

**A REAL PROPERTY APPRAISAL REPORT  
OF  
THE SURFACE ESTATE  
IN  
0.890 ACRES OR 38,768 SQUARE FEET OF LAND  
BELONGING TO:  
CAR STAND LTD.**

Located along the south side of Stella Street, approximately 109' east of Avenue F, or  
2105 Stella Street, Denton, Denton County, Texas 76201

**City of Denton, DME Program Management  
Project #DTN13535, Hickory to Locust TM Line, Parcel: 072**

**PREPARED FOR:**  
**FREESE AND NICHOLS, INC.**  
c/o Mr. Phil Williams  
General Manager  
Denton Municipal Electric (DME)  
215 E McKinney Street  
Denton, Texas 76201

**EFFECTIVE DATE OF THE APPRAISAL:**  
April 21, 2017

**PREPARED BY:**

**O'BRIEN**  
**REALTY ADVISORS**  
Real Estate Consultants & Appraisers  
**3208 COLLINSWORTH STREET  
FORT WORTH, TEXAS 76107**

Job No. - 17.1053

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## **SECTION I - APPRAISAL REPORT**

**O'BRIEN REALTY ADVISORS, LLC**

**REAL ESTATE CONSULTANTS & APPRAISERS**

**3208 COLLINSWORTH STREET**

**FORT WORTH, TEXAS 76107**

April 26, 2017

FREESE AND NICHOLS, INC.

c/o Mr. Phil Williams

General Manager

Denton Municipal Electric (DME)

215 E McKinney Street

Denton, Texas 76201

**SUBJECT:** 0.890 Acres or 38,768 Square Feet of Land  
Located along the south side of Stella Street, approximately 109'  
east of Avenue F, or 2105 Stella Street, Denton, Denton County,  
Texas 76201

Dear Mr. Williams:

O'Brien Realty Advisors, LLC is pleased to present this appraisal report that was prepared on the above referenced property. The purpose of this appraisal is to derive an opinion of the market value of the part acquired and any damages to the remainder, as of April 21, 2017, the effective date of the appraisal.

The report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), The State of Texas, and the Standards of Professional Practice of the Appraisal Institute. Our opinion of market value is premised upon the Assumptions and Limiting Conditions outlined herein. The definition of market value may be found in Sections I and V.

## SCOPE OF WORK

As part of this appraisal, we have completed the following steps to gather, confirm, and analyze the data.

- ❖ Mark R. Sadler, Mike C. O'Brien and Gina Cannova Phalen physically inspected the subject and the surrounding market area on March 7, 2017 and Gina Cannova Phalen inspected the property again on April 21, 2017. The appraisers afforded the property owner, Mr. Rick Martino, the opportunity to accompany us during the inspection on March 7, 2017; we spoke on the phone to Mr. Martino and he allowed us to inspect the property unaccompanied. 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 subject and the surrounding market area and confirmed that 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 on comparable sales. The comparable information was 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.
  - In certain partial right-of-way acquisitions, the primary improvements are removed from the area of proposed acquisition. If it has been determined that the proposed acquisition will not result in permanent damages to the remainder property, the opinion of compensation can be limited to the valuation of the land and affected site improvements. The valuation of the unaffected improvements is not necessary in some cases for a credible assignment result.
  - The appraisal of real estate typically employs three traditional valuation methods: the sales comparison approach, cost approach, and income approach. Only the sales comparison approach (land only) was used in this analysis.

- ❖ Partitioned the **Whole Property** value opinion between the **Part to be Acquired** and the **Remainder Before** the acquisition (i.e. The value of the part acquired was simply subtracted from the whole property to determine the remainder before).
- ❖ 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 total compensation due the property owner as the result of a proposed acquisition by summation of the part to be acquired and any damages. Damages are 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.

## COMPETENCY RULE

We have the knowledge and experience of appraising similar type properties located within the subject's market area, and applying the approaches to value utilized; therefore, we are able to complete this assignment competently.

## JURISDICTIONAL EXCEPTION RULE

If any part of the *Uniform Standards of Professional Appraisal Practice* is contrary to the law or public policy of any jurisdiction, only that part shall be void and of no force or effect in that jurisdiction.

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions 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 later in this report.

Particular to this assignment, the client has indicated that the property within the proposed easement area will be restored to similar or better condition after construction and that the existing landscaping will be allowed in the easement area. In addition, the client has indicated that access to the property will not be denied during construction.

## HYPOTHETICAL CONDITIONS

A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis.” 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 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 additional hypothetical conditions were used in this appraisal assignment.

## DEFINITION OF MARKET VALUE

“Market value,” as used herein, is defined as:

*...the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, 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.*

*City of Austin v. Cannizzo, et al, 153 Tex. 324, 267 S.W.2d 808 (Tex. 1954).*

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

### 0.890 ACRES OR 38,768 SQUARE FEET OF LAND

<b>Location</b>	Located along the south side of Stella Street, approximately 109' east of Avenue F, or 2105 Stella Street, Denton, Denton County, TX
<b>Legal Descriptions</b>	The subject is legally described as Lot 3-A, Block 8, of Owsley Park Addition, an addition to the City of Denton, Denton Cty, TX
<b>Owner of Record</b>	Car Stand Ltd. 4990 Christi Lane Aubrey, TX 76227-4025
<b>Property Tax Number(s)</b>	584956
<b>Effective Date of the Appraisal</b>	April 21, 2017
<b>Date of the Report</b>	April 26, 2017
<b>Land Area</b>	38,768 square feet or 0.890 acres
<b>Improvements</b>	According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal.
<b>Highest and Best Use as Vacant</b>	Multi-Family Residential
<b>Estimated Exposure Time</b>	6 - 12 months
<b>Property Rights Appraised</b>	Fee simple estate (Surface Estate Only)
<b>Indicated Market Value</b>	\$526,440 or \$15.00 per SF (Land Only)
<b>Indicated Total Compensation</b>	\$34,470



## AERIAL



Source: GoogleEarth © 2016

*\*LOCATIONS OF BOUNDARY AND EASEMENTS ARE APPROXIMATE*

## APPRAISAL SUMMARY

<b>1. <u>Whole Property</u></b>				
Land	31,424 SF @ \$ 15.00 /SF		\$ 471,360	
Existing Overhead Utility Zone	7,344 SF @ \$ 15.00 /SF @ 50%		\$ 55,080	
Total	38,768 SF			<b>\$ 526,440</b>
<b>2. <u>Part Acquired</u></b>				
Electric Utility Easement	6,128 SF @ \$ 15.00 /SF @ 50% @ 75%	\$ 34,470		
	6,128 SF	(-)		<b>\$ 34,470</b>
<b>3. <u>Remainder immediately before the acquisition is:</u></b>				<b>\$ 491,970</b>
<b><u>Remainder immediately after the acquisition is:</u></b>				
Land	31,424 SF @ \$ 15.00 /SF @ 100%	\$ 471,360		
Existing Overhead Utility Zone	1,216 SF @ \$ 15.00 /SF @ 50%	\$ 9,120		
Electric Utility Easement	6,128 SF @ \$ 15.00 /SF @ 50% @ 25%	\$ 11,490		
Total	38,768 SF	(-)		<b>\$ 491,970</b>
<b>4. <u>Net Damages</u></b>				<b>\$ -</b>
<b>5. <u>Total Compensation:</u></b>				
Part Acquired			\$ 34,470	
<b>TOTAL</b>			<b>\$ 34,470</b>	

## **DATE OF THE REPORT**

The date of the report is April 26, 2017.

## **EFFECTIVE DATE OF APPRAISAL**

The effective date of this appraisal (value) is April 21, 2017.

## **PURPOSE AND PROPERTY RIGHTS APPRAISED**

The purpose of this appraisal is to derive an opinion of market value of the part acquired and any damages to the remainder, as of April 21, 2017, the effective date of the appraisal. The surface estate has been appraised.

## **IDENTITY OF THE CLIENT AND INTENDED USERS OF THE REPORT**

The client is Freese and Nichols, Inc., and the intended users are Freese and Nichols, Inc.; Denton Municipal Electric (DME); 7 Arrows Land Staff, LLC; and their agents, representatives and assigns.

## **INTENDED USE OF THE APPRAISAL**

This appraisal report has been prepared for Freese and Nichols, Inc.; DME; 7 Arrows Land Staff, LLC; and their assigns, for assistance in right-of-way/easement negotiations and eminent domain proceedings, if necessary.

## **STATEMENT OF OWNERSHIP, SALES HISTORY AND STATUS**

According to the Uniform Standards of Professional Appraisal Practice (USPAP), the appraisers are required to discuss and analyze any previous sales of the subject property within the previous three years for all properties. According to public records, the subject is currently owned by Car Stand Ltd. and has been since September 18, 2008. The title was transferred from Richard D. Martino, Trustee of the Richard Martino Childrens Trust, as recorded in Warranty Deed 2008-103685 in Denton County Real Property Records.

The property does not currently appear to be listed for sale, and the appraisers are not aware of any options or contracts on the property.

## MARKET AREA ANALYSIS

A neighborhood is typically a segment of a community, city or town, which is a homogeneous grouping of individuals, buildings, or business enterprises within the larger community. A neighborhood has three stages of life and possibly a fourth. They are: (1) growth, (2) stability, (3) decline, and (4) revitalization and continuance of the neighborhood life cycle. Principal factors which improve neighborhood values are good schools, churches, rural residential facilities, homogeneity and civic responsibility, prestige and visual appeal, satisfactory transportation affording good ingress and egress, good planning, adequate utilities, conformity in land use, sensible zoning, and topographical and geographical advantages. Some factors which reduce neighborhood values are: the tendency of inhabitants to think the neighborhood is losing its desirability, movement of undesirable uses into the area, lack of zoning protection, increasing taxes, reduced rental rates and values of surrounding properties, lack of adequate planning, community pride, and nuisances. The book entitled *Real Estate Appraisal Terminology* defines a neighborhood as:

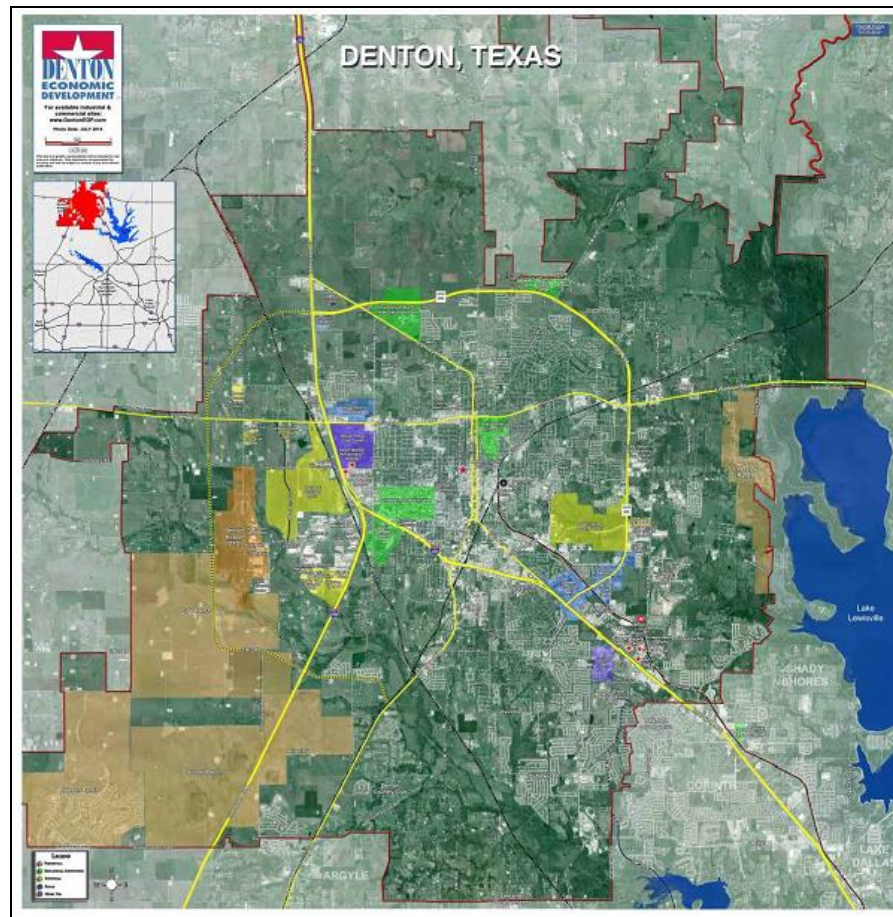
A portion of a larger community or an entire community in which there is a homogeneous grouping of inhabitants, buildings or business enterprises. Inhabitants of a neighborhood usually have more than a casual community of interest. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants.

The subject is located in central Denton County, in the City of Denton, Texas. The neighborhood is largely influenced by a mix of commercial, industrial, institutional and residential uses. The City of Denton encompasses a landmass of 97 miles and has a population of approximately 119,000. It's located approximately 35 miles north of Dallas and Fort Worth and is centrally located within the country (you can reach 98% of the US population within 48 hours by vehicle).

### **ACCESS AND LINKAGES**

IH-35, whose eastern and western segments intersect in the City of Denton, run through Dallas (IH-35E) and Fort Worth (IH-35W) to the south and continue past the Texas/Oklahoma border to the north. Other major thoroughfares in the area are Loop 288 and University Drive. The DFW Airport, the region's largest international airport, is approximately 22 miles to the south.

Access to Denton is good with IH-35 and US Highway 377 providing north/south travel and University Drive and US Highway 380 providing east/west travel.



Source: City of Denton

### **EMPLOYMENT**

The primary employment centers for the people living in the subject's neighborhood are located in the larger DFW Metroplex area. According to the *Dallas Business Journal Book of Lists 2016*, the major employers for North Texas are as follows:

Employer	Employees
Wal-Mart	34,000
American Airlines Group	27,000
Texas Health Resources	22,296
Dallas Independent School	19,740
Baylor Scott & White Health	16,500
Lockheed Martin Aeronautics	13,750
Bank of America	13,500
City of Dallas	13,336
UT Southwestern Medical	13,018
Texas Instruments Inc.	13,000
JPMorgan Chase Bank	12,676



The City of Denton also has many large employers - mostly in the industrial, health care and education fields. According to the *Denton Economic Development Partnership*, the top major employers for Denton are as follows:

Employer	Employees
University of North Texas	8,738
Denton ISD	4,417
Peterbilt Motors	2,314
Denton State Supported Living Ctr	1,700
Texas Women's University	1,672
Denton County	1,581
City of Denton	1,383
FEMA	594-1,100 (varies)
Denton Regional Medical Ctr	950
Sally Beauty Company, Inc.	950
Safran Electrical & Power	830

### **DEMAND GENERATORS**

**Retail** - *Rayzor Ranch* is a major mixed-use development that is planned to ultimately include more than 582,000 square feet of retail and commercial space. Stores in the development include Academy Sports and Outdoors, Kohl's, Ross Dress for Less, Famous Footwear, Boot Barn, Petco, Panera Bread, Jo-Ann's Fabric and DK Foot. A 600,000 square foot Rayzor Ranch Town Center are in development and plans include a Cinemark Movie Bistro.



*Golden Triangle Mall* is a major retail center that has had major renovations including adding a food court, interior landscaping, Wi-Fi and many new stores and restaurants. Tenants include Sephora, Buckle, Body Central,

Charlotte Russe, Tobu Asian Eatery, Italia Express and Smoothie Paradise. Two pad sites for Pollo Tropical and Corner Bakery were also added.

*Downtown Denton* continues to grow with the addition of H Squared, a new apartment complex with ground-floor retail and many new restaurants and bars.

The area around the University of North Texas has seen continued apartment activity, with new and redeveloped complexes coming online over the past few years.

**Business** - Denton experienced strong growth in 2015. Not only did four long-time Denton companies expand, but several new companies chose to move to Denton.

- An O'Reilly Hotel is developing an Embassy Suites and a 70,000-square foot convention center in the Rayzor Ranch Town Center.
- The Railyard Downtown Project - Rail Yard Partners, Ltd. is renovating an existing 28,000-square foot building as part of a larger transit-oriented development. The City will lease 9,216-square feet for a collaborative working space and business incubator.
- WinCo Foods - acquired 77 acres on the west side of Western Blvd., just north of Airport Road, to construct an 800,000-square foot distribution center. This project is projected to create 165 jobs.
- Buc-ee's - this "travel center" will be located along I-35E and will include 53,000-square feet of retail, fuel sales and a car wash.
- *Tetra Pak Materials*, a manufacturer and distributor of liquid foods, is expanding their current 220,000 square foot facility with an additional 32,000 square foot expansion, including relocating their headquarters from Chicago to Denton.
- Air Medical Group Holdings, Inc., a national helicopter ambulance company, plans to begin construction on its new headquarters and hangar near Denton Enterprise Airport - relocating their current headquarters from Lewisville.
- *Business Air* is planning an expansion at the Denton Enterprise Airport with plans to construct a 24,000 square foot hangar with an additional 4,000 square feet of office.

**Education** - City of Denton residents have access to several higher education facilities including the University of North Texas, Texas Woman's University and North Central Texas College.

The University of Texas just started construction on a new \$70 million College of Visual Arts and Design building that will be a 4-story and 145,000 square foot complex scheduled for completion by Fall 2018. This addition will give their College of Visual Arts and Design a total complex of 228,000 square feet.

**Recreation** - The city has many parks that provide playground areas, waterparks, walking/bike trails, picnic areas and dog parks.

In proximity to the City of Denton is Lake Lewisville. Lake Lewisville is one of the largest lakes in north Texas spanning 29,000 acres with 233 miles of shoreline. This recreational lake allows for fishing, skiing, swimming and recreational boating. There are numerous parks located around the lake. There are plenty of nice beaches, campgrounds, hiking and biking trails, golf courses, and other outdoor activities. Lewisville Lake is operated by the US Corps of Engineers and is a part of the Trinity Regional Project. The Trinity Regional Project is a cluster of seven local lakes: Bardwell, Benbrook, Grapevine, Joe Pool, Lavon, Lewisville and Ray Roberts.



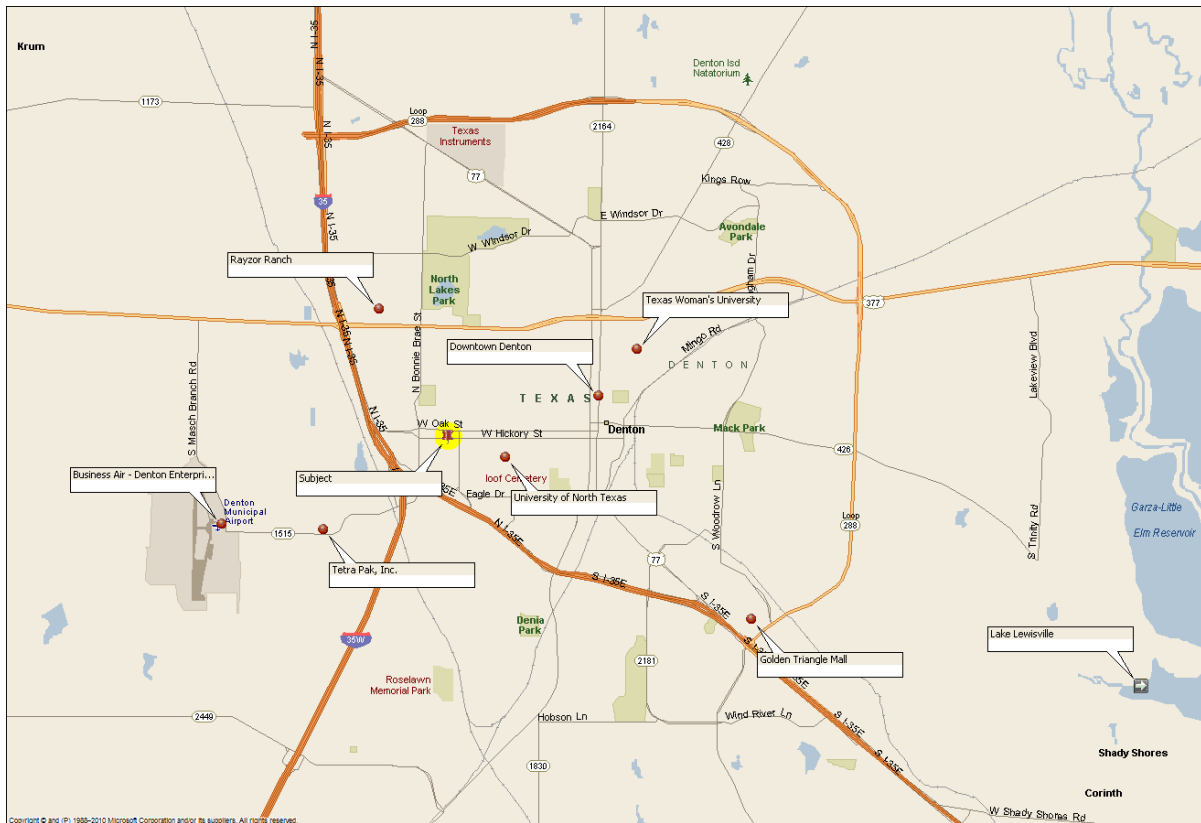
Lake Lewisville

Source: [www.lake-lewisville.org](http://www.lake-lewisville.org)

Source: [www.swf-wc.usace.army.mil](http://www.swf-wc.usace.army.mil)



**DEMAND GENERATORS MAP**



**PUBLIC SERVICES**

The area is served by the Denton Independent School District. Electric service is provided by Denton Municipal Electric (DME), the City of Denton provides water and waste services and gas is provided by Atmos Energy.

**LAND USE**

Neighborhood land use is primarily commercial, institutional and industrial along major thoroughfares, with residential infill.

