THENCE South 89°27'53" East along the South line of said 1.334 acre tract and the North line of said 26.466 acre tract, for a distance of 23.35 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner at the **POINT OF BEGINNING** for the herein described easement;

THENCE North 00°27'15" East departing the South line of said 1.334 acre tract and the North line of said 26.466 acre tract, for a distance of 178.53 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE North 45°34'43" East for a distance of 28.22 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 89°17'49" East for a distance of 232.80 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner in the East line of said 1.334 acre tract, said point also being in the West line of Lot One, Block One per the Final Plat of B.F. Price Addition, as recorded in Cabinet C, Page 126 of the Plat Records of Denton County, Texas, from which a 5/8 inch iron rod with cap stamped "TNP" found for the Northeast corner of said 1.334 acre tract bears North 00°35'11" East a distance of 12.88 feet;

THENCE South 00°35'11" West along the East line of said 1.334 acre tract and the West line of said Lot One, for a distance of 62.50 feet to a point for corner, from which a 1/2 inch iron rod with cap stamped "Alliance" found for the Southeast corner of said 1.334 acre tract and the Southwest corner of said Lot One bears South 00°35'11" West a distance of 135.29 feet;

THENCE North 89°17'49" West departing the East line of said 1.334 acre tract and the West line of said Lot One, for a distance of 210.16 feet to a point for corner;

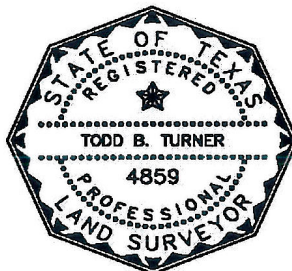
THENCE South 00°27'15" West for a distance of 135.91 feet to a point for corner in the South line of said 1.334 acre tract and the North line of said 26.466 acre tract;

THENCE North 89°27'53" West along the South line of said 1.334 acre tract and the North line of said 26.466 acre tract, for a distance of 42.50 feet to the **POINT OF BEGINNING**, and containing 0.491 acres of land, more or less.

NOTE: Bearings are referenced to grid north of the Texas Coordinate System of 1983 (North Central Zone; NAD83(2011) Epoch 2010) as derived locally from Western Data Systems Continuously Operating Reference Stations (CORS) via Real Time Kinematic (RTK) survey methods. Distances represent surface values utilizing an average combination scale factor of 1.000147317 to scale from grid to surface.



Todd B. Turner, R.P.L.S. No. 4859
Teague Nall & Perkins
1517 Centre Place Drive, Suite 320
Denton, Texas 76205
940-383-4177
Date: May 16, 2016



BONNIE BRAE STREET
(VARIABLE WIDTH RIGHT-OF-WAY)

LOT 3

J.S. COLLARD SURVEY
ABSTRACT NO. 297

-EXISTING RIGHT-OF-WAY

RINEY ROAD

(VARIABLE WIDTH RIGHT-OF-WAY)

S 89°17'49" E 232.80'

**ELECTRIC
EASEMENT
RESERVATION**
0.491 ACRES

N 89°17'49" W 210.16'

**CITY OF DENTON
CALLED 1.334 ACRES
DOC. NO. 2016-25144
O.R.D.C.T.**

LOT ONE
BLOCK ONE
B.F. PRICE ADDITION
CAB. C, PG. 126
P.B.D.C.T.

N. MEISENHAMER
SURVEY
ABSTRACT NO. 810

**POINT OF
COMMENCING**
1/2" IRF
(CM)

POINT OF BEGINNING

RAYZOR INVESTMENTS, LTD.
SECTION 3, TRACT THIRTEEN
CALLED 26.466 ACRES
VOL. 1796, PG. 601
D.R.D.C.T.

- EXISTING 15' GTE SOUTHWEST EASEMENT
VOL. 3079, PG. 632
D.R.D.C.T.

**-EXISTING 15' ELECTRIC EASEMENT
VOL. 519, PG. 165
D.R.D.C.T.**

0












60

120

SCALE: 1" = 60'

tnp

LEGEND

	CALCULATED POINT
	1/2 IRON ROD FOUND UNLESS NOTED OTHERWISE
	5/8 CAPPED IRON ROD STAMPED "TNP" SET
(CM)	CONTROLLING MONUMENT
	ELECTRIC METER (EM)
	POWER POLE (PP)
	UTILITY SIGN UNLESS NOTED OTHERWISE
O.R.D.C.T.	OFFICIAL RECORDS DENTON COUNTY TEXAS
P.R.D.C.T.	PLAT RECORDS DENTON COUNTY TEXAS
D.R.D.C.T.	DEED RECORDS DENTON COUNTY TEXAS
	EASEMENT BOUNDARY
	PROPERTY LINE
	EXISTING EASEMENT LINE
	APPROXIMATE SURVEY LINE
	EXISTING OVERHEAD ELECTRIC LINE

LINE TABLE

LINE	BEARING	DISTANCE
L1	N 45°34'43" E	28.22'
L2	N 89°27'53" W	42.50'