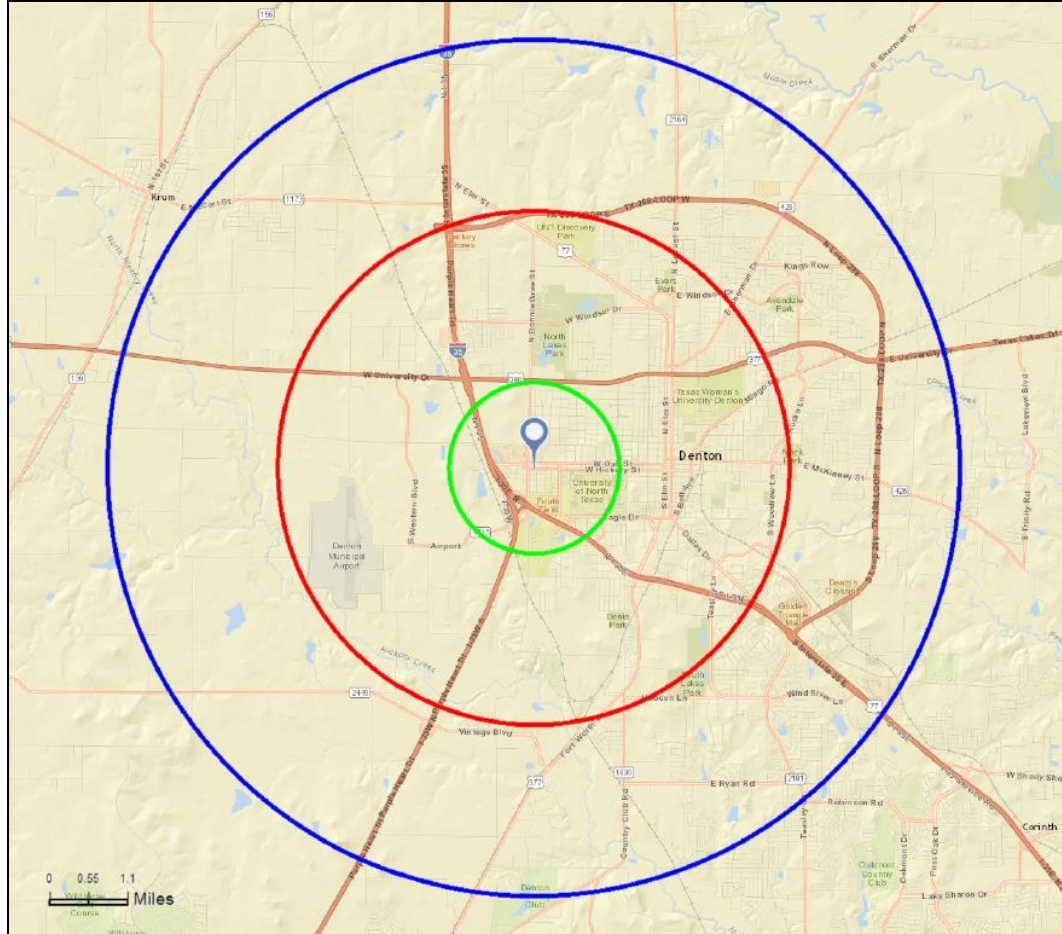
**RESIDENTIAL**

Residential housing is a mix of single-family (58%) and multi-family (42%) within the City of Denton. Multi-family continues to grow as 361 new units were added in 2015 and 607 new units were added in 2016.<sup>1</sup>

<sup>1</sup> Statistical Trends and News of Denton, December 2016

## DEMOGRAPHIC FACTORS

A demographic profile of the subject, as provided by Site to Do Business, is presented in the following tables:



	1 mile	3 miles	5 miles
<b>Population</b>			
2000 Population	13,114	51,148	80,857
2010 Population	13,880	56,508	98,210
2016 Population	15,109	60,743	107,150
2021 Population	16,214	65,466	117,005
2000-2010 Annual Rate	0.57%	1.00%	1.96%
2010-2016 Annual Rate	1.37%	1.16%	1.40%
2016-2021 Annual Rate	1.42%	1.51%	1.78%

	1 mile	3 miles	5 miles
<b>Median Household Income</b>			
2016 Median Household Income	\$20,136	\$31,644	\$41,985
2021 Median Household Income	\$19,952	\$30,252	\$41,884
2016-2021 Annual Rate	-0.18%	-0.90%	-0.05%
<b>Average Household Income</b>			
2016 Average Household Income	\$35,292	\$47,231	\$61,173
2021 Average Household Income	\$36,044	\$49,790	\$65,189
2016-2021 Annual Rate	0.42%	1.06%	1.28%

### ***OUTLOOK AND CONCLUSIONS***

The market area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is our opinion that property values will increase gradually, along with the national economy.

## **SITE ANALYSIS**

An analysis of the property is particularly important in estimating its highest and best use. Following is a discussion of those site characteristics considered most important.

### **PROPERTY LOCATION, SIZE AND SHAPE**

The subject is a 38,768 square-foot, rectangular-shaped tract of land located along the south side of Stella Street, approximately 109' east of Avenue F, or 2105 Stella Street, Denton, Denton County, Texas

### **LEGAL DESCRIPTION**

The subject is legally described as being Lot 3-A, Block 8, of Owsley Park Addition, an addition to the City of Denton, Denton County, Texas.

### **PROPERTY TAX INFORMATION**

Real estate tax assessments are estimated by jurisdiction on a county basis for the subject. The subject lies in Denton County. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. State law requires that all real property be revalued at least every three years. The following is a summary of the subject tax account.

DENTON COUNTY MARKET AND ASSESSED VALUES							
Account	Tax Owner Name	Land Size (SF)	Tax Year	Land Value		Imps.	Assessed Value
584956	Car Stand Ltd.	38,768	2016	\$ 232,610	\$ 6.00	\$ 1,517,390	\$ 1,750,000
	Total	38,768	2016	\$ 232,610	\$ 6.00	\$ 1,517,390	\$ 1,750,000

The 2016 composite tax rate for the subject is itemized as follows:

DENTON COUNTY 2016 COMPOSITE TAX RATE	
Taxing Entity	Tax Rate (/ \$100)
Denton County	0.248409
City of Denton	0.683340
Denton ISD	1.540000
<b>Total</b>	<b>2.47175</b>

It is noted that 2017 values and tax rates have not been released yet.

***SITE ACCESS AND FRONTAGE***

<b>STREET</b>	<b>Stella St.</b>
Frontage	±272 feet
Paving	Asphalt
Curbs/Gutters	Yes
Sidewalks	Yes
Direction of Traffic	East/West
Condition	Average
Traffic Levels	Average
Signals/Traffic Control	Stop Sign at Avenue G
Access	Average
Visibility/Exposure	Average

***ENVIRONMENTAL STATEMENT***

We are unaware of any detrimental environmental conditions that affect the property. For the purposes of our analysis we have estimated the market value of the site as if it is free from any adverse environmental conditions.

***IMPROVEMENTS***

According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The complex is a mix of 1-bedroom, 2-bedroom and 3-bedroom units. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal.

***UTILITIES***

The following is a summary of the subject's utility service.

UTILITY	PROVIDER
Water	City of Denton
Sewer	City of Denton
Electricity	Denton Municipal Electric
Natural Gas	Atmos Energy
Local Telephone	Various

***FLOODPLAIN***

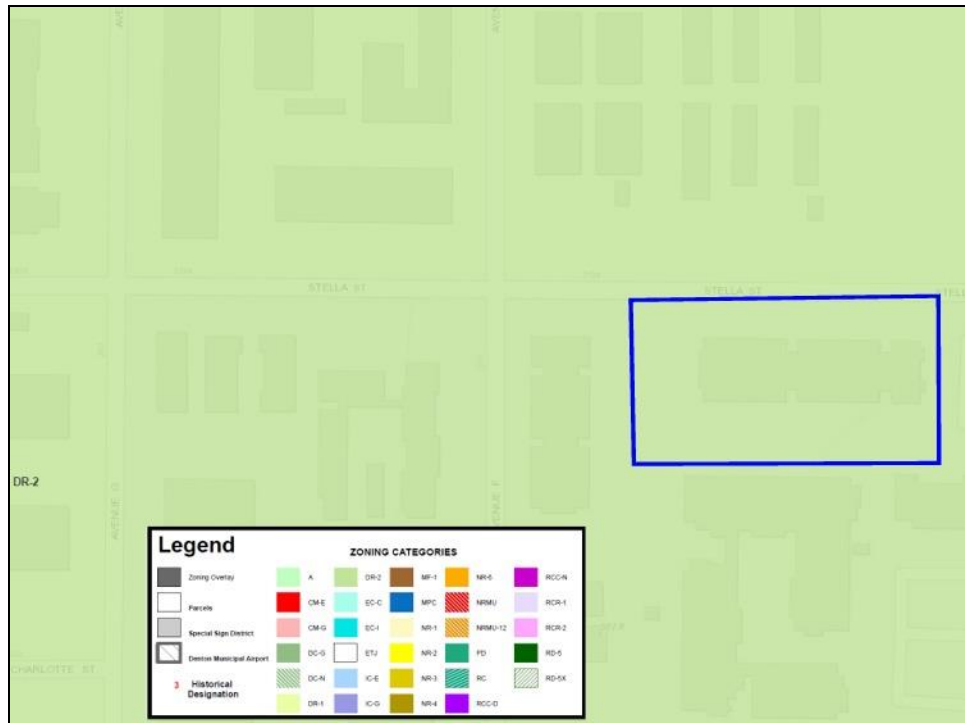
According to FEMA Map Panel 48121C0360G, dated April 18, 2011, the property appears to be outside of the 500-year floodplain. Please see "Exhibits" for a floodplain map.

***TOPOGRAPHY***

The property is a rectangular-shaped tract with generally level terrain.

## ZONING

The subject is located in the City of Denton, Texas and is zoned Downtown University Core with a land use category of DR-2, “Downtown Residential”. The purpose of the Downtown University Core District is to “encourage mixed use development within specified commercial areas of the district”. This district is a pedestrian friendly district. A zoning map and specific restrictions are presented below.



Minimum Lot Area	4,000 SF
Minimum Lot Width / Depth	40' / 80'
Minimum Residential Unit Size	500 SF
Maximum Lot Coverage	75%
Maximum Dwelling Units/Acre	30
Required Parking Spaces: **	
Mixed-density dwellings	1-bedroom 1.5 spaces/unit 2-bedroom 1.75 spaces/unit 3-bedroom 2 spaces/unit 4-bedroom 1 space/bedroom
Duplexes	2 spaces/unit + 1 space for each bedroom over (3) bedrooms

**OTHER LEGAL AND REGULATORY CONSTRAINTS**

According to our research and inspection of the property, it appears that the property contains mostly typical perimeter easements. Based on the title report provided by the client, the property is subject to the restrictions shown below:

- a. All visible and apparent easements or uses and all underground easements or uses, the existence of which may arise by unrecorded grant or by use. (May be amended or deleted upon approval of current survey.)
- b. Rights of parties in possession and rights of tenants in possession under any unrecorded leases or rental agreements. (May be amended or deleted upon execution of affidavit of parties in possession at closing.)
- c. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.
- d. Any encroachments, encumbrances, violation, variation or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land. (NOTE: UPON RECEIPT OF A SURVEY ACCEPTABLE TO THE COMPANY, THIS EXCEPTION WILL BE DELETED. COMPANY RESERVES THE RIGHT TO ADD ADDITIONAL EXCEPTIONS PER ITS EXAMINATION OF SAID SURVEY.)
- e. Terms and Conditions contained in Utility Agreement and Dedication between JIMMY DALE BROWN, GEORGE E. REAVES, and the CITY OF DENTON filed September 21, 1983, recorded in Volume 1259, Page 231, Real Property Records of Denton County, Texas.
- f. A 30' clearance zone for existing O.H. Transmission Line along the North boundary line of lots as shown on plat recorded in Cabinet Y, Page 468, Plat Records of Denton County, Texas.
- g. Public Sidewalk Easement executed by RICHARD MARTINO CHILDRENS TRUST to CITY OF DENTON, TEXAS, filed November 12, 2008, under CC# 2008-121343, Real Property Records of Denton County, Texas.
- h. Mineral lease granted by CAR STAND, LTD. to TIERRA RESOURCES, LLC described in instrument filed September 28, 2012, recorded under CC# 2012-109688, Real Property Records of Denton County, Texas. (Title to said interest not checked subsequent thereto.) (In regard to this exception, Item No. 4(d) and Item No. 5(e) of the T-19 and T-19.1 endorsement is hereby deleted pursuant to Procedural Rule 50.b)

The easements noted above indicate that the northern side of the property is encumbered with a 10' sidewalk easement. In addition, the plat indicates a 26.5 foot clearance zone for overhead transmission lines along the northern edge. Otherwise, it appears that there are no easements, encumbrances or restrictions that would restrict the property from being developed to its highest and best use.



## HIGHEST AND BEST USE ANALYSIS

The following summarizes the highest and best use of the property.

### ***PROCESS***

Before a property's value can be concluded, the highest and best use of the property must be determined for both the subject site as though vacant, and for the property as currently improved (if applicable). The highest and best use must be:

- ❖ Legally permissible under the zoning laws and other restrictions that apply to the site.
- ❖ Physically possible for the site.
- ❖ Economically feasible.
- ❖ Capable of producing the highest net return on investment (i.e. highest value) from among the possible, permissible, and economically feasible uses.

### ***AS THOUGH VACANT***

#### **LEGALLY PERMISSIBLE**

The subject is located in the City of Denton and is zoned Downtown University Core with a land use category of DR-2, "Downtown Residential". The appraisers are unaware of any deed restrictions or any further legal limitations on the property which would inhibit the property from being developed to its highest and best use.

#### **PHYSICALLY POSSIBLE**

The size, location, access, frontage, availability of utilities, floodplain characteristics and topography of the site affect the uses to which it can be developed. The subject consists of approximately 38,768 square feet of land and is located along the south side of Stella Street, approximately 109' feet east of Avenue F. The subject is a rectangular-shaped tract of land with generally level terrain. The property is unencumbered by the 500-year floodplain and has access to all utilities. Development of the property for a variety of uses is physically possible.

**FINANCIALLY FEASIBLE**

Proposed development must be financially feasible. Factors that must be considered include surrounding land uses, the supply and demand of the property type, the availability of financing, and the cost of land acquisition and building construction in relation to the property's income producing capacity.

Conformity is the appraisal principle that holds that real property values are created and sustained when the characteristics of the property conform to the demands of its current market. The styles and uses of the properties in an area may conform for several reasons, including economic pressures, the shared preference of owners of certain types of structures, amenities and services and the enforcement of uniform standards by means of zoning. Through local zoning ordinances, the government encourages conformity by restricting land use. Standards of conformity are set by the market and are therefore subject to change. Zoning codes, however, tend to establish conformity in basic property characteristics including size, style, and design. A particular market also sets standards of conformity, especially in terms of price. Usually the value of an over improved property will decline, or regress towards the value of surrounding, conforming properties, while the value of an under improved property may increase, or progress towards the prevailing market standards.

Based on prevailing market conditions, land use patterns and the physical characteristics of the site, multi-family residential use is considered to be the most financially feasible use.

**MAXIMALLY PRODUCTIVE**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than multi-family residential use.

***AS IMPROVED***

According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal and a Highest and Best Use analysis as improved is not applicable.

***AS IF VACANT - AFTER ACQUISITION***

The part acquired consists of a 0.141 acre, or 6,128 square foot, permanent electric utility easement for the purposes of “erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv”. The transmission line will replace an existing 69-kv overhead transmission line, which is in the right-of-way of Stella Street. The proposed easement enters the property at the western boundary and will travel east along the subject’s northern border to the eastern side. The proposed easement will overlap an existing 26.5 foot overhead transmission clearance zone, as well as a 10 foot sidewalk easement. The remainder after the acquisition will have the same highest and best use as before the acquisition.

## **MARKET VALUE ESTIMATE OF THE WHOLE PROPERTY**

We have estimated the value of the whole property, as though vacant, by the sales comparison approach.

The appraisers have used the Sales Comparison Approach to estimate the value of the subject in the preparation of this report. The valuation of the subject does not rely on the Income Capitalization Approach, since there is no periodic economic income benefits associated with the tract under its current use. Also, the Cost Approach to value is not applicable as the site is valued as unimproved.

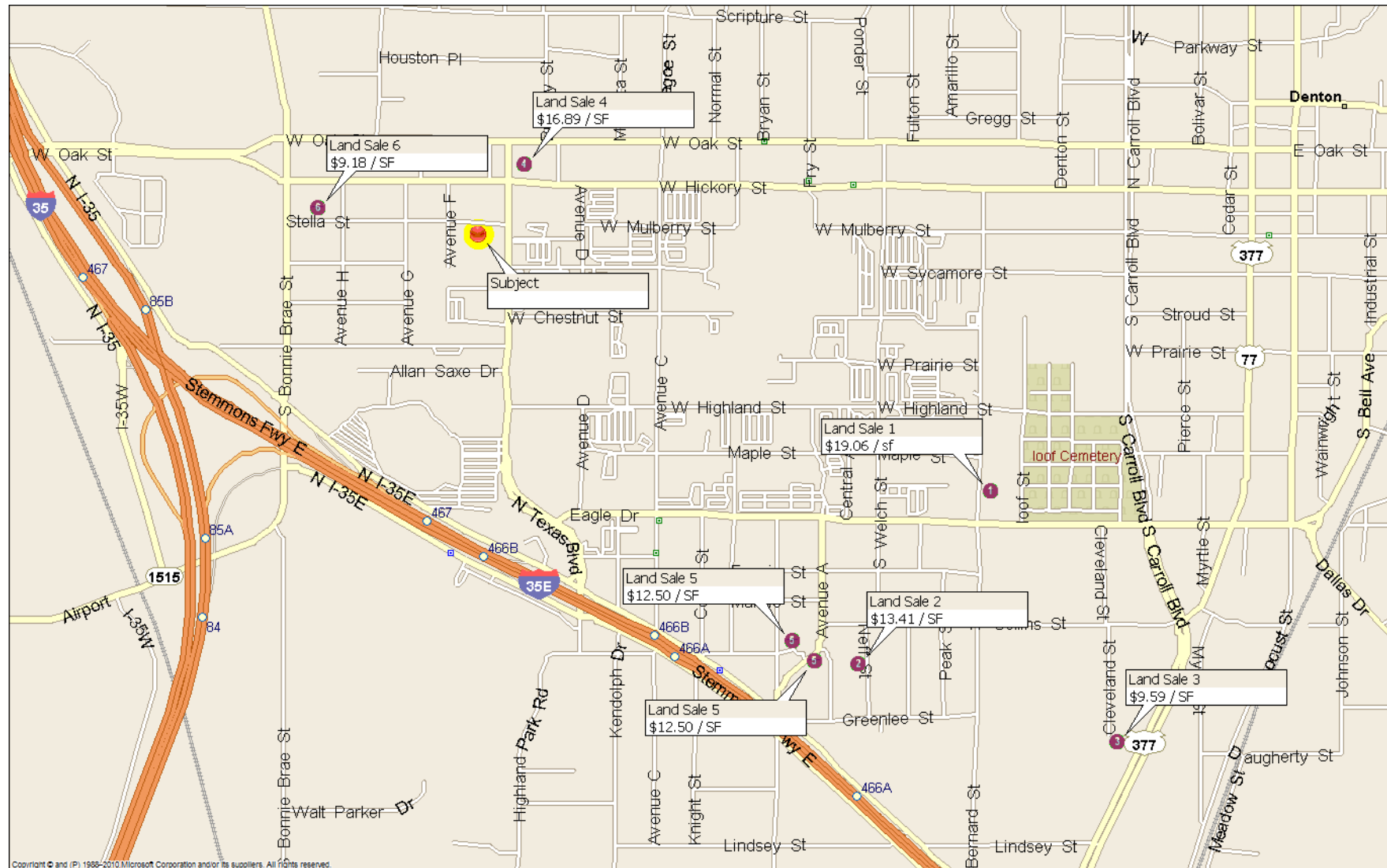
In order to derive an opinion of the market value of the subject land, assuming the property is available for development to its highest and best use, we have assembled sales data for similar properties in the area. After examining available sales data, we have selected the following land sale transactions as most comparable for this analysis. After an adjustment process, which compensates for the significant differences between these sales and the subject, these sales provide an indication of the subject's land value.

The identified sale prices have been adjusted to cash-equivalency, when appropriate. At the end of Section III is a Qualitative Adjustment Grid, which provides relevant data and shows the appropriate adjustments. For each element of comparison, each sale is rated as being superior, comparable, or inferior to the subject.

In analyzing the individual sales, we have selected the price per square-foot (SF) of land as the operative unit of comparison. This is the unit of comparison most commonly quoted by brokers, sellers, and purchasers when discussing sales transactions and is considered the most relevant for the subject. A presentation of the land sales follows.

SUMMARY OF COMPARABLE LAND SALES				
<u>Sale No.</u>	<u>Location</u>	<u>Date of Sale</u>	<u>Size (SF)</u>	<u>Effective Price per SF</u>
1	Located along the east side of Bernard St., north of Eagle Dr., Denton, Denton County, Texas	10/12/16	27,443	\$19.06
2	Located along the west side of Neff Street, north of Greenlee Street, Denton, Denton County, Texas	06/30/16	16,030	\$13.41
3	Located along the west side of Fort Worth Dr., south of Collins St., Denton, Denton County, Texas	04/19/16	88,645	\$9.59
4	Located at the northeast corner of Avenue E and Hickory St., Denton, Denton County, Texas	09/30/15	27,835	\$16.89
5	Located along the east and west sides of Avenue A at Underwood St., Denton, Denton County, Texas	09/11/14	77,739	\$12.50
6	Located along the south side of Hickory Street, east of Bonnie Brae St, Denton, Denton County, Texas	03/25/13	29,969	\$9.18
<b>Subject: Located along the south side of Stella Street, apx. 109' east of Avenue F, Denton, Denton County, Texas</b>			<b>38,768</b>	

## COMPARABLE SALES LOCATIONS



**Land Value - Sales Comparison Approach**

<b>Land Sales Summary</b>							
	<b>Subject</b>	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>	<b>Sale #6</b>
Location:	Located along the south side of Stella Street, apx. 109' east of Avenue F, Denton, Denton County, Texas	Located along the east side of Bernard St., north of Eagle Dr., Denton, Denton County, Texas	Located along the west side of Neff Street, north of Greenlee Street, Denton, Denton County, Texas	Located along the west side of Fort Worth Dr., south of Collins St., Denton, Denton County, Texas	Located at the northeast corner of Avenue E and Hickory St., Denton, Denton County, Texas	Located along the east and west sides of Avenue A at Underwood St., Denton, Denton County, Texas	Located along the south side of Hickory Street, east of Bonnie Brae St, Denton, Denton County, Texas
Sale Price/Effective Sale Price:		\$523,000	\$215,000	\$850,000	\$470,000	\$971,738	\$275,000
Sale Date:		10/12/2016	6/30/2016	4/19/2016	9/30/2015	9/11/2014	3/25/2013
Land Size (Gross Square Feet):	38,768	27,443	16,030	88,645	27,835	77,739	29,969
Price/Square Foot:	N/A	\$19.06	\$13.41	\$9.59	\$16.89	\$12.50	\$9.18
<b>Sales Adjustment</b>							
	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>	<b>Sale #6</b>	
Property Rights Conveyed	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Financing Terms	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Conditions of Sale	Comparable	Comparable	Comparable	Comparable	Comparable	Inferior	Comparable
Market Conditions	Comparable	Comparable	Comparable	Comparable	Inferior	Inferior	Inferior
<b>Other Adjustments</b>							
	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>	<b>Sale #6</b>	
Location	Superior	Comparable	Inferior	Superior	Comparable	Comparable	
Access	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Size	Comparable	Superior	Inferior	Comparable	Inferior	Comparable	
Functional Utility	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Zoning/Utilities	Comparable	Inferior	Comparable	Comparable	Comparable	Comparable	
Net Other Adjustments	Superior	Comparable	Inferior	Comparable	Inferior	Inferior	



**OVERVIEW OF ADJUSTMENTS**

Potential adjustments include the following categories, which typically affect sale prices. For each element of comparison, each sale has been rated as being superior, comparable, or inferior to the subject (see comparison grid on previous page).

***PROPERTY RIGHTS CONVEYED***

This adjustment considers the transfer of property rights, such as differences between properties owned in fee simple and in leased fee.

***FINANCING TERMS***

This adjustment considers the financing terms of a transaction, as compared to what is typical in the market.

***CONDITIONS OF SALE***

This adjustment considers the motivations of either the buyer or the seller in a transaction, e.g., when the comparable contains improvements with contributory value.

***MARKET CONDITIONS***

Real estate values normally change over time. This adjustment considers market differences occurring between the effective date of the appraisal and the sale date of the comparable, when values have appreciated or depreciated.

***LOCATION***

This adjustment considers the surrounding area influences, adjoining land uses, and overall location within the market area.

***ACCESS***

This adjustment considers access to the subject including the availability and amount of road frontage and multiple roadway access.

***SIZE***

This adjustment considers size. Typically, smaller sites will bring higher unit sales prices when compared to larger sites with similar characteristics.

***FUNCTIONAL UTILITY***

This adjustment considers physical attributes (i.e. water features, tree coverage, flood plain), site configuration, encumbrances, and/or topography.

***ZONING/UTILITIES***

This adjustment considers permissible uses under zoning laws and other legal restrictions that apply to a site as well as the availability of utilities.

The above sales range from \$9.18 per SF to \$19.06 per SF. These sales are the most comparable to the subject in the market area. Based upon our analysis of the comparables considered above, the appraisers estimate the market value to be \$15.00 per SF as of April 21, 2017 for the area unencumbered by the existing overhead clearance zone. With respect to the existing clearance zone, only a portion of the total bundle of rights (or fee simple estate) is retained by the property owner, as the clearance zone requires the area to be unobstructed and allows for ingress/egress rights. Thus, based upon the rights associated with the clearance zone, the value estimated for that area of the property is 50%.

**WHOLE PROPERTY VALUATION SUMMARY**

Whole Property:	
Land	
31,424 SF @ \$15.00/SF	\$ 471,360
Existing Overhead Clearance Zone	
7,344 SF @ \$15.00/SF @ 50%	(+) \$ 55,080
<b>TOTAL VALUE AS A UNIT</b>	<b>\$526,440</b>

Based upon the previously discussed information, it is the opinion of the appraiser that the subject property has an estimated market value, via the Sales Comparison Approach, as of April 21, 2017 of:

**\$526,440**

**FIVE HUNDRED TWENTY-SIX THOUSAND FOUR HUNDRED FORTY DOLLARS.**

## **PARTIAL ACQUISITION METHODOLOGY**

The Texas Constitution permits the acquisition of private property for public use (eminent domain), but it requires that any such acquisition entitles the owner to just compensation and that it shall be by the due process of the law of the land. The law dictates that the value of the whole property, the value of the part acquired, the value of the remainder before the acquisition and the value after the acquisition be ascertained. The law allows for the offset of damages by enhancement if the enhancement is specific to the subject property.

In the valuation of the proposed easement(s), the appraisers have taken into consideration the rights being acquired and the contributory value of the land affected by this project. The percentage of the fee value acquired in the acquisition of the easement is based on two basic effects: 1) the **LEGAL ENCUMBRANCE** of the easement rights and obligations; and 2) the **PHYSICAL USE** of the easement areas.

## VALUATION OF AREA TO BE ACQUIRED

### *DESCRIPTION OF THE AREA TO BE ACQUIRED*

The part acquired consists of a 0.141 acre, or 6,128 square foot, permanent electric utility easement for the purposes of “erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv”. The transmission line will replace an existing 69-kv overhead transmission line, which is in the right-of-way of Stella Street. The proposed easement enters the property at the western boundary and will travel east along the subject’s northern border. The proposed easement will overlap an existing 26.5 foot clearance zone, as well as a 10 foot sidewalk easement.

According to the client, the electric transmission line will be located in the right-of-way of Stella Street. However, the City of Denton has adopted The National Electric Safety Code under City of Denton Development Code, Subchapter 24, Section 35.24.1.3, which generally prohibits structures within 37.5 feet on either side of the centerline of an overhead transmission line. According to the code, however, for existing transmission lines and lines being reconstructed in developed areas, the utility may elect to perform NESC analysis and calculations to determine if safe and adequate reduced easement widths can be utilized in lieu of the standard 37.5 foot width (for the purposes of this project, the City and DME determined 24.5 feet on either side of the centerline was sufficient). According to the client, the primary purpose of the proposed easement is to satisfy this measure.

See the following page for an aerial of the proposed easement.



Source: GoogleEarth

**\*LOCATIONS OF BOUNDARY AND EASEMENTS ARE APPROXIMATE**

**LAND VALUE OF THE AREA TO BE ACQUIRED**

The shape and size of the proposed acquisition is insufficient to represent an economic unit. The area to be acquired contributes to the whole, and it is the opinion of the appraisers that the estimated whole property land value of \$15.00 per square foot would be applicable to the part acquired. However, as previously mentioned, the proposed easement overlaps an existing clearance zone. This area is valued at 50% of the fee.

With respect to the permanent easement, only a portion of the total bundle of rights (or fee simple estate) is being acquired as the property owner will still retain ownership of the area in question. Thus, based upon the rights being acquired, the value estimated for the electric utility easement will be 75%.

**IMPROVEMENT VALUE**

According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal.

**SUMMARY**

The following table is a summary of the valuation of the part to be acquired.

<b>SUMMARY OF AREA TO BE ACQUIRED</b>		
<b>Estimated Land Value</b>		
Electric Utility Easement		
6,128 SF @ \$15.00/SF @ 50% @ 75%	\$	34,470
<b>Estimated Improvement Value</b>		
None	\$	0
<b>Total Value As A Unit</b>		<b>\$ 34,470</b>

## REMAINDER PROPERTY VALUATION SUMMARY

### ***REMAINDER BEFORE THE ACQUISITION***

Below is a chart representing the remainder from the whole property without the part to be acquired. The chart below is a mathematical subtraction of the part to be acquired, and does not consider the effect of the proposed acquisition. The appraisers have used the jurisdictional exception as shown in the Uniform Standards of Professional Appraisal & Practice to estimate the value of the remainder before the acquisition.

<b>SUMMARY OF REMAINDER BEFORE</b>			
<b>Whole Property</b>			
Land	\$	471,360	
Existing Overhead Clearance Zone	\$	<u>55,080</u>	
Total			\$ 526,440
<b>Part Acquired</b>			
Improvements	\$	0	
Land	\$	<u>34,470</u>	
Total			<u>(-) \$ 34,470</u>
<b>TOTAL VALUE AS A UNIT</b>			<b>\$491,970</b>

## **REMAINDER AFTER THE ACQUISITION**

### **PROPERTY DESCRIPTION**

The remainder property will still contain 38,768 square feet of land. The ultimate question is, “will the remainder command a lower price due to the presence of the easement?” According to the survey, the electric utility easement is for an overhead transmission line. The part acquired consists of a 0.141 acre, or 6,128 square foot, permanent electric utility easement for the purposes of “erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv”. The transmission line will replace an existing 69-kv overhead transmission line, which is in the right-of-way of Stella Street. The proposed easement enters the property at the western boundary and will travel east along the subject’s northern border.

The remainder after will be the same as the whole property, except it will be encumbered by a new electric utility easement. The easement will encumber an area currently used as landscaping and also within an existing 26.5 foot overhead transmission clearance zone. The client has indicated that the property within the proposed easement area will be restored to similar or better condition after construction.

The remainder after the acquisition will have the same highest and best use as before the acquisition, which consists of multi-family use.

The following table is a summary of the valuation of the remainder after.

<b>SUMMARY OF REMAINDER AFTER</b>			
<b>Remainder After</b>			
Land	31,424 SF	@\$15.00/SF @100%	\$ 471,360
Existing Overhead Clearance Zone	1,216 SF	@\$15.00/SF @50%	\$ 9,120
Electric Utility Easement	6,128 SF	@\$15.00/SF @50% @25%	(+)\$ 11,490
<b>TOTAL VALUE AS A UNIT</b>			<b>\$ 491,970</b>



***DAMAGE SUMMARY***

**DAMAGES**

As the value of the remainder before the acquisition is the same as the value of the remainder after the acquisition, damages do not exist. The following is a summary.

<b>SUMMARY OF DAMAGES</b>	
Remainder Before	\$ 491,970
Remainder After	\$ 491,970
<b>TOTAL VALUE AS A UNIT</b>	<b>\$ 0</b>

**TOTAL COMPENSATION**

The following is a summary of the estimated total compensation for the subject property, described herein, as of April 21, 2017:

TOTAL COMPENSATION SUMMARY	
Part to be acquired	\$ 34,470
<b>TOTAL COMPENSATION</b>	<b>\$ 34,470</b>

The appraisers have retained all information regarding this appraisal in the file. Please contact us if we can be of further assistance in this matter.

Sincerely,

**O'BRIEN REALTY ADVISORS**  
**REAL ESTATE CONSULTANTS & APPRAISERS**



Mark R. Sadler  
State of Texas Certification #TX-1380142-G



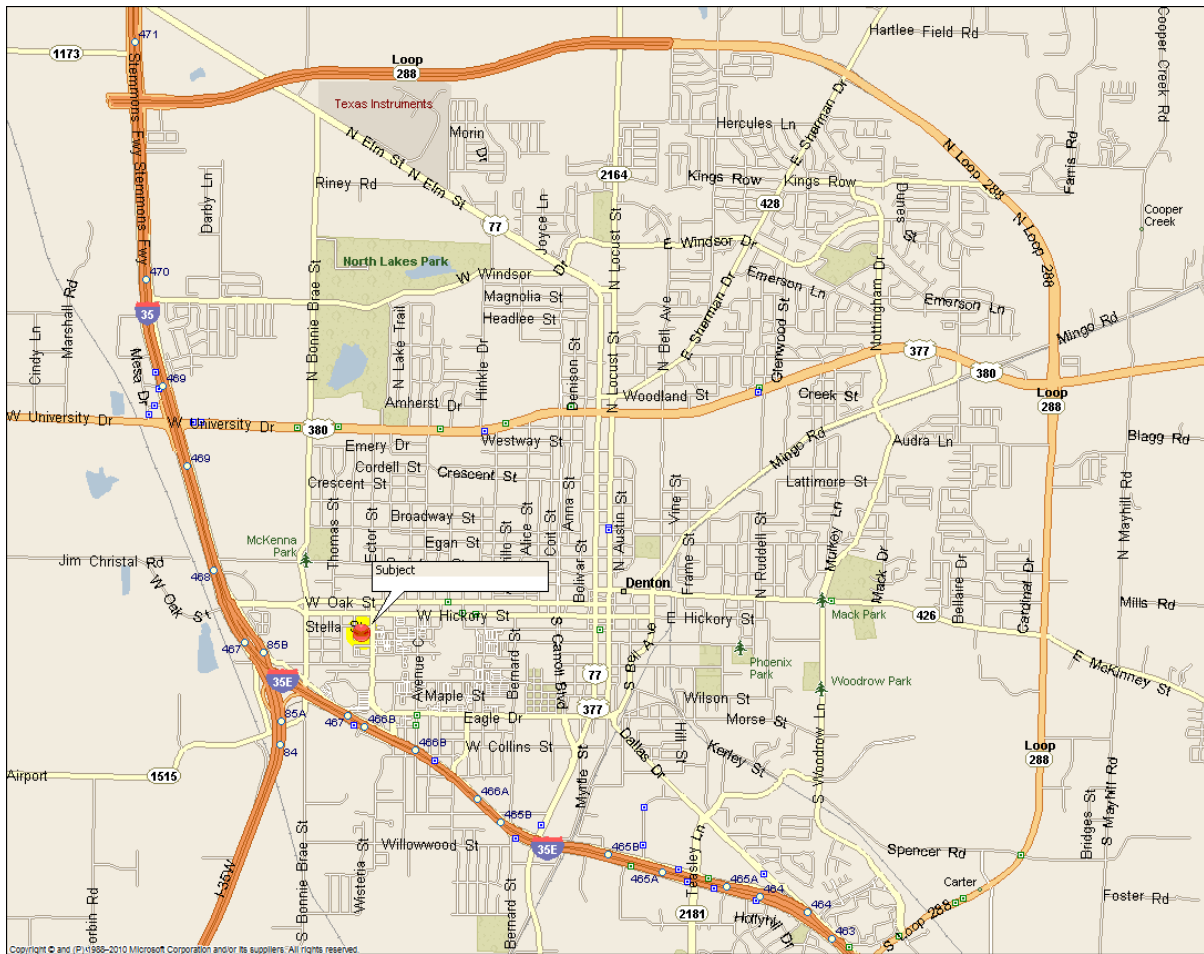
Mike C. O'Brien  
State of Texas Certification #TX-1331171-G



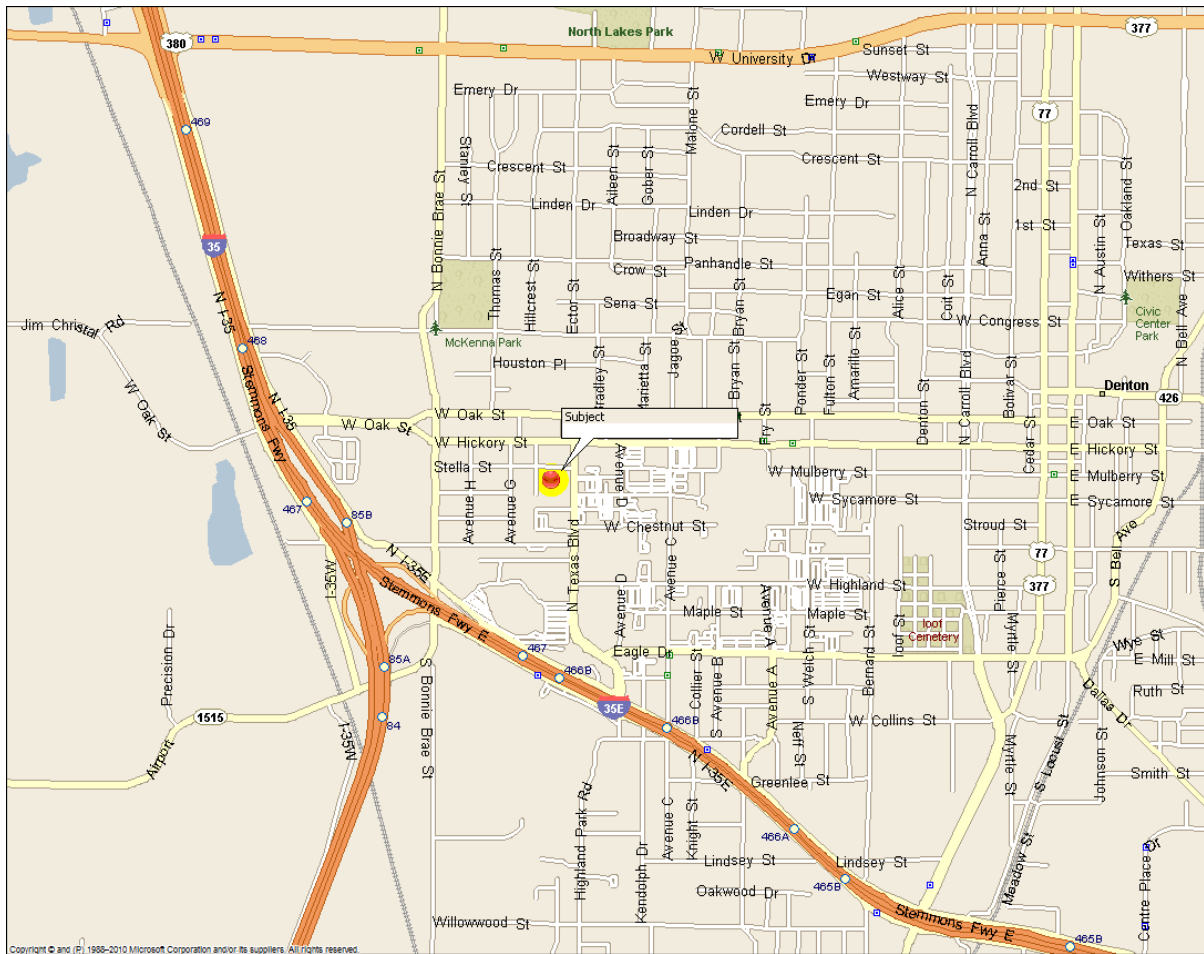
Gina Cannova Phalen  
State of Texas Certification #TX-1380648-G

## **SECTION II - EXHIBITS**

## AREA MAP



## MARKET AREA MAP



## SUBJECT AERIAL



Source: GoogleEarth © 2016

*\*LOCATIONS OF BOUNDARY AND EASEMENTS ARE APPROXIMATE*

## DME EASEMENT

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

### ELECTRIC UTILITY EASEMENT

<b>THE STATE OF TEXAS</b>	§	
	§	<b>KNOW ALL MEN BY THESE PRESENTS:</b>
<b>COUNTY OF DENTON</b>	§	

THAT, Car Stand, LTD., A Texas limited partnership, (the "GRANTOR"), for and in consideration of Ten Dollars (\$10.00), and other good and valuable consideration, to GRANTOR in hand paid by the CITY OF DENTON, a Texas home rule municipal corporation, which is located in Denton County, Texas, and whose mailing address is 215 E. McKinney, Denton, Texas 76201 ("GRANTEE") has granted, sold, and conveyed and by these presents does grant, sell and convey unto the GRANTEE perpetual, non-exclusive, and unobstructed easements and rights of way (collectively, the "EASEMENT") for the purposes of erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv, each consisting of a variable number of wires and cables, along with all necessary and convenient appurtenances, attachments and supporting structures, including without limitation, foundations, guy wires and guy anchorages, and structural components (collectively referred to herein as the "FACILITIES"), in, on, over, under and across that certain real property situated in Denton County, Texas, being approximately 0.141 acres and being more particularly described in Exhibit "A" and illustrated in Exhibit "B" attached hereto and incorporated into this document by reference (the "EASEMENT PROPERTY").

GRANTEE shall have the right of ingress, egress and regress in, on, over, under and across the EASEMENT PROPERTY for the purposes of and right to construct, maintain, operate, improve, reconstruct, increase and reduce the size and capacity not to exceed 138-kv, repair, relocate, inspect,



## **DME EASEMENT**

patrol, maintain, remove or replace such FACILITIES within the EASEMENT PROPERTY as GRANTEE may from time to time find necessary, along with all rights necessary for full use and enjoyment of the above grant. GRANTEE shall have the right, at GRANTEE'S sole cost and expense, to trim or remove trees or shrubbery within said EASEMENT PROPERTY, to the extent, in the sole judgment of GRANTEE, necessary to prevent possible interference with the efficiency, safety and/or convenient operation of the FACILITIES or to remove possible efficiency, safety or operational hazards thereto. GRANTEE may further, at GRANTEE'S sole cost and expense, install gates in existing fences within such EASEMENT PROPERTY. GRANTOR shall not make changes in grade, elevation or contour of the EASEMENT PROPERTY or impound water within, over and/or across the EASEMENT PROPERTY without prior written consent of GRANTEE.

GRANTOR, for itself, its successors and assigns, subject to the terms herein and detailed below, expressly reserves the right to occupy and use the EASEMENT PROPERTY for all other purposes that will not interfere with the GRANTEE'S full enjoyment of the EASEMENT and/or the exercise of GRANTEE's rights hereunder. GRANTOR shall not construct, and GRANTEE shall have the right to prevent the construction of buildings, structures, signs, or other obstructions of any kind ("UNPERMITTED STRUCTURES") on the EASEMENT PROPERTY. If any UNPERMITTED STRUCTURES are hereafter constructed or permitted by GRANTOR to exist within the EASEMENT PROPERTY without prior written consent of GRANTEE, then GRANTEE shall have the right to remove the same and GRANTOR agrees to pay to GRANTEE the reasonable actual costs of such removal. GRANTOR may, following written consent by GRANTEE, construct buildings, structures, or other facilities within the EASEMENT PROPERTY, where GRANTEE determines, in its sole discretion, such construction will not interfere with the safety or operation of the FACILITIES.

GRANTEE acknowledges the EASEMENT granted herein is non-exclusive, subject to the rights herein granted. However, GRANTOR agrees not to assign further easement rights within the



## DME EASEMENT

EASEMENT PROPERTY to any other utility providers without the prior, written consent of GRANTEE. Upon written consent of GRANTEE, such consent to be exercised at the sole discretion of GRANTEE, other utility providers may be permitted by GRANTEE under separate grant from GRANTOR to construct, operate, maintain, repair, replace and remove their respective utilities in, on, over, under, and across the EASEMENT PROPERTY perpendicularly or as otherwise may be permitted by GRANTEE in writing. Nothing herein shall be construed to require GRANTEE to allow such use or grant, and such use or grant shall be at the sole and absolute discretion of GRANTEE.

The EASEMENT shall constitute a covenant running with the land and shall bind and inure to the benefit of GRANTOR and GRANTEE, and their respective successors and assigns.

TO HAVE AND TO HOLD the above EASEMENT unto GRANTEE, its successors and assigns, forever, and GRANTOR hereby warrants and forever agrees to defend the above described EASEMENT unto GRANTEE, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part hereof, by, through, or under GRANTOR, and not otherwise.

WITNESS THE EXECUTION HEREOF on the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

**GRANTOR:**

**Car Stand, LTD., A Texas Limited Partnership**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## DME EASEMENT

THE STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2017,  
by \_\_\_\_\_ of Car Stand, LTD., a Texas limited partnership and acknowledged to  
me that his signature is the act of the said entity and that he executed the same on behalf of the said  
entity and in the capacity therein stated.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
My commission expires: \_\_\_\_\_

**AFTER RECORDING RETURN TO:**  
City of Denton – Engineering Department  
Real Estate and Capital Support  
901-A Texas Street, 2<sup>nd</sup> Floor  
Denton, Texas 76209  
Attn: Paul Williamson

## DME EASEMENT

### EXHIBIT "A"

#### ELECTRIC EASEMENT Car Stand, Ltd. Tract Two

**BEING** a 0.141 acre tract of land situated in the Eugene Puchalski Survey, Abstract No. 996, in the City of Denton, Denton County, Texas, being part of Tract Two as described in Deeds to Car Stand, Ltd., recorded in Document No. 2008-103685 and Document No. 2008-110095 of the Official Records of Denton County, Texas (O.R.D.C.T.), and being further described as part of Lot 3-A in Block 8 of the Amending Plat of Owsley Park Addition as recorded in Cabinet Y, Page 468, of the Plat Records of Denton County, Texas (P.R.D.C.T.), and being more particularly described as follows:

**BEGINNING** at a 3/4 inch iron rod found at the northeast corner of said Lot 3-A, same being the northeast corner of said Tract Two, common with the northwest corner of Lot 8 in Block 8 of Owsley Park Addition, as recorded in Volume 1, Page 6 1/2 (P.R.D.C.T.), same being the northwest corner of a called 0.341 acre tract of land described in Deed to the State of Texas f/b/o University of North Texas, Denton Texas, as recorded in Document No. 2004-73036 (O.R.D.C.T.), and located in the existing south right of way line of Stella Street (called 50.00' R.O.W.);

**THENCE** South 00°23'07" East, departing the existing south right of way line of said Stella Street, and along the common east line of said Lot 3-A and the west line of said Lot 8, a distance of 22.86 feet to a point for corner;

**THENCE** South 89°18'58" West, departing said common line, a distance of 264.24 feet to a point for corner;

**THENCE** South 88°33'47" West, a distance of 7.59 feet to the intersection of the common west line of said Lot 3-A with the east line of Lot 1-A in Block 8 of the Amending Plat of Owsley Park Addition, as recorded in Document No. 2010-20, (P.R.D.C.T.), same being the east line of Tract One as described in Deed to Car Stand, Ltd., and recorded in Document No. 2008-103685 (O.R.D.C.T.);

**THENCE** North 00°49'10" West, along the last stated common line, a distance of 22.31 feet to the northwest corner of said Lot 3-A, the northeast corner of said Lot 1-A, and located in the existing south right of way line of said Stella Street;

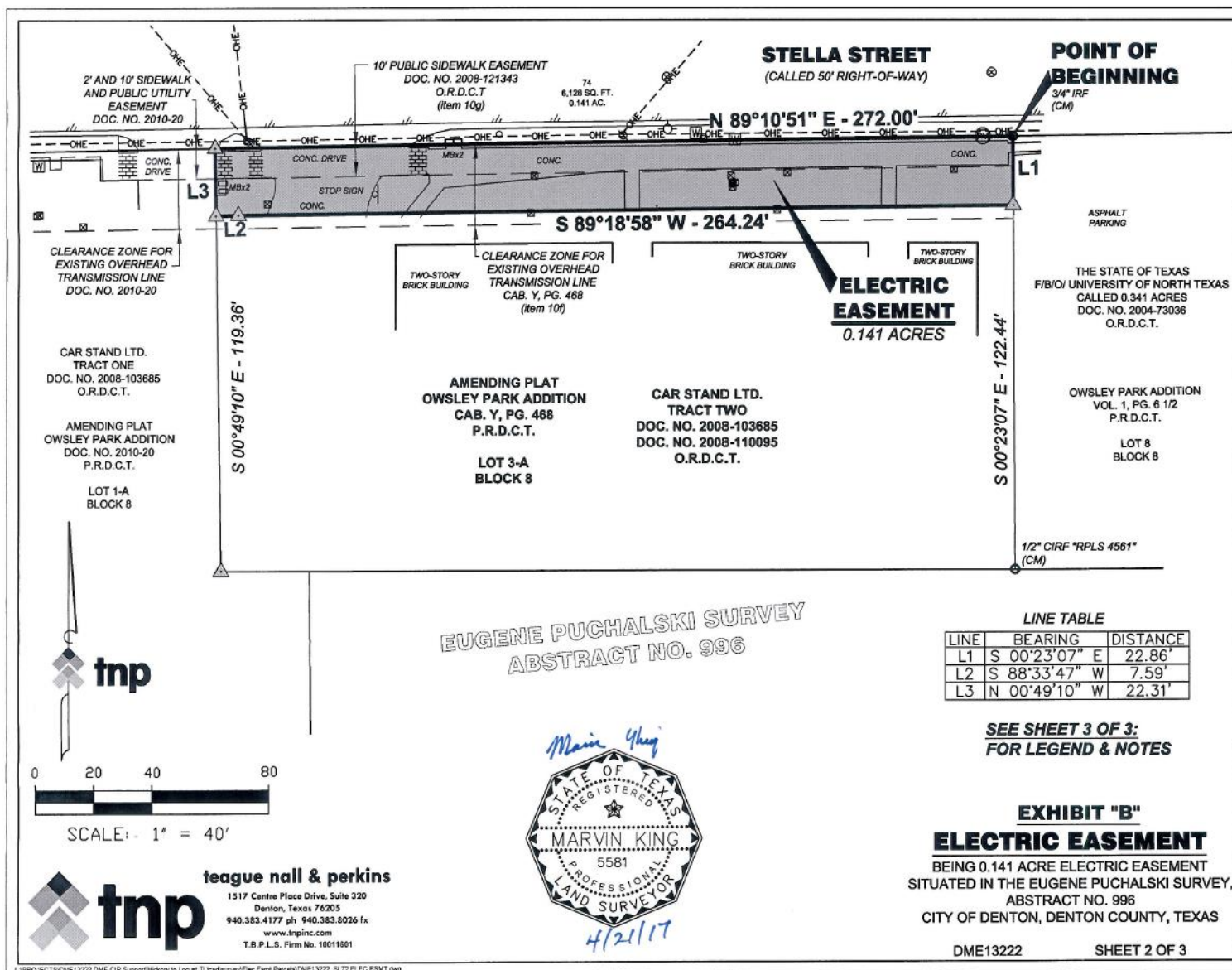
**THENCE** North 89°10'51" East, departing the existing east line of said Lot 1-A, and along the common north line of said Lot 3-A, same being the north line of said Tract Two, and the existing south right of way line of said Stella Street, a distance of 272.00 feet to the **POINT OF BEGINNING**, and containing 0.141 acres of land, more or less.