EXHIBIT "B"

ELECTRIC EASEMENT RESERVATION

BEING 0.491 ACRES SITUATED IN THE
N. MEISENHAMER SURVEY, ABSTRACT NO. 810
CITY OF DENTON, DENTON COUNTY, TEXAS

DME13222

000213 SHEET 2 OF 2

NOTES:

1. Bearings of lines shown hereon are referenced to Grid North of the Texas Coordinate System of 1983 (North Central Zone: NAD83(2011) EPOCH 2010) as derived locally from Western Data Systems Continuously Operating Reference Stations (CORS) via Real Time Kinematic (RTK) methods. The distances shown hereon represent surface values utilizing an Average Combination Factor of 1.000147317 to scale from grid to surface.
2. This survey was prepared with benefit of that certain Title Commitment, GF No. 156339, with effective date of February 9, 2016, provided by Title Resources Guaranty Company. For easements, rights-of-way and/or other matters of record that may affect this tract, the surveyor relied solely on said title commitment.

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EXHIBIT "A"

RIGHT-OF-WAY RESERVATION

City of Denton Tract

BEING a 0.190 acre tract of land situated in the N. Meisenhamer Survey, Abstract No. 810, City of Denton, Denton County, Texas, and being part of a called 1.334 acre tract of land described in a Deed to the City of Denton, Texas, as recorded in Document No. 2016-25144 of the Official Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for corner in the East line of Bonnie Brae Street (a variable width right-of-way), said point being the Southwest corner of the above cited 1.334 acre tract, said point also being in the North line of a called 26.466 acre tract of land described as Section 3, Tract Thirteen in a Deed to Rayzor Investments, Ltd., as recorded in Volume 1796, Page 601 of the Deed Records of Denton County, Texas, from which the Northwest corner of said 26.466 acre tract bears North 89°27'53" West a distance of 1.65 feet;

THENCE North 00°36'10" East along the East line of said Bonnie Brae Street, for a distance of 210.92 feet to a 1/2 inch capped iron rod found for corner at the intersection of the East line of said Bonnie Brae Street with the South line of Riney Road (a variable width right-of-way), said point being the Northwest corner of said 1.334 acre tract;

THENCE South 89°24'49" East along the South line of said Riney Road, for a distance of 275.64 feet to a 5/8 inch iron rod with cap stamped "TNP" found for the Northeast corner of said 1.334 acre tract;

THENCE South 00°35'11" West departing the South line of said Riney Road, and along the East line of said 1.334 acre tract, passing the Northwest corner of Lot One, Block One per the Final Plat of B.F. Price Addition, as recorded in Cabinet C, Page 126 of the Plat Records of Denton County, Texas, at a distance of 10.00 feet, and continuing along the East line of said 1.334 acre tract and the West line of said Lot One, for a total distance of 12.88 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner, from which a 1/2 inch iron rod with cap stamped "Alliance" found for the Southeast corner of said 1.334 acre tract and the Southwest corner of said Lot One bears South 00°35'11" West a distance of 197.79 feet;

THENCE North 89°17'49" West departing the East line of said 1.334 acre tract and the West line of said Lot One, for a distance of 232.80 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 45°34'43" West for a distance of 28.22 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 00°27'15" West for a distance of 178.53 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner in the South line of said 1.334 acre tract and the North line of said 26.466 acre tract;

THENCE North 89°27'53" West along the South line of said 1.334 acre tract and the North line of said 26.466 acre tract for a distance of 23.35 feet to the **POINT OF BEGINNING**, and containing 0.190 acres of land, more or less.

NOTE: Bearings are referenced to grid north of the Texas Coordinate System of 1983 (North Central Zone; NAD83(2011) Epoch 2010) as derived locally from Western Data Systems Continuously Operating Reference Stations (CORS) via Real Time Kinematic (RTK) survey methods. Distances represent surface values utilizing an average combination scale factor of 1.000147317 to scale from grid to surface.