**NOTE:** Bearings are referenced to Grid North of the Texas Coordinate System of 1983 (North Central Zone 4202: 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.

An Easement Exhibit of even date herewith accompanies this Legal Description. See Exhibit "B"

*Marvin King* 4/21/17  
Marvin King, R.P.L.S. No. 5581  
Teague Nail & Perkins  
1517 Centre Place Drive, Suite 320  
Denton, Texas 76205  
940-383-4177  
TBPLS Firm No. 10011601  
Date: April 21, 2017





**NOTES:**

1. Bearings of lines shown hereon are referenced to Grid North of the Texas Coordinate System of 1983 (North Central Zone 4202: 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. A Legal Description of even date herewith accompanies this Easement Exhibit. See Exhibit "A"
3. This exhibit was prepared with benefit of that current Title Commitment, GF No. 146289, with effective date of September 1, 2014, provided by Title Resources Guaranty Company. For esements, rights-of-way and/or other matters of record that may affect this tract, the surveyor relied solely on said title commitment.

**THIS TRACT IS SUBJECT TO THE FOLLOWING SCHEDULE B ITEMS:**

(10e) Terms and conditions contained in Utility Agreement and Dedication between Jimmy Dale Brown, George E. Reaves, and the City of Denton, Texas, recorded in Volume 1259, Page 231, Real Property Records, Denton County, Texas. (undefined, not shown)

(10f) Clearance Zone for Existing Overhead Transmission Line Easement, as shown on plat recorded in Cabinet Y, Page 468, Plat Records, Denton County, Texas. (as shown)

(10g) Public Sidewalk Easement executed by Richard Martino Childrens Trust to the City of Denton, Texas, recorded in Document No. 2008-121343, Official Records Denton County, Texas. (as shown)

LEGEND	
	CALCULATED POINT
	1/2" IRON ROD FOUND (UNLESS NOTED OTHERWISE)
	CONROLLING MONUMENT
	MAILBOX (MB)
	FIRE HYDRANT (FH)
	POWER POLE
	SKIN
	WATER METER
	WATER VALVE
	IRRIGATION CONTROL VALVE
	VERIZON VAULT
	EASEMENT BOUNDARY
	PROPERTY LINE
	EXISTING EASEMENT
	EXISTING RIGHT-OF-WAY
	EDGE OF ASPHALT
	OVERHEAD ELECTRIC LINE



**EXHIBIT "B"**  
**ELECTRIC EASEMENT**

BEING 0.141 ACRE ELECTRIC EASEMENT  
SITUATED IN THE EUGENE PUCHALSKI SURVEY, ABSTRACT NO. 996  
CITY OF DENTON, DENTON COUNTY, TEXAS

DME13222

SHEET 3 OF 3



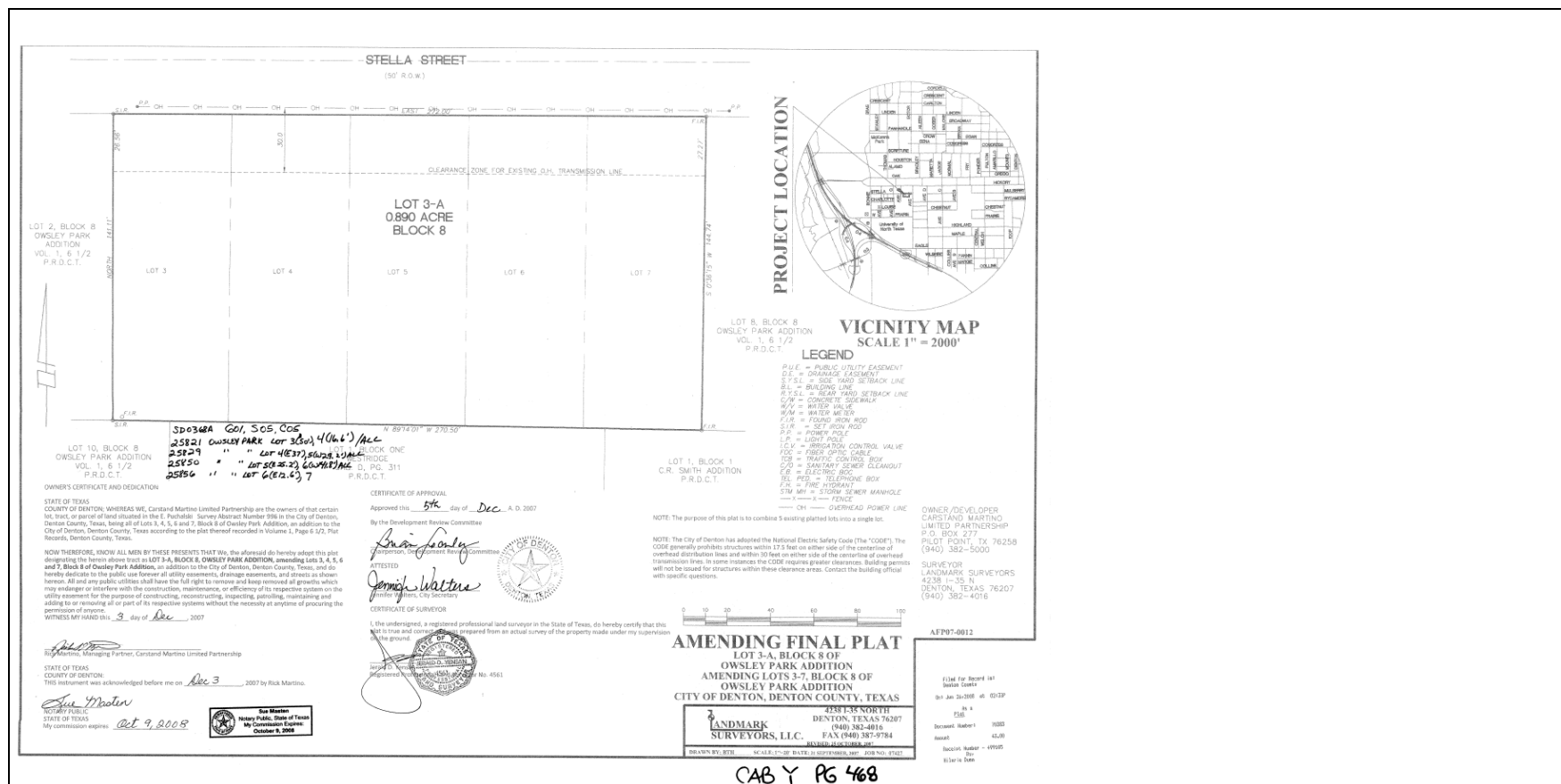
**teague nall & perkins**

1517 Centre Place Drive, Suite 320  
Denton, Texas 76205  
940.383.4177 ph 940.383.8026 fx  
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T.B.P.L.S. Firm No. 10011601

L:\PROJECTS\BONE13222 DME CIP Support\History to Local\TucacheSurvey\Bac Exam\Perkins\BONE13222 B.72 9.18.17 BENT.dwg



# PLAT



## FLOOD PLAIN MAP



Source: GoogleEarth © 2016 with FEMA Overlay

## **SUBJECT PHOTOS**



**Looking southeast toward subject from Stella Street.**



**Looking east along Stella Street.**



## SUBJECT PHOTOS



Looking west along proposed easement (subject on the left).



Looking west towards proposed easement from property to the east.

## **SECTION III - COMPARABLE SALES ANALYSIS**

## **SALES COMPARISON APPROACH**

The sales comparison approach is a set of procedures in which a value indication is developed by comparing the subject to similar properties that have recently sold or are listed for sale. The steps taken to apply the sales comparison approach are as follows:

- Research recent sales of comparable properties;
- Select sales most similar to the subject and assemble pertinent data;
- Compare the sales to the subject under various elements of comparison and adjust the sale prices to compensate for differences that affect value;
- Reconcile the adjusted prices of the sales into a value indication for the subject.

In order to derive an opinion of the market value of the subject land, assuming the property is available for development to its highest and best use, we have assembled sales data for similar properties in the area. After examining available sales data, we have selected the following land sale transactions as most comparable for this analysis. After an adjustment process, which compensates for the significant differences between these sales and the subject, these sales provide an indication of the subject's land value.

In analyzing the individual sales, we have selected the price per square foot of land as the operative unit of comparison. This is the unit of comparison most commonly quoted by brokers, sellers, and purchasers when discussing sales transactions and is considered the most relevant for the subject. A presentation of the land sales follows.

**Land Sale No. 1**



**Property Identification**

**Property Type** Multi-Family Residential  
**Address** 717, 801 and 803 Bernard Street, Denton, Denton County, Texas

**Sale Data**

**Grantor** Roy Allen Stone  
**Grantee** Dongdong Zhou  
**Sale Date** October 12, 2016  
**Deed Book/Page** 2016-129415  
**Property Rights** Fee simple  
**Financing** Cash to seller  
**Verification** Broker

**Contract Price** \$505,000  
**Effective Sale Price** \$523,000 (\$18,000 demo cost)

**Land Data**

**Zoning** DR-2 - Downtown Residential  
**Topography** Generally level  
**Utilities** All to site  
**Shape** Rectangular

**Land Size Information**

**Gross Land Size** 0.63 Acres or 27,443 SF

**Indicators**

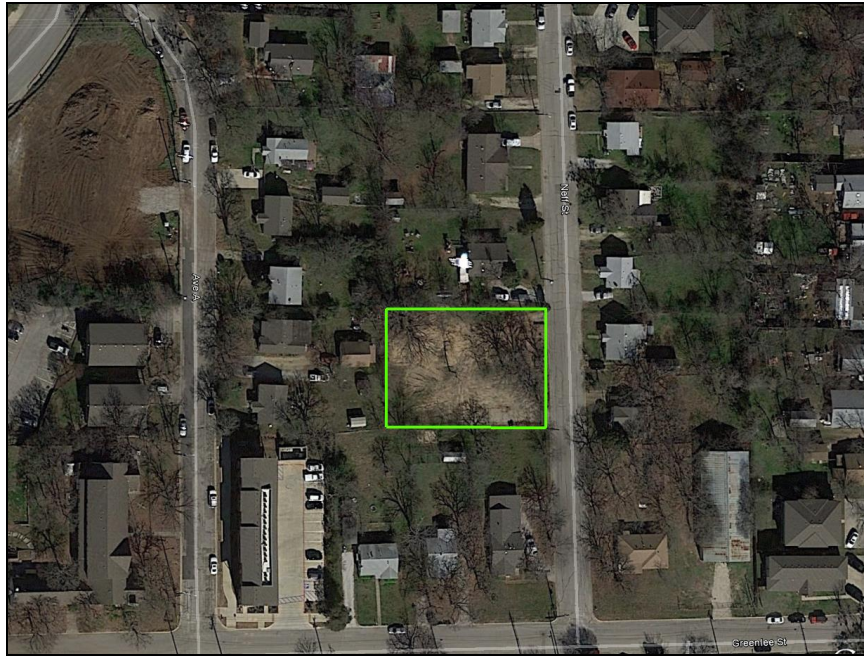
**Effective Price/Gross SF** \$19.06

**Remarks**

Homes were leased but leases were ending soon. Proximity to UNT made this a desirable location and the exposure time was very short. Plans to develop multi-family.



## Land Sale No. 2

**Property Identification**

**Property Type** Multi-Family Residential  
**Address** 1320 Neff Street, Denton, Denton County, Texas

**Sale Data**

**Grantor** FAMVEST, LTD  
**Grantee** Aspire Investments, LLC  
**Sale Date** June 30, 2016  
**Deed Book/Page** 2016-79883  
**Property Rights** Fee simple  
**Financing** Cash to seller  
**Verification** Broker

**Effective Sale Price** \$215,000

**Land Data**

**Zoning** DR-1 - Downtown Residential  
**Topography** Generally level  
**Utilities** All to site  
**Shape** Rectangular

**Land Size Information**

**Gross Land Size** 0.368 Acres or 16,030 SF

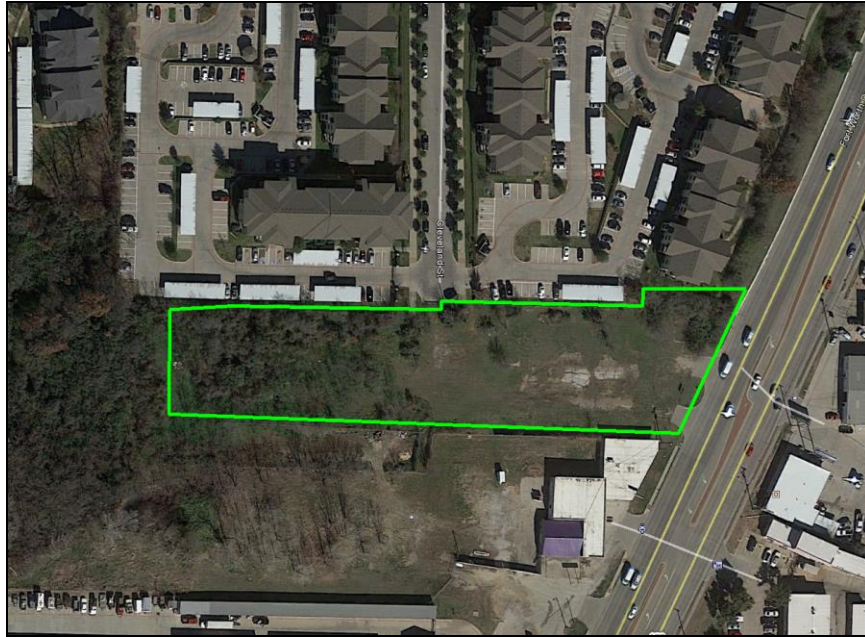
**Indicators**

**Effective Price/Gross SF** \$13.41

**Remarks**

Zoned Downtown Residential - 1, which allows duplexes but not multi-family development. There are several duplexes on this street on 7,000sf land sites. This property consists of 2 parcels so it would be feasible to develop a duplex on each parcel.

**Land Sale No. 3**



**Property Identification**

**Property Type**

Multi-Family Residential

**Address**

510 Fort Worth Drive, Denton, Denton County, Texas

**Sale Data**

**Grantor**

CC Ballard Holdings, LLC

**Grantee**

Five Ten Villas, LLC

**Sale Date**

April 19, 2016

**Deed Book/Page**

2016-44257

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Broker

**Effective Sale Price**

\$850,000

**Land Data**

**Zoning**

Downtown Commercial-General

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Near rectangular

**Land Size Information**

**Gross Land Size**

2.035 Acres or 88,645 SF

**Indicators**

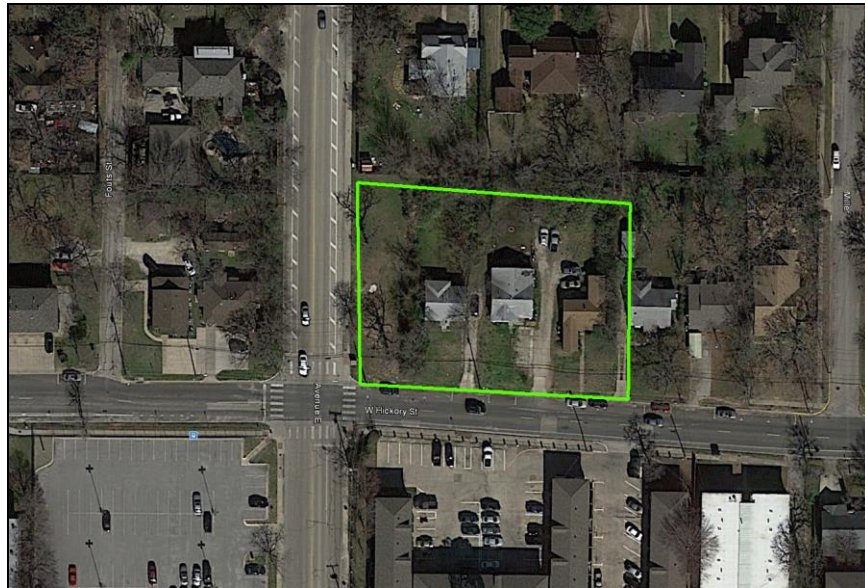
**Effective Price/Gross SF**

\$9.59

**Remarks**

Buyer intends to develop multi-family residential.

**Land Sale No. 4**



**Property Identification**

**Property Type**

Multi-Family Residential / Commercial

**Address**

2014, 2026 and 2030 W. Hickory St., Denton,  
Denton County, Texas

**Sale Data**

**Grantor**

Texas SB Holdings, LLC

**Grantee**

Golden Star Rock Investments, LLC

**Sale Date**

September 30, 2015

**Deed Book/Page**

2015-116099

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Broker

**Effective Sale Price**

\$470,000

**Land Data**

**Zoning**

DR-2 - Downtown Residential

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Rectangular

**Land Size Information**

**Gross Land Size**

0.639 Acres or 27,835 SF

**Indicators**

**Effective Price/Gross SF**

\$16.89

**Remarks**

The property has 3 older rental homes at the time of sale. However, the intention is to demolish and build multi-family in the future.



**Land Sale No. 5**



**Property Identification**

**Property Type**

Multi-Family Residential / Commercial

**Address**

1216-1220 Avenue A and 1328 Underwood St., Denton,  
Denton County, Texas

**Sale Data**

**Grantor**

Chapel Hill Commercial Investments, LLC / Centennial Plaza  
Partners, Ltd.

**Grantee**

Ave A/Underwood LLC

**Sale Date**

September 11, 2014 and March 10, 2016

**Deed Book/Page**

2014-93731 / 2016-28557

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Broker

**Effective Sale Price**

\$971,738

**Land Data**

**Zoning**

DR-2 - Downtown Residential DC-G - Downtown Commercial

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Triangular and Rectangular

**Land Size Information**

**Gross Land Size**

1.785 Acres or 77,739 SF

**Indicators**

**Effective Price/Gross SF**

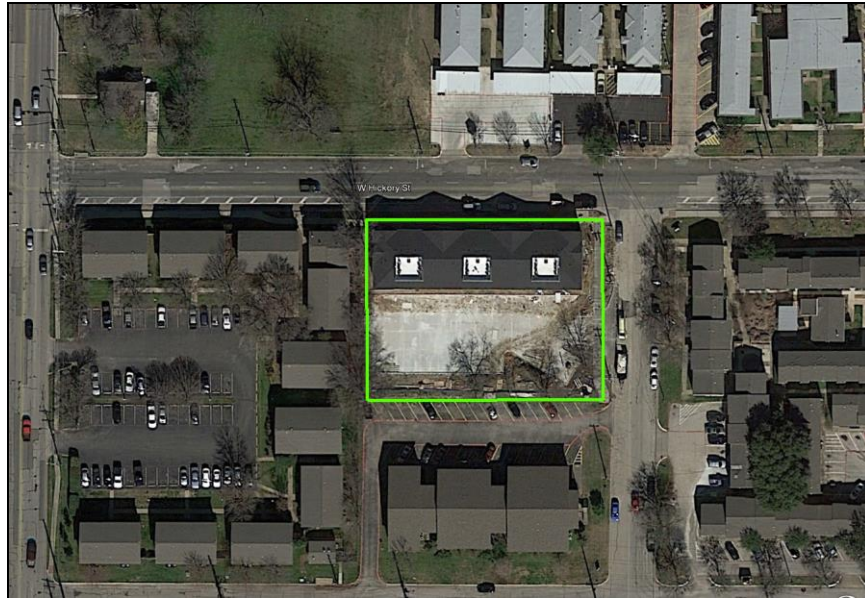
\$12.50

**Remarks**

The buyer has since developed apartments on the triangular parcel. Although the Grantor names differ, the broker advised us that these were the same parties and the sale price for both parcels was negotiated at the same time. The square parcel had some title issues that delayed closing until March 2016.



**Land Sale No. 6**



**Property Identification**

**Property Type**

Multi-Family Residential

**Address**

2505 W. Hickory Street, Denton, Denton County, Texas

**Sale Data**

**Grantor**

Speaking Properties, Inc. / Dentex Properties, Inc.

**Grantee**

PDI Group, LLC

**Sale Date**

March 25, 2013

**Deed Book/Page**

2013-33004 / 2013-33005

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Buyer

**Effective Sale Price**

\$275,000 (\$260,000 sale price plus \$15,000 demo)

**Land Data**

**Zoning**

DR-2 - Downtown Residential

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Rectangular

**Land Size Information**

**Gross Land Size**

0.688 Acres or 29,969 SF

**Indicators**

**Effective Price/Gross SF**

\$9.18

**Remarks**

The buyer has since developed apartments on the property. This sale consisted of two parcels with different sellers, however, the buyer stated that the one owner was a broker who also represented the other parcel owner and the sale price for both parcels was negotiated at the same time as one price.

## QUALITATIVE ADJUSTMENT GRID

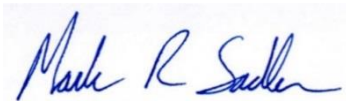
Land Value - Sales Comparison Approach							
Land Sales Summary							
	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6
Location:	Located along the south side of Stella Street, apx. 109' east of Avenue F, Denton, Denton County, Texas	Located along the east side of Bernard St., north of Eagle Dr., Denton, Denton County, Texas	Located along the west side of Neff Street, north of Greenlee Street, Denton, Denton County, Texas	Located along the west side of Fort Worth Dr., south of Collins St., Denton, Denton County, Texas	Located at the northeast corner of Avenue E and Hickory St., Denton, Denton County, Texas	Located along the east and west sides of Avenue A at Underwood St., Denton, Denton County, Texas	Located along the south side of Hickory Street, east of Bonnie Brae St, Denton, Denton County, Texas
Sale Price/Effective Sale Price:		\$523,000	\$215,000	\$850,000	\$470,000	\$971,738	\$275,000
Sale Date:		10/12/2016	6/30/2016	4/19/2016	9/30/2015	9/11/2014	3/25/2013
Land Size (Gross Square Feet):	38,768	27,443	16,030	88,645	27,835	77,739	29,969
Price/Square Foot:	N/A	\$19.06	\$13.41	\$9.59	\$16.89	\$12.50	\$9.18
Sales Adjustment							
	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	
Property Rights Conveyed	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Financing Terms	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Conditions of Sale	Comparable	Comparable	Comparable	Comparable	Inferior	Comparable	
Market Conditions	Comparable	Comparable	Comparable	Inferior	Inferior	Inferior	
Other Adjustments							
	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	
Location	Superior	Comparable	Inferior	Superior	Comparable	Comparable	
Access	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Size	Comparable	Superior	Inferior	Comparable	Inferior	Comparable	
Functional Utility	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Zoning/Utilities	Comparable	Inferior	Comparable	Comparable	Comparable	Comparable	
Net Other Adjustments	Superior	Comparable	Inferior	Comparable	Inferior	Inferior	

## **SECTION IV - CERTIFICATION OF THE APPRAISAL**

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 we have no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, which includes the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
9. Mark R. Sadler, Mike C. O'Brien and Gina Cannova Phalen made a personal inspection of the property that is the subject of this report.
10. No one has provided significant professional assistance to the persons signing this report.
11. This appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

12. 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.
13. It is our opinion that the subject does not include any enhancement in value as a result of any natural, cultural, agricultural or scientific influences retrospective or prospective.
14. We have extensive experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
15. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
16. As of the date of this report, Mark R. Sadler, Mike C. O'Brien and Gina Cannova Phalen have completed the Standards and Ethics Education Requirement for Candidates of the Appraisal Institute.



**Mark R. Sadler**  
State of Texas Certification #TX-1380142-G



**Mike C. O'Brien**  
State of Texas Certification #TX-1331171-G



**Gina Cannova Phalen**  
State of Texas Certification #TX-1380648-G

## **SECTION V - ASSUMPTIONS AND LIMITING CONDITIONS AND DEFINITIONS**

## **ASSUMPTIONS AND LIMITING CONDITIONS**

In conducting this appraisal, we have assumed, except as otherwise noted in our report, as follows:

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. This excludes the project which is addressed in this report.
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. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
6. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the affect of subsequent events.
7. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
8. 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.
9. We are not required to give testimony or to be in attendance in court or any government or other hearing with reference to the property without written contractual arrangements having been made relative to such additional employment.
10. 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.

11. 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.
12. 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, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
13. The distribution of the total valuation in this 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. This appraisal report shall be considered only in its entirety. No part of this appraisal report shall be utilized separately or out of context.
14. 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 appraisers.
15. Information, estimates and opinions contained in this report, obtained from sources outside of the office of the undersigned, are assumed to be reliable and have not been independently verified.
16. Any income and expense estimates contained in this appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
17. No assurance is provided that the methodology and/or results of the appraisal will not be successfully challenged by the Internal Revenue Service. In particular, the methodology for appraising certain types of properties, including without limitation, government subsidized housing, which has been the subject of debate.



18. 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.
19. 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.
20. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
21. The value 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.
22. The analyses contained in this 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.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. 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.
24. This appraisal report has been prepared for the exclusive benefit of Freese and Nichols, Inc.; DME; 7 Arrows Land Staff, LLC; and their agents, representatives and assigns. It may not be used or relied upon by any other party. All parties who use or rely upon any information in this report without our written consent do so at their own risk.

25. No studies have been provided to us indicating the presence or absence of hazardous materials on the site or in the improvements, and our valuation is predicated upon the property being free and clear of any environment hazards.
26. We have not been provided with any evidence or documentation as to the presence or location of any wetlands. Wetlands generally include swamps, marshes, bogs, and similar areas. We are not qualified to detect such areas. The presence of wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

**SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS**

In addition to the previously discussed assumptions and limiting conditions, the appraisers are compelled to outline the following special assumptions and limiting conditions:

- The client has indicated that the property within the proposed easement area will be restored to similar or better condition after construction and that the existing landscaping will be allowed in the easement area.
- In addition, the client has indicated that access to the property will not be denied during construction.

## DEFINITIONS

The definitions included in this Addendum have been extracted, solely or in combination, from definitions and descriptions printed in:

- The Uniform Standards of Professional Appraisal Practice 2016-2017 Edition (USPAP);
- The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (Dictionary);
- The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013; and/or

### *Appraisal*

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

### *Across the Fence Method*

A land valuation method often used in the appraisal of corridors. The across the fence method is used to develop a value opinion based on comparison to abutting land. (Dictionary)

### *Assemblage*

The combining of two or more parcels, usually but not necessarily contiguous, into one ownership or use. (Dictionary)

### *Effective Date of the Appraisal*

The date at which the value opinion is an appraisal applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the value opinion. Current appraisals occur when the effective date of the appraisal is contemporaneous with the date of the report. Prospective value opinions (effective date of the appraisal subsequent to the date of the report) are intended to reflect the current expectations and perceptions along with available factual data. Retrospective value opinions are likely to apply as of a specific historic date; the opinions are intended to reflect the expectations and perceptions of market participants at the specified date, along with available factual data. Data subsequent to the effective date may be considered in estimating a retrospective value as a confirmation of trends. (Dictionary and USPAP)

### *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)

*Insurable Value*

The Appraisal Institute defines insurable value as the value based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. It is that portion of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. *Marshall & Swift* defines insurable value as the “replacement or reproduction cost less deterioration and non-insurable items.” (*MVS* and *Dictionary*)

*Leased Fee Estate*

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease. (*Dictionary*)

*Leasehold Estate*

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions. (*Dictionary*)

*Market Value*

**Market value** is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, 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 in the reasonable future.

*City of Austin v. Cannizzo*, 153 Tex. 324, 267 S.W.2d 808, 815 (1954).

## SECTION VI - QUALIFICATIONS OF THE APPRAISERS

**PROFESSIONAL QUALIFICATIONS OF  
MARK R. SADLER**

<p><b>EXPERIENCE:</b></p> 	<p><b>Mark R. Sadler</b> is a Director with O'Brien Realty Advisors, LLC, a full service real estate consulting and appraisal firm. Mr. Sadler has performed valuation analysis on various properties including, but not limited to, industrial buildings, retail buildings, various special-purpose facilities, mixed-use properties and has worked extensively on eminent domain assignments of all types of properties.</p> <p>Prior to joining O'Brien Realty Advisors, LLC, Mr. Sadler was a Senior Analyst with Korman O'Brien, LLC and prior to that was an Analyst for four years with Integra Realty Resources' Fort Worth Office.</p> <p>Mr. Sadler is a 2005 graduate of Texas A&amp;M University in College Station with a Bachelor of Business Administration degree in Management. In 2006, Mr. Sadler earned his Master's degree of Land Economics and Real Estate from Texas A&amp;M University in College Station. Currently, Mr. Sadler is an advanced candidate progressing toward obtaining his MAI designation with the Appraisal Institute.</p>
<p><b>PROFESSIONAL ACTIVITIES:</b></p>	<ul style="list-style-type: none"> <li>▪ Texas State Certified General Real Estate Appraiser No. TX-1380142-G</li> <li>▪ Appraisal Institute – Candidate for Designation</li> <li>▪ Member – International Right of Way, Chapter 36</li> </ul>
<p><b>EDUCATION:</b></p>	<ul style="list-style-type: none"> <li>▪ Bachelor of Business Administration, Management Texas A&amp;M University, College Station, Texas, 2005</li> <li>▪ Master of Land Economics &amp; Real Estate Texas A&amp;M University, College Station, Texas, 2006</li> <li>▪ Master's Degree Course Work: <ul style="list-style-type: none"> <li>Real Property Valuation</li> <li>Real Estate Appraisal Case Studies</li> <li>Real Property Analysis</li> <li>Commercial Real Estate Law</li> <li>Analysis of Money &amp; Capital Markets</li> <li>Construction Practices</li> <li>Land Economics</li> <li>Real Property Finance</li> <li>Real Estate Development Analysis</li> <li>GIS in Land &amp; Property Management</li> </ul> </li> <li>▪ Additional Appraisal Course Work: <ul style="list-style-type: none"> <li>Standards of Professional Appraisal Practice (USPAP)</li> <li>Business Practices and Ethics</li> <li>Supervisor-Trainee Course for Texas</li> <li>Eminent Domain and Condemnation</li> <li>Valuation of Detrimental Conditions in Real Estate</li> <li>Analyzing Distressed Real Estate</li> <li>General Appraiser Site Valuation &amp; Cost Approach</li> <li>Apartment Appraisal, Concepts &amp; Applications</li> <li>Appraising Small Apartment Properties</li> <li>Appraisal of Assisted Living Facilities</li> <li>Advanced Hotel Appraising – Full Service Hotels</li> </ul> </li> </ul>

**Texas Appraiser Licensing and Certification Board**

P.O. Box 12188 Austin, Texas 78711-2188

**Certified General Real Estate Appraiser**


Number: **TX 1380142 G**

Issued: **04/29/2016**

Expires: **04/30/2018**


Appraiser: **MARK RICHARD SADLER**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

  
Douglas E. Oldmixon  
Commissioner




**PROFESSIONAL QUALIFICATIONS OF  
MIKE C. O'BRIEN**

<p><b>EXPERIENCE:</b></p> 	<p><u><b>Mike C. O'Brien</b></u> is President of O'Brien Realty Advisors, LLC, a full service real estate consulting and appraisal firm. Mr. O'Brien has performed appraisals on various properties including, but not limited to, shopping centers, apartment complexes, industrial facilities, raw and developed land, office towers and complexes, restaurants, and mixed-use developments. Mr. O'Brien has valued and consulted on properties in Alabama, Arkansas, Illinois, Louisiana, Mississippi, Missouri, New Mexico, Ohio, Oklahoma, Texas and Wisconsin.</p> <p>He has provided consultation, feasibility studies, and has worked extensively on complex eminent domain assignments of all types of properties. Mr. O'Brien has worked on valuations of easement interest, partial interest, and undivided interest. Assignments have also included consultation for both ad valorem and estate tax purposes. He has testified in eminent domain proceedings before Texas courts and before numerous Special Commissioners hearings in various counties throughout Texas. In addition, Mr. O'Brien has been a guest lecturer to TCU's real estate appraisal course since 2008.</p> <p>Mr. O'Brien is a 1997 graduate from The University of Texas in Austin with a Bachelor of Science degree in Economics and a minor in Business Foundations. Prior to the formation of his company, he was a Principal with Korman O'Brien, LLC. Mr. O'Brien was a Senior Analyst with Integra Realty Resources' Fort Worth office from January 2003 to 2008. Prior to his work with Integra, Mr. O'Brien trained with Lewis Realty Advisors and Arthur Andersen and Company in Houston, Texas as a real estate associate on various appraisal projects. During college, he trained with the development firm of Barshop and Oles, Inc. in Austin, Texas as a real estate intern.</p> <p>Currently, Mr. O'Brien is an advanced candidate progressing toward obtaining his MAI designation with the Appraisal Institute.</p>
<p><b>PROFESSIONAL ACTIVITIES:</b></p>	<ul style="list-style-type: none"> <li>▪ Texas State Certified General Real Estate Appraiser Certificate No. TX-1331171-G Also licensed in Arkansas, Louisiana, New Mexico and Oklahoma</li> <li>▪ Appraisal Institute – Candidate for Designation Program <ul style="list-style-type: none"> <li>- Public Relations Committee, Central Texas Chapter (2010-2012)</li> </ul> </li> <li>▪ Member – International Right of Way, Chapter 36 <ul style="list-style-type: none"> <li>- Membership Committee Chairman (2013 – 2015)</li> <li>- Steve Baggett Memorial Golf Tournament Committee Co-Chair (2013 &amp; 2015)</li> </ul> </li> <li>▪ Member – Greater Fort Worth Real Estate Council <ul style="list-style-type: none"> <li>- Membership Committee (2011 – 2014)</li> </ul> </li> <li>▪ Member – Tarrant County Bar Association</li> <li>▪ Member – Fort Worth Chamber of Commerce</li> <li>▪ Leadership Fort Worth, Class of 2008</li> <li>▪ Overton Park Neighborhood Association – Parks Committee (2009 – 2012)</li> </ul>
<p><b>EDUCATION:</b></p>	<ul style="list-style-type: none"> <li>▪ Bachelor of Science, Economics, Minor in Business Foundations The University of Texas in Austin, 1997</li> <li>▪ Coursework accredited by the Appraisal Institute, The University of Texas, and the State of Texas</li> </ul>



**PROFESSIONAL QUALIFICATIONS OF  
GINA CANNOVA PHALEN**

<p><b>EXPERIENCE:</b></p> 	<p><b><u>Gina L. Cannova Phalen</u></b> is a Senior Analyst with O’Brien Realty Advisors, LLC, a full service real estate consulting and appraisal firm. Ms. Phalen has consulted on various eminent domain assignments for all types of real estate.</p> <p>Prior to joining O’Brien Realty Advisors, LLC, Ms. Phalen was an analyst with LandPro Valuation in Mesa, Arizona and Sell and Associates in Tempe, Arizona.</p> <p>Ms. Phalen is a graduate of Arizona State University with a Bachelor of Business Administration degree in Supply Chain Management.</p>
<p><b>PROFESSIONAL ACTIVITIES:</b></p>	<p>Texas State Certified General Real Estate Appraiser No. TX-1380648</p> <p>Appraisal Institute – Practicing Affiliate  International Right of Way, Chapter 36 – Member  CREW Network (Commercial Real Estate Women), Fort Worth Chapter</p> <ul style="list-style-type: none"> <li>• CREW Communications Committee Co-Chair- 2016-2017</li> </ul> <p>City of Southlake, Texas – Building Board of Appeals (2016-2018)  City of Southlake, Texas – Zoning Board of Adjustment (2016-2017)</p>
<p><b>EDUCATION:</b></p>	<p>Bachelor of Business Administration, Supply Chain Management  Arizona State University, 1997</p> <p>Coursework accredited by the Appraisal Institute and/or TALCB including:</p> <p>Uniform Standards of Professional Appraisal Practice  Mastering Unique and Complex Properties  Expert Witness for Commercial Appraisers  General Appraiser Sales Comparison Approach  General Appraiser Site Valuation and Cost Approach  General Appraiser Market Analysis and Highest &amp; Best Use  General Appraiser Income Approach Parts I &amp; II  Eminent Domain Conference, CLE International – 2016</p>



**A REAL PROPERTY APPRAISAL REPORT  
OF  
THE SURFACE ESTATE  
IN  
0.669 ACRES OR 29,142 SQUARE FEET OF LAND  
BELONGING TO:  
CAR STAND LTD.**

Located at the southeast corner of Stella Street and Avenue F, or  
2121 Stella Street, Denton, Denton County, Texas 76201

**City of Denton, DME Program Management  
Project #DTN13535, Hickory to Locust TM Line, Parcel: 073**

**PREPARED FOR:**  
**FREESE AND NICHOLS, INC.**  
c/o Mr. Phil Williams  
General Manager  
Denton Municipal Electric (DME)  
215 E McKinney Street  
Denton, Texas 76201

**EFFECTIVE DATE OF THE APPRAISAL:**  
April 21, 2017

**PREPARED BY:**

**OBRIEN**  
**REALTY ADVISORS**  
Real Estate Consultants & Appraisers  
**3208 COLLINSWORTH STREET  
FORT WORTH, TEXAS 76107**

Job No. - 17.1054

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## **SECTION I - APPRAISAL REPORT**

**O'BRIEN REALTY ADVISORS, LLC**  
**REAL ESTATE CONSULTANTS & APPRAISERS**  
**3208 COLLINSWORTH STREET**  
**FORT WORTH, TEXAS 76107**

April 26, 2017

FREESE AND NICHOLS, INC.  
c/o Mr. Phil Williams  
General Manager  
Denton Municipal Electric (DME)  
215 E McKinney Street  
Denton, Texas 76201

**SUBJECT:** 0.669 Acres or 29,142 Square Feet of Land  
Located at the southeast corner of Stella Street and Avenue F,  
or 2121 Stella Street, Denton, Denton County, Texas 76201

Dear Mr. Williams:

O'Brien Realty Advisors, LLC is pleased to present this appraisal report that was prepared on the above referenced property. The purpose of this appraisal is to derive an opinion of the market value of the part acquired and any damages to the remainder, as of April 21, 2017, the effective date of the appraisal.

The report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), The State of Texas, and the Standards of Professional Practice of the Appraisal Institute. Our opinion of market value is premised upon the Assumptions and Limiting Conditions outlined herein. The definition of market value may be found in Sections I and V.



## SCOPE OF WORK

As part of this appraisal, we have completed the following steps to gather, confirm, and analyze the data.

- ❖ Mark R. Sadler, Mike C. O'Brien and Gina Cannova Phalen physically inspected the subject and the surrounding market area on March 7, 2017 and Gina Cannova Phalen inspected the property again on April 21, 2017. The appraisers afforded the property owner, Mr. Rick Martino, the opportunity to accompany us during the inspection on March 7, 2017; we spoke on the phone to Mr. Martino and he allowed us to inspect the property unaccompanied. 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 subject and the surrounding market area and confirmed that 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 on comparable sales. The comparable information was 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.
  - In certain partial right-of-way acquisitions, the primary improvements are removed from the area of proposed acquisition. If it has been determined that the proposed acquisition will not result in permanent damages to the remainder property, the opinion of compensation can be limited to the valuation of the land and affected site improvements. The valuation of the unaffected improvements is not necessary in some cases for a credible assignment result.
  - The appraisal of real estate typically employs three traditional valuation methods: the sales comparison approach, cost approach, and income approach. Only the sales comparison approach (land only) was used in this analysis.

- ❖ Partitioned the **Whole Property** value opinion between the **Part to be Acquired** and the **Remainder Before** the acquisition (i.e. The value of the part acquired was simply subtracted from the whole property to determine the remainder before).
- ❖ 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 total compensation due the property owner as the result of a proposed acquisition by summation of the part to be acquired and any damages. Damages are 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.

## COMPETENCY RULE

We have the knowledge and experience of appraising similar type properties located within the subject's market area, and applying the approaches to value utilized; therefore, we are able to complete this assignment competently.

## JURISDICTIONAL EXCEPTION RULE

If any part of the *Uniform Standards of Professional Appraisal Practice* is contrary to the law or public policy of any jurisdiction, only that part shall be void and of no force or effect in that jurisdiction.

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions 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 later in this report.

Particular to this assignment, the client has indicated that the property within the proposed easement area will be restored to similar or better condition after construction and that the existing landscaping will be allowed in the easement area. In addition, the client has indicated that access to the property will not be denied during construction.

## HYPOTHETICAL CONDITIONS

A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis.” 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 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 additional hypothetical conditions were used in this appraisal assignment.

## DEFINITION OF MARKET VALUE

“Market value,” as used herein, is defined as:

*...the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, 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.*

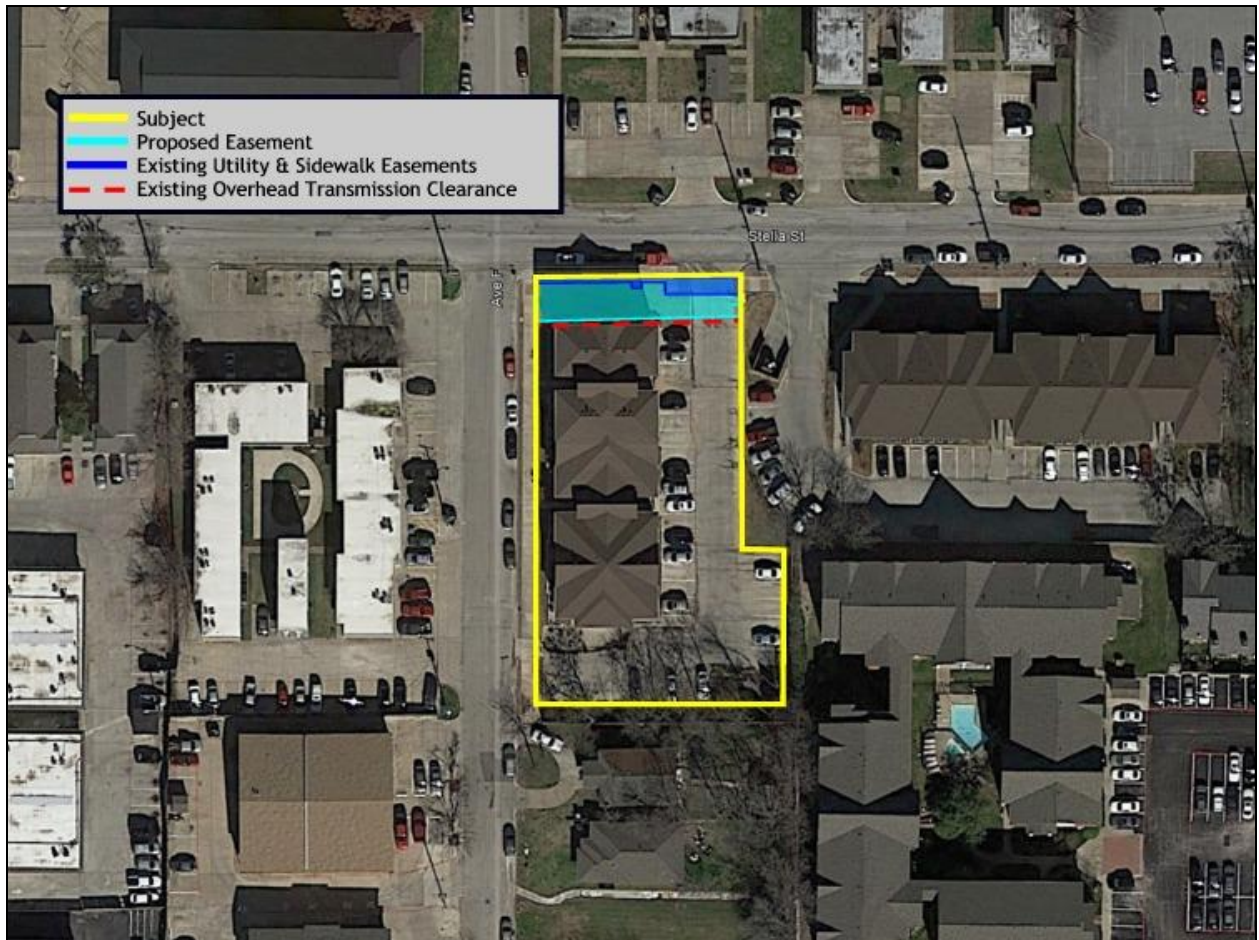
*City of Austin v. Cannizzo, et al, 153 Tex. 324, 267 S.W.2d 808 (Tex. 1954).*

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

### 0.669 ACRES OR 29,142 SQUARE FEET OF LAND

<b>Location</b>	Located at the southeast corner of Stella Street and Avenue F, or 2121 Stella Street, Denton, Denton County, TX
<b>Legal Descriptions</b>	The subject is legally described as Lot 1-A, Block 8, of Owsley Park Addition, an addition to the City of Denton, Denton Cty, TX
<b>Owner of Record</b>	Car Stand Ltd. 4990 Christi Lane Aubrey, TX 76227-4025
<b>Property Tax Number(s)</b>	335133
<b>Effective Date of the Appraisal</b>	April 21, 2017
<b>Date of the Report</b>	April 26, 2017
<b>Land Area</b>	29,142 square feet or 0.669 acres
<b>Improvements</b>	According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal.
<b>Highest and Best Use as Vacant</b>	Multi-Family Residential
<b>Estimated Exposure Time</b>	6 - 12 months
<b>Property Rights Appraised</b>	Fee simple estate (Surface Estate Only)
<b>Indicated Market Value</b>	\$415,545 or \$15.00 per SF (Land Only)
<b>Indicated Total Compensation</b>	\$14,001

**AERIAL**



Source: GoogleEarth © 2016

*\*LOCATIONS OF BOUNDARY AND EASEMENTS ARE APPROXIMATE*

## APPRAISAL SUMMARY

<b>1. <u>Whole Property</u></b>			
Land	26,264 SF @ \$ 15.00 /SF	\$ 393,960	
Existing Overhead Clearance Zone	2,878 SF @ \$ 15.00 /SF @ 50%	\$ 21,585	
Total	29,142 SF		<b>\$ 415,545</b>
<b>2. <u>Part Acquired</u></b>			
Electric Utility Easement	2,489 SF @ \$ 15.00 /SF @ 50% @ 75%	\$ 14,001	
	2,489 SF	(-) \$	<b>14,001</b>
<b>3. <u>Remainder immediately before the acquisition is:</u></b>			<b>\$ 401,544</b>
<b><u>Remainder immediately after the acquisition is:</u></b>			
Land	26,264 SF @ \$ 15.00 /SF @ 100%	\$ 393,960	
Existing Overhead Clearance Zone	389 SF @ \$ 15.00 /SF @ 50%	\$ 2,918	
Electric Utility Easement	2,489 SF @ \$ 15.00 /SF @ 50% @ 25%	\$ 4,666	
Total	29,142 SF	(-) \$	<b>401,544</b>
<b>4. <u>Net Damages</u></b>			<b>\$ -</b>
<b>5. <u>Total Compensation:</u></b>			
Part Acquired		\$	14,001
<b>TOTAL</b>		<b>\$</b>	<b>14,001</b>

## **DATE OF THE REPORT**

The date of the report is April 26, 2017.