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Date: May 16, 2016

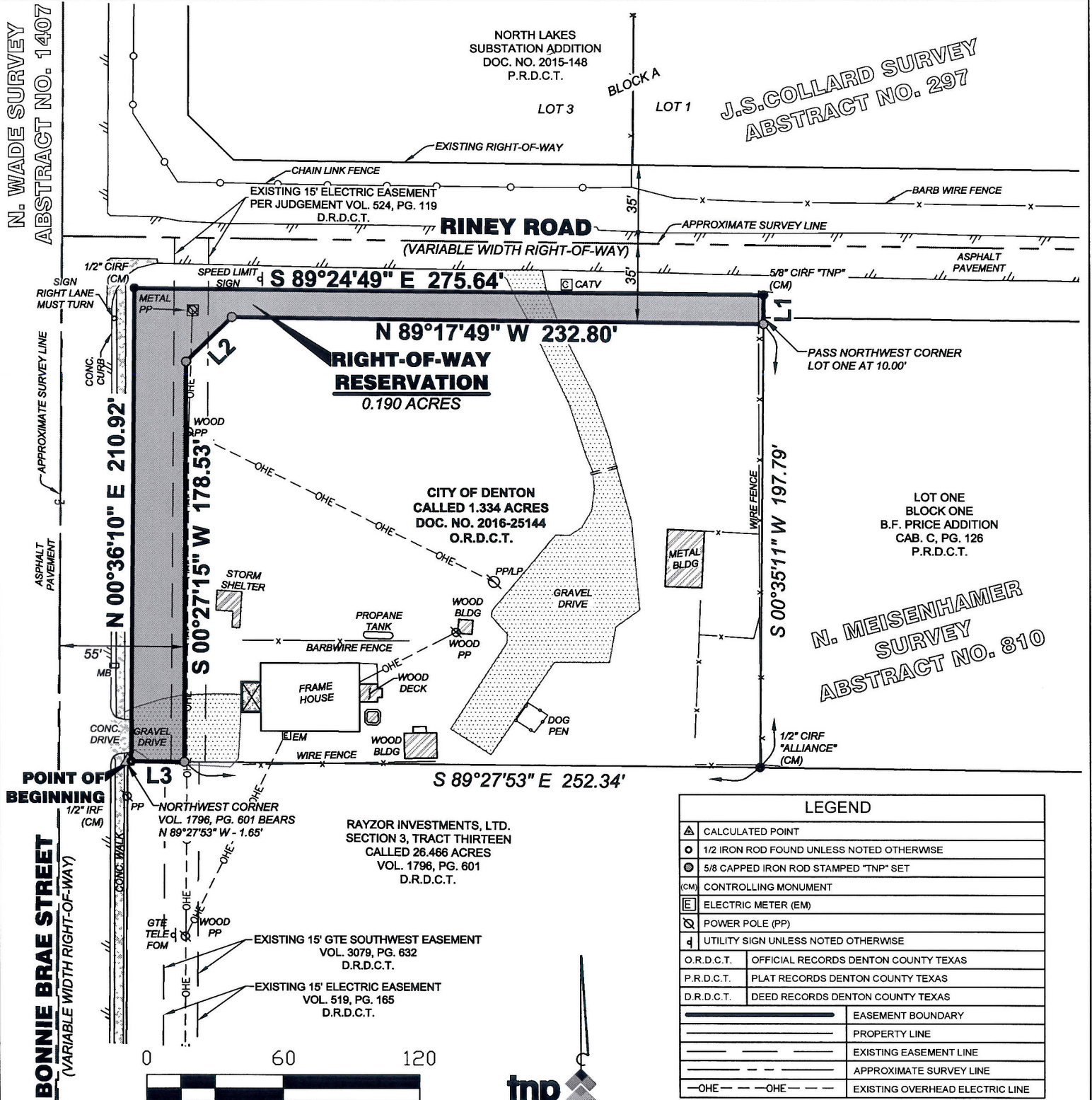


N. WADE SURVEY
ABSTRACT NO. 1407

BONNIE BRAE STREET
(VARIABLE WIDTH RIGHT-OF-WAY)

NORTH LAKES
SUBSTATION ADDITION
DOC. NO. 2015-148
P.R.D.C.T.

J.S. COLLARD SURVEY
ABSTRACT NO. 297

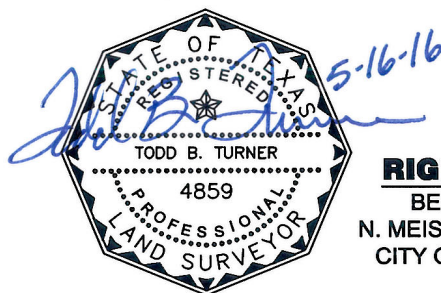


NOTES:

- Bearings of lines shown hereon are referenced to Grid North of the Texas Coordinate System of 1983 (North Central Zone: NAD83(2011) EPOCH 2010) as derived locally from Western Data Systems Continuously Operating Reference Stations (CORS) via Real Time Kinematic (RTK) methods. The distances shown hereon represent surface values utilizing an Average Combination Factor of 1.000147317 to scale from grid to surface.
- This survey was prepared with benefit of that certain Title Commitment, GF No. 156339, with effective date of February 9, 2016, provided by Title Resources Guaranty Company. For easements, rights-of-way and/or other matters of record that may affect this tract, the surveyor relied solely on said title commitment.

SCALE: 1" = 60'

tnp



LINE TABLE

LINE	BEARING	DISTANCE
L1	S 00°35'11" W	12.88'
L2	S 45°34'43" W	28.22'
L3	N 89°27'53" W	23.35'

EXHIBIT "B"

RIGHT-OF-WAY RESERVATION

BEING 0.190 ACRES SITUATED IN THE
N. MEISENHAMER SURVEY, ABSTRACT NO. 810
CITY OF DENTON, DENTON COUNTY, TEXAS

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DME13222

000215 SHEET 2 OF 2