## **EFFECTIVE DATE OF APPRAISAL**

The effective date of this appraisal (value) is April 21, 2017.

## **PURPOSE AND PROPERTY RIGHTS APPRAISED**

The purpose of this appraisal is to derive an opinion of market value of the part acquired and any damages to the remainder, as of April 21, 2017, the effective date of the appraisal. The surface estate has been appraised.

## **IDENTITY OF THE CLIENT AND INTENDED USERS OF THE REPORT**

The client is Freese and Nichols, Inc., and the intended users are Freese and Nichols, Inc.; Denton Municipal Electric (DME); 7 Arrows Land Staff, LLC; and their agents, representatives and assigns.

## **INTENDED USE OF THE APPRAISAL**

This appraisal report has been prepared for Freese and Nichols, Inc.; DME; 7 Arrows Land Staff, LLC; and their assigns, for assistance in right-of-way/easement negotiations and eminent domain proceedings, if necessary.

## **STATEMENT OF OWNERSHIP, SALES HISTORY AND STATUS**

According to the Uniform Standards of Professional Appraisal Practice (USPAP), the appraisers are required to discuss and analyze any previous sales of the subject property within the previous three years for all properties. According to public records, the subject is currently owned by Car Stand Ltd. and has been since September 18, 2008. The title was transferred from Richard D. Martino, Trustee of the Richard Martino Childrens Trust, as recorded in Warranty Deed 2008-103685 in Denton County Real Property Records.

The property does not currently appear to be listed for sale, and the appraisers are not aware of any options or contracts on the property.



## MARKET AREA ANALYSIS

A neighborhood is typically a segment of a community, city or town, which is a homogeneous grouping of individuals, buildings, or business enterprises within the larger community. A neighborhood has three stages of life and possibly a fourth. They are: (1) growth, (2) stability, (3) decline, and (4) revitalization and continuance of the neighborhood life cycle. Principal factors which improve neighborhood values are good schools, churches, rural residential facilities, homogeneity and civic responsibility, prestige and visual appeal, satisfactory transportation affording good ingress and egress, good planning, adequate utilities, conformity in land use, sensible zoning, and topographical and geographical advantages. Some factors which reduce neighborhood values are: the tendency of inhabitants to think the neighborhood is losing its desirability, movement of undesirable uses into the area, lack of zoning protection, increasing taxes, reduced rental rates and values of surrounding properties, lack of adequate planning, community pride, and nuisances. The book entitled *Real Estate Appraisal Terminology* defines a neighborhood as:

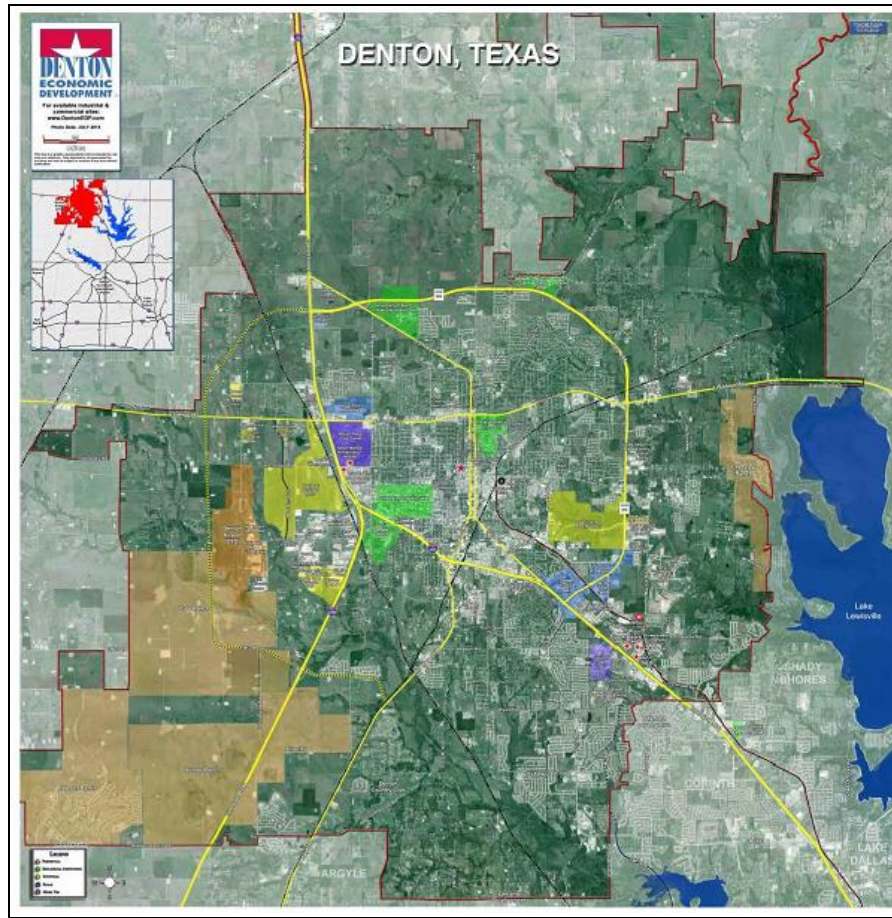
A portion of a larger community or an entire community in which there is a homogeneous grouping of inhabitants, buildings or business enterprises. Inhabitants of a neighborhood usually have more than a casual community of interest. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants.

The subject is located in central Denton County, in the City of Denton, Texas. The neighborhood is largely influenced by a mix of commercial, industrial, institutional and residential uses. The City of Denton encompasses a landmass of 97 miles and has a population of approximately 119,000. It's located approximately 35 miles north of Dallas and Fort Worth and is centrally located within the country (you can reach 98% of the US population within 48 hours by vehicle).

### **ACCESS AND LINKAGES**

IH-35, whose eastern and western segments intersect in the City of Denton, run through Dallas (IH-35E) and Fort Worth (IH-35W) to the south and continue past the Texas/Oklahoma border to the north. Other major thoroughfares in the area are Loop 288 and University Drive. The DFW Airport, the region's largest international airport, is approximately 22 miles to the south.

Access to Denton is good with IH-35 and US Highway 377 providing north/south travel and University Drive and US Highway 380 providing east/west travel.



Source: City of Denton

### **EMPLOYMENT**

The primary employment centers for the people living in the subject's neighborhood are located in the larger DFW Metroplex area. According to the *Dallas Business Journal Book of Lists 2016*, the major employers for North Texas are as follows:

Employer	Employees
Wal-Mart	34,000
American Airlines Group	27,000
Texas Health Resources	22,296
Dallas Independent School	19,740
Baylor Scott & White Health	16,500
Lockheed Martin Aeronautics	13,750
Bank of America	13,500
City of Dallas	13,336
UT Southwestern Medical	13,018
Texas Instruments Inc.	13,000
JPMorgan Chase Bank	12,676

The City of Denton also has many large employers - mostly in the industrial, health care and education fields. According to the *Denton Economic Development Partnership*, the top major employers for Denton are as follows:

Employer	Employees
University of North Texas	8,738
Denton ISD	4,417
Peterbilt Motors	2,314
Denton State Supported Living Ctr	1,700
Texas Women's University	1,672
Denton County	1,581
City of Denton	1,383
FEMA	594-1,100 (varies)
Denton Regional Medical Ctr	950
Sally Beauty Company, Inc.	950
Safran Electrical & Power	830

### **DEMAND GENERATORS**

**Retail** - *Rayzor Ranch* is a major mixed-use development that is planned to ultimately include more than 582,000 square feet of retail and commercial space. Stores in the development include Academy Sports and Outdoors, Kohl's, Ross Dress for Less, Famous Footwear, Boot Barn, Petco, Panera Bread, Jo-Ann's Fabric and DK Foot. A 600,000 square foot Rayzor Ranch Town Center are in development and plans include a Cinemark Movie Bistro.



*Golden Triangle Mall* is a major retail center that has had major renovations including adding a food court, interior landscaping, Wi-Fi and many new stores and restaurants. Tenants include Sephora, Buckle, Body Central,

Charlotte Russe, Tobu Asian Eatery, Italia Express and Smoothie Paradise. Two pad sites for Pollo Tropical and Corner Bakery were also added.

*Downtown Denton* continues to grow with the addition of H Squared, a new apartment complex with ground-floor retail and many new restaurants and bars.

The area around the University of North Texas has seen continued apartment activity, with new and redeveloped complexes coming online over the past few years.

**Business** - Denton experienced strong growth in 2015. Not only did four long-time Denton companies expand, but several new companies chose to move to Denton.

- An O'Reilly Hotel is developing an Embassy Suites and a 70,000-square foot convention center in the Rayzor Ranch Town Center.
- The Railyard Downtown Project - Rail Yard Partners, Ltd. is renovating an existing 28,000-square foot building as part of a larger transit-oriented development. The City will lease 9,216-square feet for a collaborative working space and business incubator.
- WinCo Foods - acquired 77 acres on the west side of Western Blvd., just north of Airport Road, to construct an 800,000-square foot distribution center. This project is projected to create 165 jobs.
- Buc-ee's - this "travel center" will be located along I-35E and will include 53,000-square feet of retail, fuel sales and a car wash.
- *Tetra Pak Materials*, a manufacturer and distributor of liquid foods, is expanding their current 220,000 square foot facility with an additional 32,000 square foot expansion, including relocating their headquarters from Chicago to Denton.
- Air Medical Group Holdings, Inc., a national helicopter ambulance company, plans to begin construction on its new headquarters and hangar near Denton Enterprise Airport - relocating their current headquarters from Lewisville.
- *Business Air* is planning an expansion at the Denton Enterprise Airport with plans to construct a 24,000 square foot hangar with an additional 4,000 square feet of office.

**Education** - City of Denton residents have access to several higher education facilities including the University of North Texas, Texas Woman's University and North Central Texas College.

The University of Texas just started construction on a new \$70 million College of Visual Arts and Design building that will be a 4-story and 145,000 square foot complex scheduled for completion by Fall 2018. This addition will give their College of Visual Arts and Design a total complex of 228,000 square feet.

**Recreation** - The city has many parks that provide playground areas, waterparks, walking/bike trails, picnic areas and dog parks.

In proximity to the City of Denton is Lake Lewisville. Lake Lewisville is one of the largest lakes in north Texas spanning 29,000 acres with 233 miles of shoreline. This recreational lake allows for fishing, skiing, swimming and recreational boating. There are numerous parks located around the lake. There are plenty of nice beaches, campgrounds, hiking and biking trails, golf courses, and other outdoor activities. Lewisville Lake is operated by the US Corps of Engineers and is a part of the Trinity Regional Project. The Trinity Regional Project is a cluster of seven local lakes: Bardwell, Benbrook, Grapevine, Joe Pool, Lavon, Lewisville and Ray Roberts.



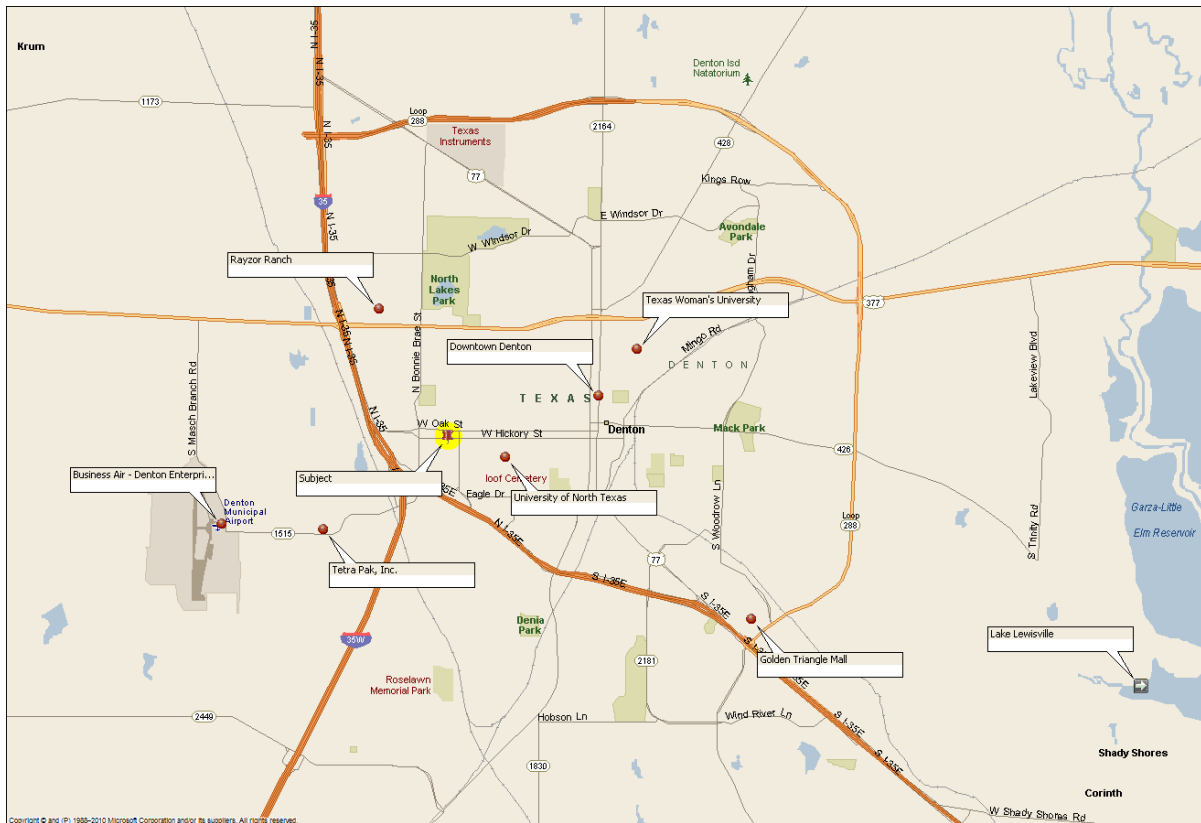
Lake Lewisville

Source: [www.lake-lewisville.org](http://www.lake-lewisville.org)

Source: [www.swf-wc.usace.army.mil](http://www.swf-wc.usace.army.mil)



**DEMAND GENERATORS MAP**



**PUBLIC SERVICES**

The area is served by the Denton Independent School District. Electric service is provided by Denton Municipal Electric (DME), the City of Denton provides water and waste services and gas is provided by Atmos Energy.

**LAND USE**

Neighborhood land use is primarily commercial, institutional and industrial along major thoroughfares, with residential infill.

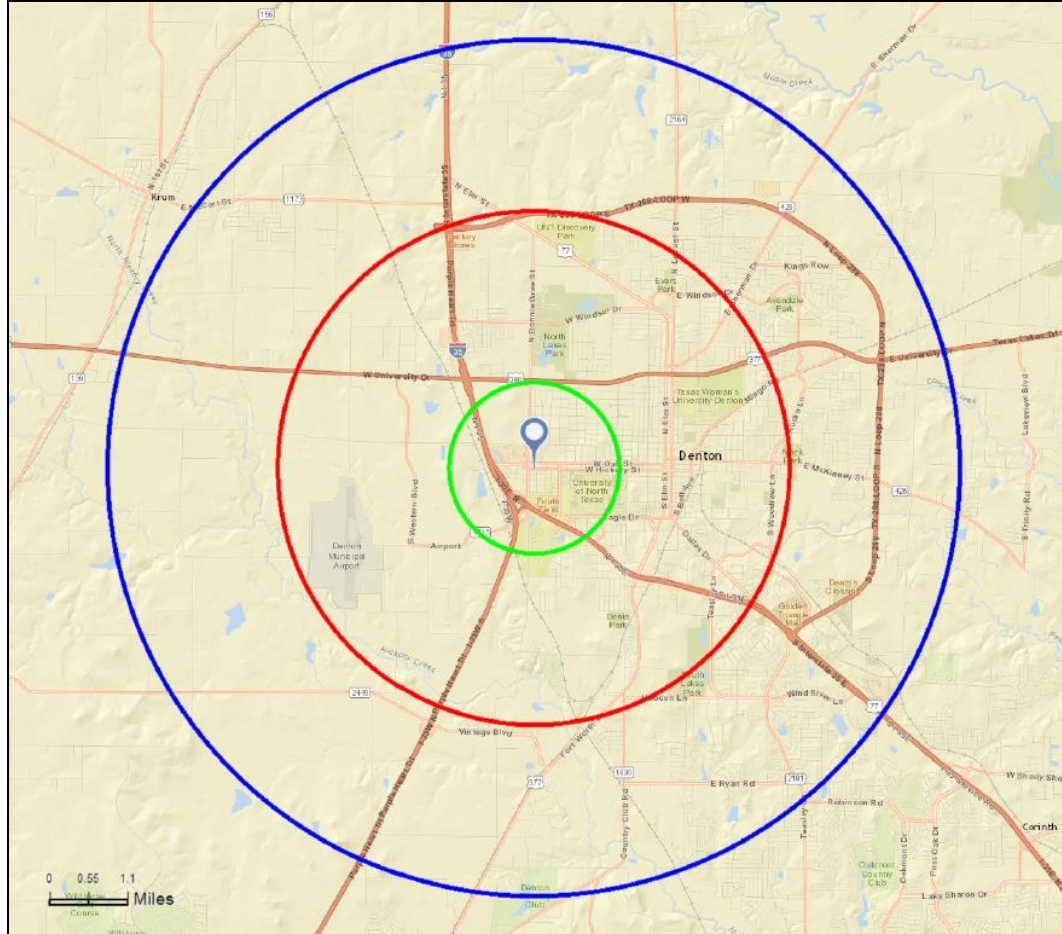
**RESIDENTIAL**

Residential housing is a mix of single-family (58%) and multi-family (42%) within the City of Denton. Multi-family continues to grow as 361 new units were added in 2015 and 607 new units were added in 2016.<sup>1</sup>

<sup>1</sup> Statistical Trends and News of Denton, December 2016

## DEMOGRAPHIC FACTORS

A demographic profile of the subject, as provided by Site to Do Business, is presented in the following tables:



	1 mile	3 miles	5 miles
<b>Population</b>			
2000 Population	13,114	51,148	80,857
2010 Population	13,880	56,508	98,210
2016 Population	15,109	60,743	107,150
2021 Population	16,214	65,466	117,005
2000-2010 Annual Rate	0.57%	1.00%	1.96%
2010-2016 Annual Rate	1.37%	1.16%	1.40%
2016-2021 Annual Rate	1.42%	1.51%	1.78%

	1 mile	3 miles	5 miles
<b>Median Household Income</b>			
2016 Median Household Income	\$20,136	\$31,644	\$41,985
2021 Median Household Income	\$19,952	\$30,252	\$41,884
2016-2021 Annual Rate	-0.18%	-0.90%	-0.05%
<b>Average Household Income</b>			
2016 Average Household Income	\$35,292	\$47,231	\$61,173
2021 Average Household Income	\$36,044	\$49,790	\$65,189
2016-2021 Annual Rate	0.42%	1.06%	1.28%

***OUTLOOK AND CONCLUSIONS***

The market area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is our opinion that property values will increase gradually, along with the national economy.



## **SITE ANALYSIS**

An analysis of the property is particularly important in estimating its highest and best use. Following is a discussion of those site characteristics considered most important.

### **PROPERTY LOCATION, SIZE AND SHAPE**

The subject is a 29,142 square-foot, mostly-rectangular-shaped tract of land located at the southeast corner of Stella Street and Avenue F, or 2121 Stella Street, Denton, Denton County, Texas

### **LEGAL DESCRIPTION**

The subject is legally described as being Lot 1-A, Block 8, of Owsley Park Addition, an addition to the City of Denton, Denton County, Texas.

### **PROPERTY TAX INFORMATION**

Real estate tax assessments are estimated by jurisdiction on a county basis for the subject. The subject lies in Denton County. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. State law requires that all real property be revalued at least every three years. The following is a summary of the subject tax account.

DENTON COUNTY MARKET AND ASSESSED VALUES							
Account	Tax Owner Name	Land Size (SF)	Tax Year	Land Value		Assessed	
				Gross	per SF	Imps.	Value
335133	Car Stand Ltd.	29,142	2016	\$ 174,850	\$ 6.00	\$ 1,625,150	\$ 1,800,000
	Total	29,142	2016	\$ 174,850	\$ 6.00	\$ 1,625,150	\$ 1,800,000

The 2016 composite tax rate for the subject is itemized as follows:

DENTON COUNTY 2016 COMPOSITE TAX RATE	
Taxing Entity	Tax Rate (/ \$100)
Denton County	0.248409
City of Denton	0.683340
Denton ISD	1.540000
<b>Total</b>	<b>2.47175</b>

It is noted that 2017 values and tax rates have not been released yet.

***SITE ACCESS AND FRONTAGE***

<b>STREET</b>	<b>Stella St.</b>	<b>Avenue F</b>
Frontage	±109 feet	±239 feet
Paving	Asphalt	Asphalt
Curbs/Gutters	Yes	Yes
Sidewalks	Yes	Yes
Direction of Traffic	East/West	North/South
Condition	Average	Average
Traffic Levels	Average	Average
Signals/Traffic Control	Stop Sign at Avenue G	Stop Sign at Stella St.
Access	Average	Average
Visibility/Exposure	Average	Average

***ENVIRONMENTAL STATEMENT***

We are unaware of any detrimental environmental conditions that affect the property. For the purposes of our analysis we have estimated the market value of the site as if it is free from any adverse environmental conditions.

***IMPROVEMENTS***

According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The complex is a mix of 1-bedroom, 2-bedroom and 3-bedroom units. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal.

***UTILITIES***

The following is a summary of the subject's utility service.

UTILITY	PROVIDER
Water	City of Denton
Sewer	City of Denton
Electricity	Denton Municipal Electric
Natural Gas	Atmos Energy
Local Telephone	Various

***FLOODPLAIN***

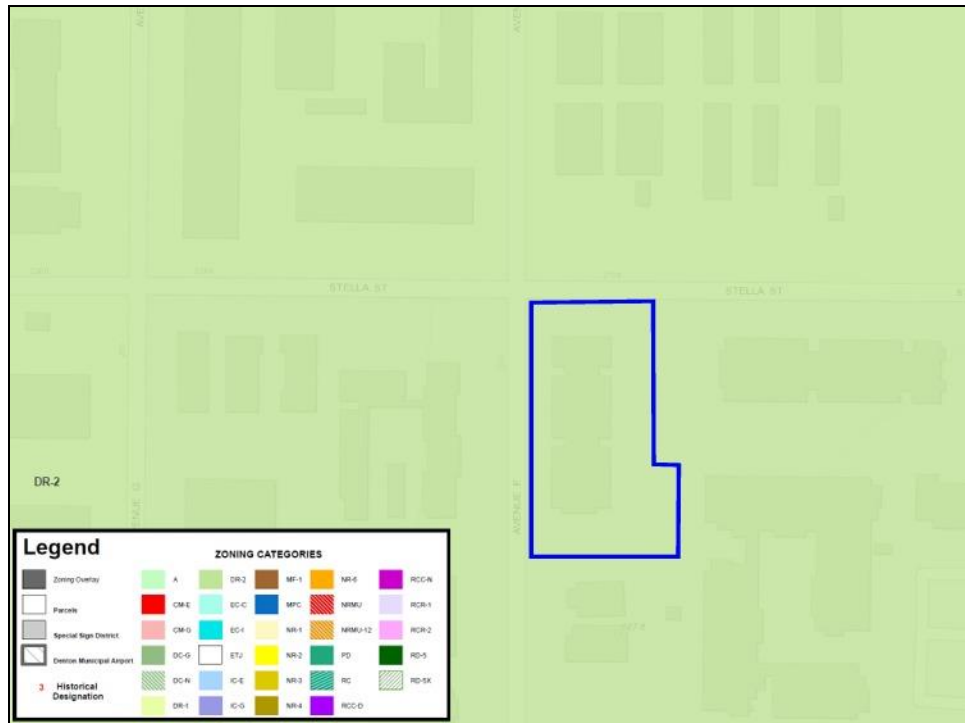
According to FEMA Map Panel 48121C0360G, dated April 18, 2011, the property appears to be outside of the 500-year floodplain. Please see "Exhibits" for a floodplain map.

***TOPOGRAPHY***

The property is a mostly-rectangular-shaped tract with generally level terrain.

## ZONING

The subject is located in the City of Denton, Texas and is zoned Downtown University Core with a land use category of DR-2, “Downtown Residential”. The purpose of the Downtown University Core District is to “encourage mixed use development within specified commercial areas of the district”. This district is a pedestrian friendly district. A zoning map and specific restrictions are presented below.



Minimum Lot Area	4,000 SF
Minimum Lot Width / Depth	40' / 80'
Minimum Residential Unit Size	500 SF
Maximum Lot Coverage	75%
Maximum Dwelling Units/Acre	30
Required Parking Spaces: **	
Mixed-density dwellings	1-bedroom 1.5 spaces/unit 2-bedroom 1.75 spaces/unit 3-bedroom 2 spaces/unit 4-bedroom 1 space/bedroom
Duplexes	2 spaces/unit + 1 space for each bedroom over (3) bedrooms

**OTHER LEGAL AND REGULATORY CONSTRAINTS**

According to our research and inspection of the property, it appears that the property contains mostly typical perimeter easements. Based on the title report provided by the client, the property is subject to the restrictions shown below:

- |    |  |
|----|--|
| a. | All visible and apparent easements or uses and all underground easements or uses, the existence of which may arise by unrecorded grant or by use. (May be amended or deleted upon approval of current survey.)   |
| b. | Rights of parties in possession and rights of tenants in possession under any unrecorded leases or rental agreements. (May be amended or deleted upon execution of affidavit of parties in possession at closing.)   |
| c. | All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.   |
| d. | Any encroachments, encumbrances, violation, variation or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land. (NOTE: UPON RECEIPT OF A SURVEY ACCEPTABLE TO THE COMPANY, THIS EXCEPTION WILL BE DELETED. COMPANY RESERVES THE RIGHT TO ADD ADDITIONAL EXCEPTIONS PER ITS EXAMINATION OF SAID SURVEY.)   |
| e. | Terms and conditions contained in Utility Agreement and Dedication between JIMMY DALE BROWN, GEORGE E. REAVES, and THE CITY OF DENTON filed September 21, 1983, recorded in Volume 1259, Page 231, Real Property Records of Denton County, Texas.  |
| f. | A 5'x23' sidewalk easement at the Southwest corner, an 8'x8' Denton Municipal Electric easement at the West boundary line, a 15'x15' visibility easement, public utility easement and traffic control devices easement at the Northwest corner as shown on the Plat recorded under CC#2010-20, Plat Records of Denton County, Texas.   |
| g. | A 2' sidewalk easement partially along the North boundary line, a 10' sidewalk easement partially along the North boundary line, a 4'x4' public utility easement at the North boundary line, and a clearance zone for existing overhead transmission line along the North boundary line as shown on the Plat recorded under CC#2010-20, Plat Records of Denton County, Texas.                                    |
| h. | Subject to notes as shown on the Plat recorded under CC#2010-20, Plat Records of Denton County, Texas.   |
| i. | Mineral lease granted by CAR STAND, LTD. to TIERRA RESOURCES, LLC described in instrument filed September 28, 2012, recorded under CC# 2012-109688, Real Property Records of Denton County, Texas. (Title to said interest not checked subsequent thereto.) (In regard to this exception, Item No. 4(d) and Item No. 5(e) of the T-19 and T-19.1 endorsement is hereby deleted pursuant to Procedural Rule 50.b) |

The easements noted above indicate that the northern side of the property is encumbered with public utility, visibility and sidewalk easements. Also noted above is an 8'x8' DME easement along the western side and a sidewalk easement in the southwest corner. In addition, the plat indicates a 26.5 foot clearance zone for overhead transmission lines along the northern edge. Otherwise, it appears that there are no easements, encumbrances or restrictions that would restrict the property from being developed to its highest and best use.

## HIGHEST AND BEST USE ANALYSIS

The following summarizes the highest and best use of the property.

### ***PROCESS***

Before a property's value can be concluded, the highest and best use of the property must be determined for both the subject site as though vacant, and for the property as currently improved (if applicable). The highest and best use must be:

- ❖ Legally permissible under the zoning laws and other restrictions that apply to the site.
- ❖ Physically possible for the site.
- ❖ Economically feasible.
- ❖ Capable of producing the highest net return on investment (i.e. highest value) from among the possible, permissible, and economically feasible uses.

### ***AS THOUGH VACANT***

#### **LEGALLY PERMISSIBLE**

The subject is located in the City of Denton and is zoned Downtown University Core with a land use category of DR-2, "Downtown Residential". The appraisers are unaware of any deed restrictions or any further legal limitations on the property which would inhibit the property from being developed to its highest and best use.

#### **PHYSICALLY POSSIBLE**

The size, location, access, frontage, availability of utilities, floodplain characteristics and topography of the site affect the uses to which it can be developed. The subject consists of approximately 29,142 square feet of land and is located at the southeast corner of Stella Street and Avenue F. The subject is a mostly-rectangular-shaped tract of land with generally level terrain. The property is unencumbered by the 500-year floodplain and has access to all utilities. Development of the property for a variety of uses is physically possible.

**FINANCIALLY FEASIBLE**

Proposed development must be financially feasible. Factors that must be considered include surrounding land uses, the supply and demand of the property type, the availability of financing, and the cost of land acquisition and building construction in relation to the property's income producing capacity.

Conformity is the appraisal principle that holds that real property values are created and sustained when the characteristics of the property conform to the demands of its current market. The styles and uses of the properties in an area may conform for several reasons, including economic pressures, the shared preference of owners of certain types of structures, amenities and services and the enforcement of uniform standards by means of zoning. Through local zoning ordinances, the government encourages conformity by restricting land use. Standards of conformity are set by the market and are therefore subject to change. Zoning codes, however, tend to establish conformity in basic property characteristics including size, style, and design. A particular market also sets standards of conformity, especially in terms of price. Usually the value of an over improved property will decline, or regress towards the value of surrounding, conforming properties, while the value of an under improved property may increase, or progress towards the prevailing market standards.

Based on prevailing market conditions, land use patterns and the physical characteristics of the site, multi-family residential use is considered to be the most financially feasible use.

**MAXIMALLY PRODUCTIVE**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than multi-family residential use.

***AS IMPROVED***

According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal and a Highest and Best Use analysis as improved is not applicable.



***AS IF VACANT - AFTER ACQUISITION***

The part acquired consists of a 0.057 acre, or 2,489 square foot, permanent electric utility easement for the purposes of “erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv”. The transmission line will replace an existing 69-kv overhead transmission line, which is in the right-of-way of Stella Street. The proposed easement enters the property at the western boundary and will travel east along the subject’s northern border to the eastern side. The proposed easement will overlap an existing 26.5 foot overhead transmission clearance zone, as well as two sidewalk and public utility easements. The remainder after the acquisition will have the same highest and best use as before the acquisition.

## **MARKET VALUE ESTIMATE OF THE WHOLE PROPERTY**

We have estimated the value of the whole property, as though vacant, by the sales comparison approach.

The appraisers have used the Sales Comparison Approach to estimate the value of the subject in the preparation of this report. The valuation of the subject does not rely on the Income Capitalization Approach, since there is no periodic economic income benefits associated with the tract under its current use. Also, the Cost Approach to value is not applicable as the site is valued as unimproved.

In order to derive an opinion of the market value of the subject land, assuming the property is available for development to its highest and best use, we have assembled sales data for similar properties in the area. After examining available sales data, we have selected the following land sale transactions as most comparable for this analysis. After an adjustment process, which compensates for the significant differences between these sales and the subject, these sales provide an indication of the subject's land value.

The identified sale prices have been adjusted to cash-equivalency, when appropriate. At the end of Section III is a Qualitative Adjustment Grid, which provides relevant data and shows the appropriate adjustments. For each element of comparison, each sale is rated as being superior, comparable, or inferior to the subject.

In analyzing the individual sales, we have selected the price per square-foot (SF) of land as the operative unit of comparison. This is the unit of comparison most commonly quoted by brokers, sellers, and purchasers when discussing sales transactions and is considered the most relevant for the subject. A presentation of the land sales follows.

SUMMARY OF COMPARABLE LAND SALES				
<u>Sale No.</u>	<u>Location</u>	<u>Date of Sale</u>	<u>Size (SF)</u>	<u>Effective Price per SF</u>
1	Located along the east side of Bernard St., north of Eagle Dr., Denton, Denton County, Texas	10/12/16	27,443	\$19.06
2	Located along the west side of Neff Street, north of Greenlee Street, Denton, Denton County, Texas	06/30/16	16,030	\$13.41
3	Located along the west side of Fort Worth Dr., south of Collins St., Denton, Denton County, Texas	04/19/16	88,645	\$9.59
4	Located at the northeast corner of Avenue E and Hickory St., Denton, Denton County, Texas	09/30/15	27,835	\$16.89
5	Located along the east and west sides of Avenue A at Underwood St., Denton, Denton County, Texas	09/11/14	77,739	\$12.50
6	Located along the south side of Hickory Street, east of Bonnie Brae St, Denton, Denton County, Texas	03/25/13	29,969	\$9.18
<b>Subject: Located at the southeast corner of Stella Street and Avenue F, Denton, Denton County, Texas</b>			<b>29,142</b>	

[illegible]

**Land Value - Sales Comparison Approach**

<b>Land Sales Summary</b>							
	<b>Subject</b>	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>	<b>Sale #6</b>
Location:	Located at the southeast corner of Stella Street and Avenue F, Denton, Denton County, Texas	Located along the east side of Bernard St., north of Eagle Dr., Denton, Denton County, Texas	Located along the west side of Neff Street, north of Greenlee Street, Denton, Denton County, Texas	Located along the west side of Fort Worth Dr., south of Collins St., Denton, Denton County, Texas	Located at the northeast corner of Avenue E and Hickory St., Denton, Denton County, Texas	Located along the east and west sides of Avenue A at Underwood St., Denton, Denton County, Texas	Located along the south side of Hickory Street, east of Bonnie Brae St, Denton, Denton County, Texas
Sale Price/Effective Sale Price:		\$523,000	\$215,000	\$850,000	\$470,000	\$971,738	\$275,000
Sale Date:		10/12/2016	6/30/2016	4/19/2016	9/30/2015	9/11/2014	3/25/2013
Land Size (Gross Square Feet):	29,142	27,443	16,030	88,645	27,835	77,739	29,969
<b>Price/Square Foot:</b>	<b>N/A</b>	<b>\$19.06</b>	<b>\$13.41</b>	<b>\$9.59</b>	<b>\$16.89</b>	<b>\$12.50</b>	<b>\$9.18</b>
<b>Sales Adjustment</b>							
	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>	<b>Sale #6</b>	
Property Rights Conveyed	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Financing Terms	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Conditions of Sale	Comparable	Comparable	Comparable	Comparable	Comparable	Inferior	Comparable
Market Conditions	Comparable	Comparable	Comparable	Comparable	Inferior	Inferior	Inferior
<b>Other Adjustments</b>							
	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>	<b>Sale #6</b>	
Location	Superior	Comparable	Inferior	Superior	Comparable	Comparable	
Access	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Size	Comparable	Superior	Inferior	Comparable	Inferior	Comparable	
Functional Utility	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Zoning/Utilities	Comparable	Inferior	Comparable	Comparable	Comparable	Comparable	
<b>Net Other Adjustments</b>	<b>Superior</b>	<b>Comparable</b>	<b>Inferior</b>	<b>Comparable</b>	<b>Inferior</b>	<b>Inferior</b>	

**OVERVIEW OF ADJUSTMENTS**

Potential adjustments include the following categories, which typically affect sale prices. For each element of comparison, each sale has been rated as being superior, comparable, or inferior to the subject (see comparison grid on previous page).

***PROPERTY RIGHTS CONVEYED***

This adjustment considers the transfer of property rights, such as differences between properties owned in fee simple and in leased fee.

***FINANCING TERMS***

This adjustment considers the financing terms of a transaction, as compared to what is typical in the market.

***CONDITIONS OF SALE***

This adjustment considers the motivations of either the buyer or the seller in a transaction, e.g., when the comparable contains improvements with contributory value.

***MARKET CONDITIONS***

Real estate values normally change over time. This adjustment considers market differences occurring between the effective date of the appraisal and the sale date of the comparable, when values have appreciated or depreciated.

***LOCATION***

This adjustment considers the surrounding area influences, adjoining land uses, and overall location within the market area.

***ACCESS***

This adjustment considers access to the subject including the availability and amount of road frontage and multiple roadway access.

***SIZE***

This adjustment considers size. Typically, smaller sites will bring higher unit sales prices when compared to larger sites with similar characteristics.

***FUNCTIONAL UTILITY***

This adjustment considers physical attributes (i.e. water features, tree coverage, flood plain), site configuration, encumbrances, and/or topography.

***ZONING/UTILITIES***

This adjustment considers permissible uses under zoning laws and other legal restrictions that apply to a site as well as the availability of utilities.

The above sales range from \$9.18 per SF to \$19.06 per SF. These sales are the most comparable to the subject in the market area. Based upon our analysis of the comparables considered above, the appraisers estimate the market value to be \$15.00 per SF as of April 21, 2017 for the area unencumbered by the existing overhead clearance zone. With respect to the existing clearance zone, only a portion of the total bundle of rights (or fee simple estate) is retained by the property owner, as the clearance zone requires the area to be unobstructed and allows for ingress/egress rights. Thus, based upon the rights associated with the clearance zone, the value estimated for that area of the property is 50%.

The following is a summary of the whole property valuation.

<b>WHOLE PROPERTY VALUATION SUMMARY</b>	
Whole Property:	
Land	
26,264 SF @ \$15.00/SF	\$ 393,960
Existing Overhead Clearance Zone	
2,878 SF @ \$15.00/SF @ 50%	(+) \$ 21,585
<b>TOTAL VALUE AS A UNIT</b>	<b>\$415,545</b>

Based upon the previously discussed information, it is the opinion of the appraiser that the subject property has an estimated market value, via the Sales Comparison Approach, as of April 21, 2017 of:

**\$415,545**

**FOUR HUNDRED FIFTEEN THOUSAND FIVE HUNDRED FORTY-FIVE DOLLARS.**

## **PARTIAL ACQUISITION METHODOLOGY**

The Texas Constitution permits the acquisition of private property for public use (eminent domain), but it requires that any such acquisition entitles the owner to just compensation and that it shall be by the due process of the law of the land. The law dictates that the value of the whole property, the value of the part acquired, the value of the remainder before the acquisition and the value after the acquisition be ascertained. The law allows for the offset of damages by enhancement if the enhancement is specific to the subject property.

In the valuation of the proposed easement(s), the appraisers have taken into consideration the rights being acquired and the contributory value of the land affected by this project. The percentage of the fee value acquired in the acquisition of the easement is based on two basic effects: 1) the **LEGAL ENCUMBRANCE** of the easement rights and obligations; and 2) the **PHYSICAL USE** of the easement areas.



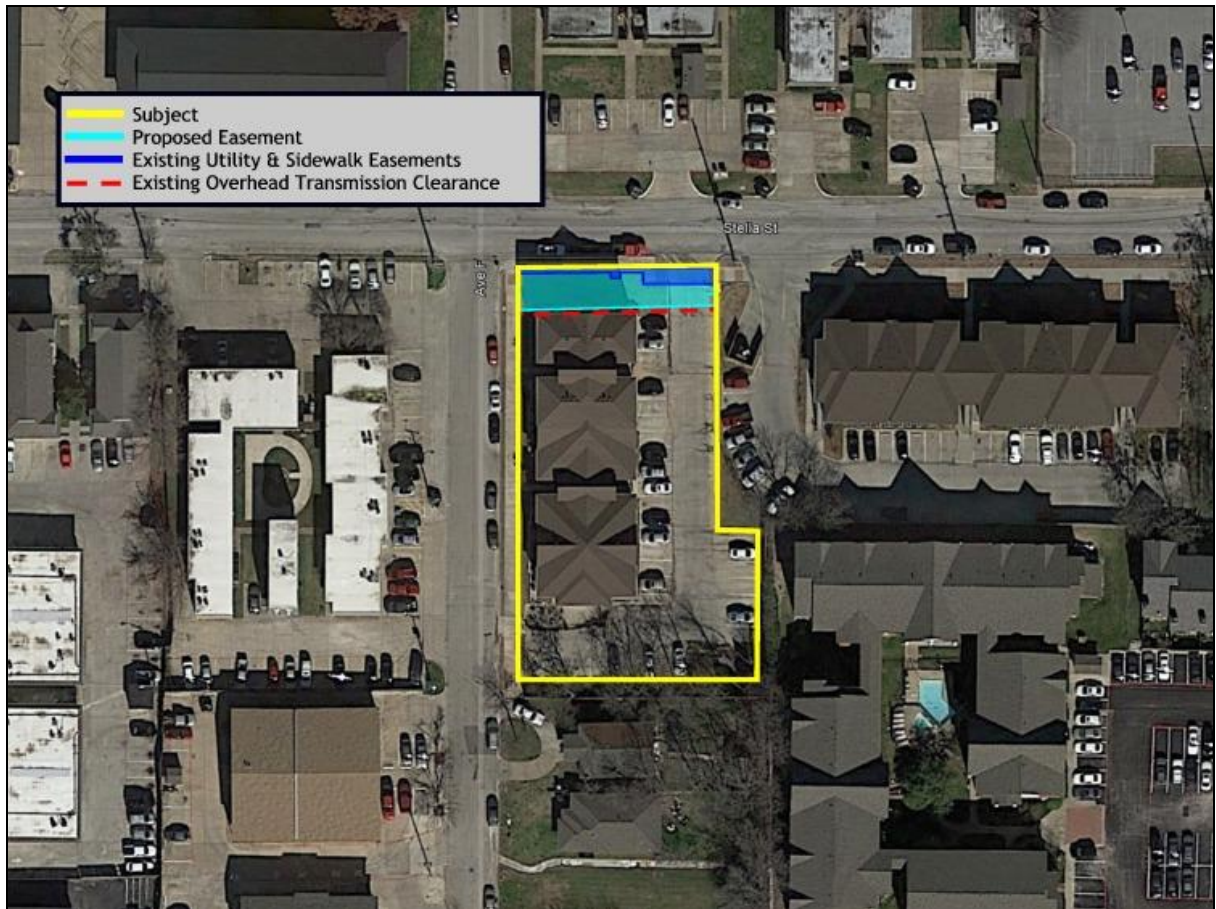
## **VALUATION OF AREA TO BE ACQUIRED**

### ***DESCRIPTION OF THE AREA TO BE ACQUIRED***

The part acquired consists of a 0.057 acre, or 2,489 square foot, permanent electric utility easement for the purposes of “erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv”. The transmission line will replace an existing 69-kv overhead transmission line, which is in the right-of-way of Stella Street. The proposed easement enters the property at the western boundary and will travel east along the subject’s northern border. The proposed easement will overlap an existing 26.5 foot clearance zone, as well as two sidewalk and public utility easements.

According to the client, the electric transmission line will be located in the right-of-way of Stella Street. However, the City of Denton has adopted The National Electric Safety Code under City of Denton Development Code, Subchapter 24, Section 35.24.1.3, which generally prohibits structures within 37.5 feet on either side of the centerline of an overhead transmission line. According to the code, however, for existing transmission lines and lines being reconstructed in developed areas, the utility may elect to perform NESC analysis and calculations to determine if safe and adequate reduced easement widths can be utilized in lieu of the standard 37.5 foot width (for the purposes of this project, the City and DME determined 24.5 feet on either side of the centerline was sufficient). According to the client, the primary purpose of the proposed easement is to satisfy this measure.

See the following page for an aerial of the proposed easement.



Source: GoogleEarth © 2016

*\*LOCATIONS OF BOUNDARY AND EASEMENTS ARE APPROXIMATE*

**LAND VALUE OF THE AREA TO BE ACQUIRED**

The shape and size of the proposed acquisition is insufficient to represent an economic unit. The area to be acquired contributes to the whole, and it is the opinion of the appraisers that the estimated whole property land value of \$15.00 per square foot would be applicable to the part acquired. However, as previously mentioned, the proposed easement overlaps an existing clearance zone. This area is valued at 50% of the fee.

With respect to the permanent easement, only a portion of the total bundle of rights (or fee simple estate) is being acquired as the property owner will still retain ownership of the area in question. Thus, based upon the rights being acquired, the value estimated for the electric utility easement will be 75%.

**IMPROVEMENT VALUE**

According to our inspection and Denton Central Appraisal District, the subject is currently improved with a multi-family apartment complex and related site improvements. The main improvements are removed from the proposed acquisition area and the client has instructed us that any site improvements disturbed or damaged by the proposed project will be repaired or replaced with similar or better materials and workmanship by the project contractor. Therefore, the improvements have not been valued as part of this appraisal.

**SUMMARY**

The following table is a summary of the valuation of the part to be acquired.

SUMMARY OF AREA TO BE ACQUIRED		
Estimated Land Value		
Electric Utility Easement		
2,489 SF @ \$15.00/SF @ 50% @ 75%	\$ 14,001	
Estimated Improvement Value		
None	\$ 0	
<b>Total Value As A Unit</b>		<b>\$ 14,001</b>

## REMAINDER PROPERTY VALUATION SUMMARY

### ***REMAINDER BEFORE THE ACQUISITION***

Below is a chart representing the remainder from the whole property without the part to be acquired. The chart below is a mathematical subtraction of the part to be acquired, and does not consider the effect of the proposed acquisition. The appraisers have used the jurisdictional exception as shown in the Uniform Standards of Professional Appraisal & Practice to estimate the value of the remainder before the acquisition.

<b>SUMMARY OF REMAINDER BEFORE</b>		
<b>Whole Property</b>		
Land	\$ 393,960	
Existing Overhead Clearance Zone	<u>\$ 21,585</u>	
Total		\$415,545
<b>Part Acquired</b>		
Improvements	\$ 0	
Land	<u>\$ 14,001</u>	
Total		<u>(-) \$ 14,001</u>
<b>TOTAL VALUE AS A UNIT</b>		<b>\$401,544</b>

## **REMAINDER AFTER THE ACQUISITION**

### **PROPERTY DESCRIPTION**

The remainder property will still contain 29,142 square feet of land. The ultimate question is, “will the remainder command a lower price due to the presence of the easement?” According to the survey, the electric utility easement is for an overhead transmission line. The part acquired consists of a 0.057 acre, or 2,489 square foot, permanent electric utility easement for the purposes of “erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv”. The transmission line will replace an existing 69-kv overhead transmission line, which is in the right-of-way of Stella Street. The proposed easement enters the property at the western boundary and will travel east along the subject’s northern border.

The remainder after will be the same as the whole property, except it will be encumbered by a new electric utility easement. The easement will encumber an area currently used as landscaping and also within an existing 26.5 foot overhead transmission clearance zone. The client has indicated that the property within the proposed easement area will be restored to similar or better condition after construction.

The remainder after the acquisition will have the same highest and best use as before the acquisition, which consists of multi-family use.

The following table is a summary of the valuation of the remainder after.

<b>SUMMARY OF REMAINDER AFTER</b>			
<b>Remainder After</b>			
Land	26,264 SF	@\$15.00/SF @100%	\$ 393,960
Existing Overhead Clearance Zone	389 SF	@\$15.00/SF @50%	\$ 2,918
Electric Utility Easement	2,489 SF	@\$15.00/SF @50% @25%	(+)\$ 4,666
<b>TOTAL VALUE AS A UNIT</b>			<b>\$ 401,544</b>

***DAMAGE SUMMARY***

**DAMAGES**

As the value of the remainder before the acquisition is the same as the value of the remainder after the acquisition, damages do not exist. The following is a summary.

<b>SUMMARY OF DAMAGES</b>	
Remainder Before	\$ 401,544
Remainder After	\$ 401,544
<b>TOTAL VALUE AS A UNIT</b>	<b>\$ 0</b>

**TOTAL COMPENSATION**


The following is a summary of the estimated total compensation for the subject property, described herein, as of April 21, 2017:

TOTAL COMPENSATION SUMMARY	
Part to be acquired	\$ 14,001
<b>TOTAL COMPENSATION</b>	<b>\$ 14,001</b>

The appraisers have retained all information regarding this appraisal in the file. Please contact us if we can be of further assistance in this matter.

Sincerely,

**O'BRIEN REALTY ADVISORS**  
**REAL ESTATE CONSULTANTS & APPRAISERS**



Mark R. Sadler  
State of Texas Certification #TX-1380142-G



Mike C. O'Brien  
State of Texas Certification #TX-1331171-G

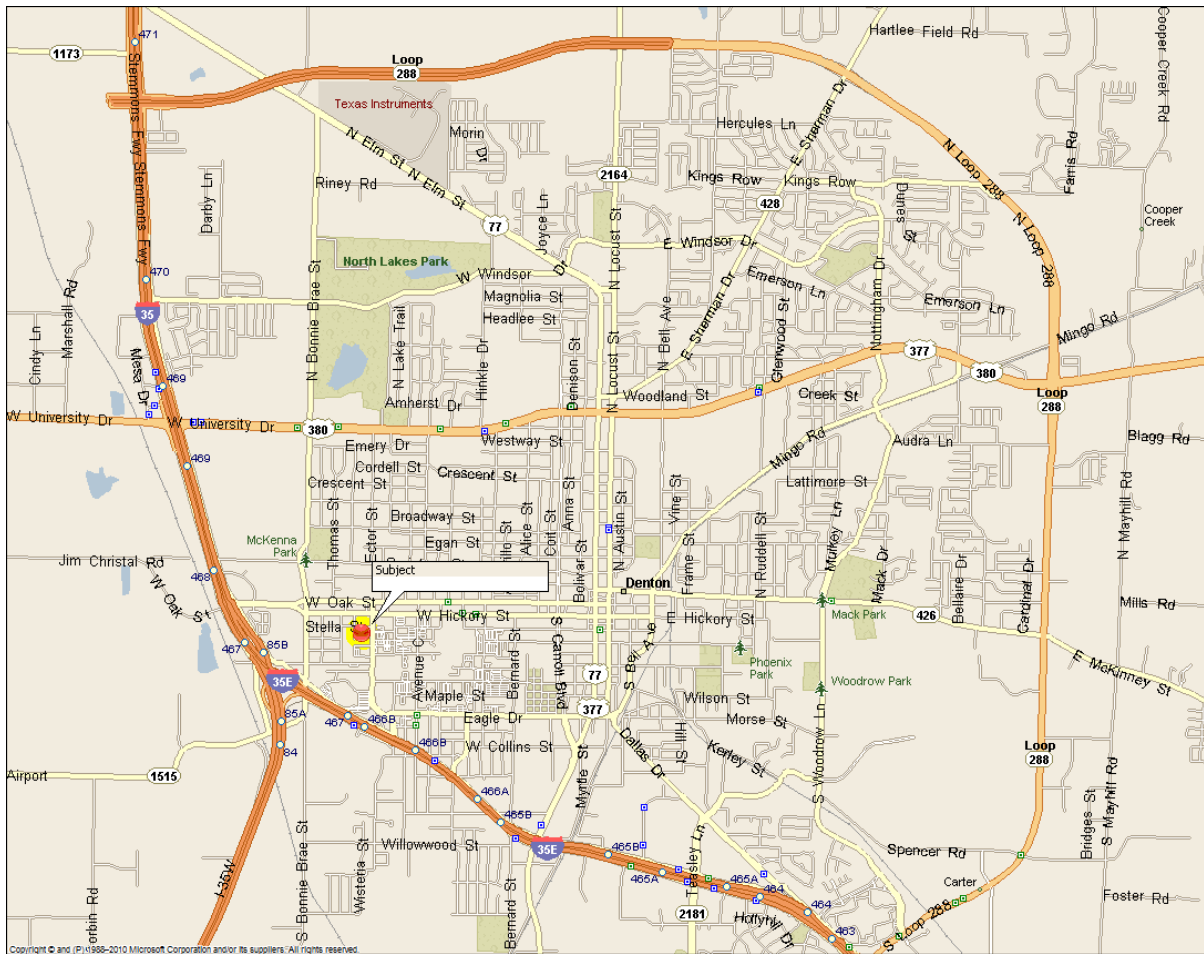


Gina Cannova Phalen  
State of Texas Certification #TX-1380648-G

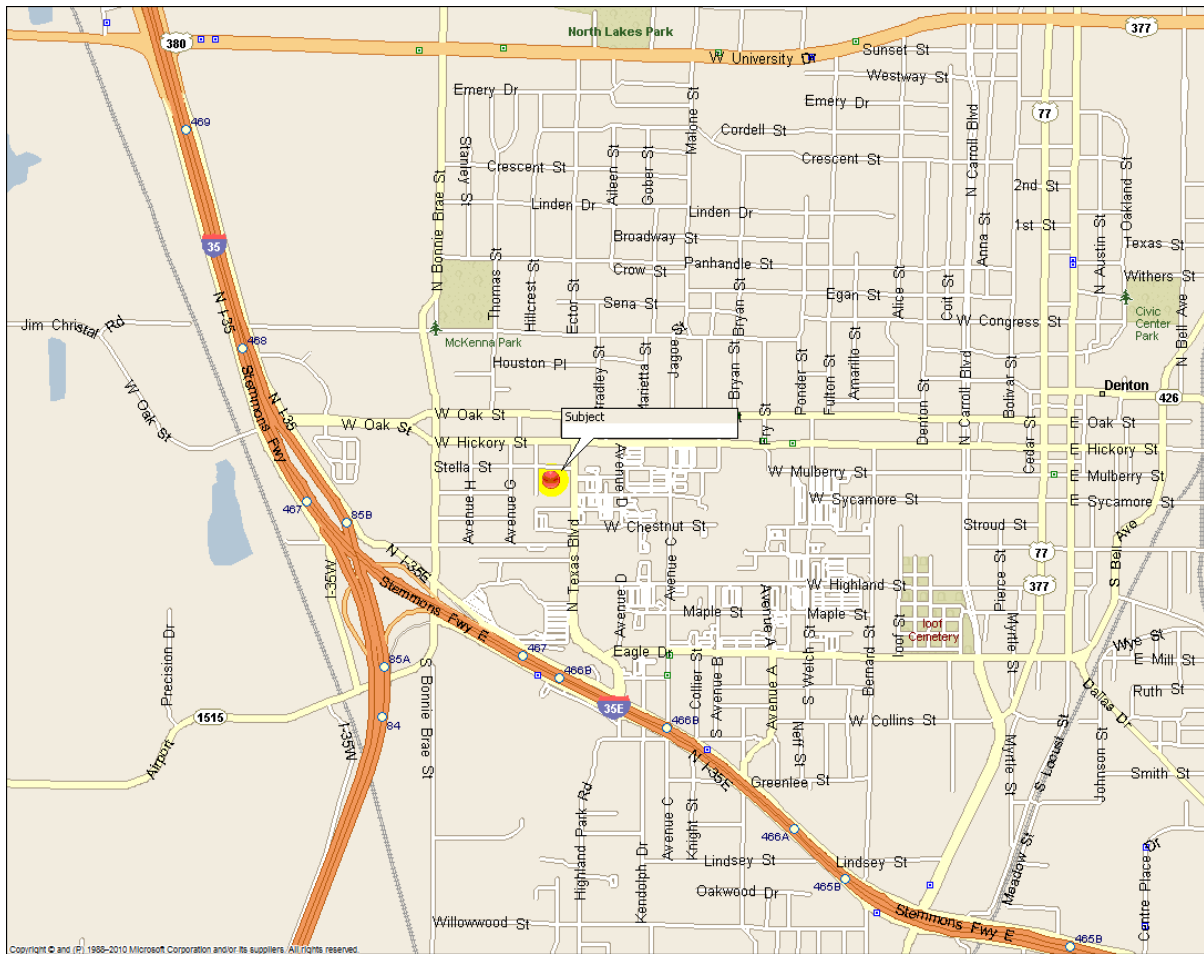
## **SECTION II - EXHIBITS**



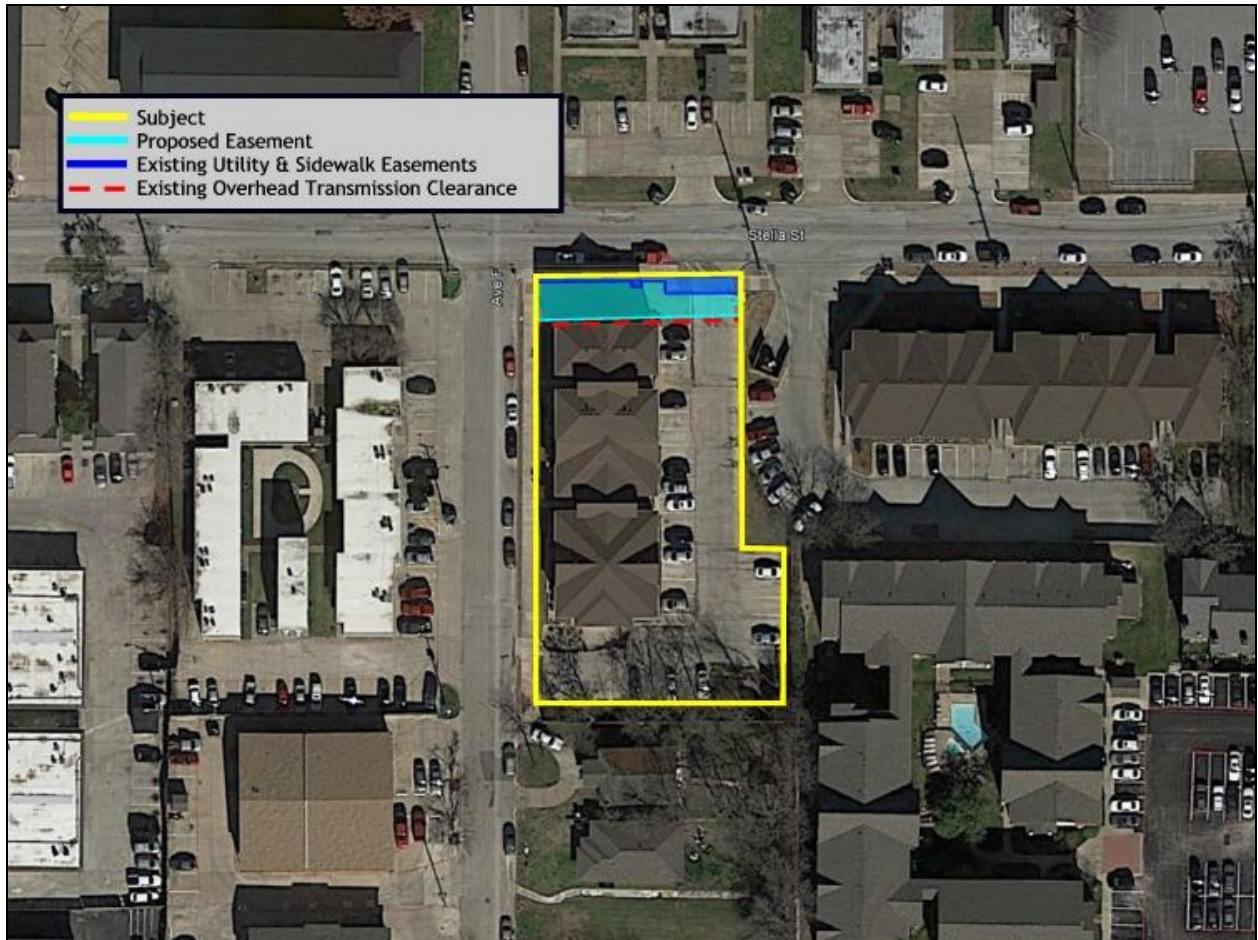
## AREA MAP



## MARKET AREA MAP



## SUBJECT AERIAL



Source: GoogleEarth © 2016

*\*LOCATIONS OF BOUNDARY AND EASEMENTS ARE APPROXIMATE*

## DME EASEMENT

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

### ELECTRIC UTILITY EASEMENT

<b>THE STATE OF TEXAS</b>	§	
	§	<b>KNOW ALL MEN BY THESE PRESENTS:</b>
<b>COUNTY OF DENTON</b>	§	

THAT, Car Stand, LTD., A Texas limited partnership, (the "GRANTOR"), for and in consideration of Ten Dollars (\$10.00), and other good and valuable consideration, to GRANTOR in hand paid by the CITY OF DENTON, a Texas home rule municipal corporation, which is located in Denton County, Texas, and whose mailing address is 215 E. McKinney, Denton, Texas 76201 ("GRANTEE") has granted, sold, and conveyed and by these presents does grant, sell and convey unto the GRANTEE perpetual, non-exclusive, and unobstructed easements and rights of way (collectively, the "EASEMENT") for the purposes of erecting, operating, maintaining and servicing thereon one or more underground and/or above ground electric transmission and electric distribution power and/or communication lines, not to exceed 138-kv, each consisting of a variable number of wires and cables, along with all necessary and convenient appurtenances, attachments and supporting structures, including without limitation, foundations, guy wires and guy anchorages, and structural components (collectively referred to herein as the "FACILITIES"), in, on, over, under and across that certain real property situated in Denton County, Texas, being approximately 0.057 acres and being more particularly described in Exhibit "A" and illustrated in Exhibit "B" attached hereto and incorporated into this document by reference (the "EASEMENT PROPERTY").

GRANTEE shall have the right of ingress, egress and regress in, on, over, under and across the EASEMENT PROPERTY for the purposes of and right to construct, maintain, operate, improve, reconstruct, increase and reduce the size and capacity not to exceed 138-kv, repair, relocate, inspect,



## **DME EASEMENT**

patrol, maintain, remove or replace such FACILITIES within the EASEMENT PROPERTY as GRANTEE may from time to time find necessary, along with all rights necessary for full use and enjoyment of the above grant. GRANTEE shall have the right, at GRANTEE'S sole cost and expense, to trim or remove trees or shrubbery within said EASEMENT PROPERTY, to the extent, in the sole judgment of GRANTEE, necessary to prevent possible interference with the efficiency, safety and/or convenient operation of the FACILITIES or to remove possible efficiency, safety or operational hazards thereto. GRANTEE may further, at GRANTEE'S sole cost and expense, install gates in existing fences within such EASEMENT PROPERTY. GRANTOR shall not make changes in grade, elevation or contour of the EASEMENT PROPERTY or impound water within, over and/or across the EASEMENT PROPERTY without prior written consent of GRANTEE.

GRANTOR, for itself, its successors and assigns, subject to the terms herein and detailed below, expressly reserves the right to occupy and use the EASEMENT PROPERTY for all other purposes that will not interfere with the GRANTEE'S full enjoyment of the EASEMENT and/or the exercise of GRANTEE's rights hereunder. GRANTOR shall not construct, and GRANTEE shall have the right to prevent the construction of buildings, structures, signs, or other obstructions of any kind ("UNPERMITTED STRUCTURES") on the EASEMENT PROPERTY. If any UNPERMITTED STRUCTURES are hereafter constructed or permitted by GRANTOR to exist within the EASEMENT PROPERTY without prior written consent of GRANTEE, then GRANTEE shall have the right to remove the same and GRANTOR agrees to pay to GRANTEE the reasonable actual costs of such removal. GRANTOR may, following written consent by GRANTEE, construct buildings, structures, or other facilities within the EASEMENT PROPERTY, where GRANTEE determines, in its sole discretion, such construction will not interfere with the safety or operation of the FACILITIES.

GRANTEE acknowledges the EASEMENT granted herein is non-exclusive, subject to the rights herein granted. However, GRANTOR agrees not to assign further easement rights within the

## DME EASEMENT

EASEMENT PROPERTY to any other utility providers without the prior, written consent of GRANTEE. Upon written consent of GRANTEE, such consent to be exercised at the sole discretion of GRANTEE, other utility providers may be permitted by GRANTEE under separate grant from GRANTOR to construct, operate, maintain, repair, replace and remove their respective utilities in, on, over, under, and across the EASEMENT PROPERTY perpendicularly or as otherwise may be permitted by GRANTEE in writing. Nothing herein shall be construed to require GRANTEE to allow such use or grant, and such use or grant shall be at the sole and absolute discretion of GRANTEE.

The EASEMENT shall constitute a covenant running with the land and shall bind and inure to the benefit of GRANTOR and GRANTEE, and their respective successors and assigns.

TO HAVE AND TO HOLD the above EASEMENT unto GRANTEE, its successors and assigns, forever, and GRANTOR hereby warrants and forever agrees to defend the above described EASEMENT unto GRANTEE, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part hereof, by, through, or under GRANTOR, and not otherwise.

WITNESS THE EXECUTION HEREOF on the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

**GRANTOR:**

**Car Stand, LTD., A Texas Limited Partnership**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## DME EASEMENT

THE STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2017,  
by \_\_\_\_\_ of Car Stand, LTD., a Texas limited partnership and acknowledged to  
me that his signature is the act of the said entity and that he executed the same on behalf of the said  
entity and in the capacity therein stated.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
My commission expires: \_\_\_\_\_

**AFTER RECORDING RETURN TO:**  
City of Denton – Engineering Department  
Real Estate and Capital Support  
901-A Texas Street, 2<sup>nd</sup> Floor  
Denton, Texas 76209  
Attn: Paul Williamson

## DME EASEMENT

### EXHIBIT "A"

#### ELECTRIC EASEMENT Car Stand, Ltd. Tract One

**BEING** a 0.057 acre tract of land situated in the Eugene Puchalski Survey, Abstract No. 996, in the City of Denton, Denton County, Texas, being part of Tract One as described in Deed to Car Stand, Ltd., and recorded in Document No. 2008-103685 of the Official Records of Denton County, Texas (O.R.D.C.T.), and being further described as part of Lot 1-A in Block 8 of the Amending Plat of Owsley Park Addition, as recorded in Document No. 2010-20, of the Plat Records of Denton County, Texas (P.R.D.C.T.), and being more particularly described as follows:

**COMMENCING** at a 3/4 inch iron rod found at the northeast corner of Lot 3-A in Block 8 of the Amending Plat of Owsley Park Addition as recorded in Cabinet Y, page 468 (P.R.D.C.T.), same being the northeast corner of Tract Two as described in Deeds to Car Stand, Ltd., recorded in Document No. 2008-103685 and Document No. 2008-110095 (O.R.D.C.T.), common with the northwest corner of Lot 8 in Block 8 of Owsley Park Addition, as recorded in Volume 1, Page 6 1/2 (P.R.D.C.T.), and located in the existing south right of way line of Stella Street (called 50.00' R.O.W.);

**THENCE** South 89°10'51" West, departing the existing west line of said Lot 8, and along the common north line of said Block 8 and the existing south right of way line of said Stella Street, a distance of 272.00 feet to the **POINT OF BEGINNING**, located at the northwest corner of said Lot 3-A and the northeast corner of said Lot 1-A;

**THENCE** South 00°49'10" East, departing the existing south right of way line of said Stella Street, and along the common east line of said Lot 1-A and the west line of said Lot 3-A, a distance of 22.31 feet to a point for corner;

**THENCE** South 88°33'47" West, departing the last stated common line, a distance of 108.79 feet to the intersection with the common west line of said Lot 1-A and the existing east right of way line of Avenue F (called 50.00' R.O.W.);

**THENCE** North 00°21'03" West, along the last stated common line, a distance of 23.49 feet to the northwest corner of said Lot 1-A, same being the northwest corner of said Tract One, and located at the intersection with the existing south right of way line of said Stella Street;

**THENCE** North 89°10'51" East, departing the existing east right of way line of Avenue F, and along the common north line of said Block 8 and the existing south right of way line of said Stella Street, a distance of 108.59 feet to the **POINT OF BEGINNING**, and containing 0.057 acres of land, more or less.

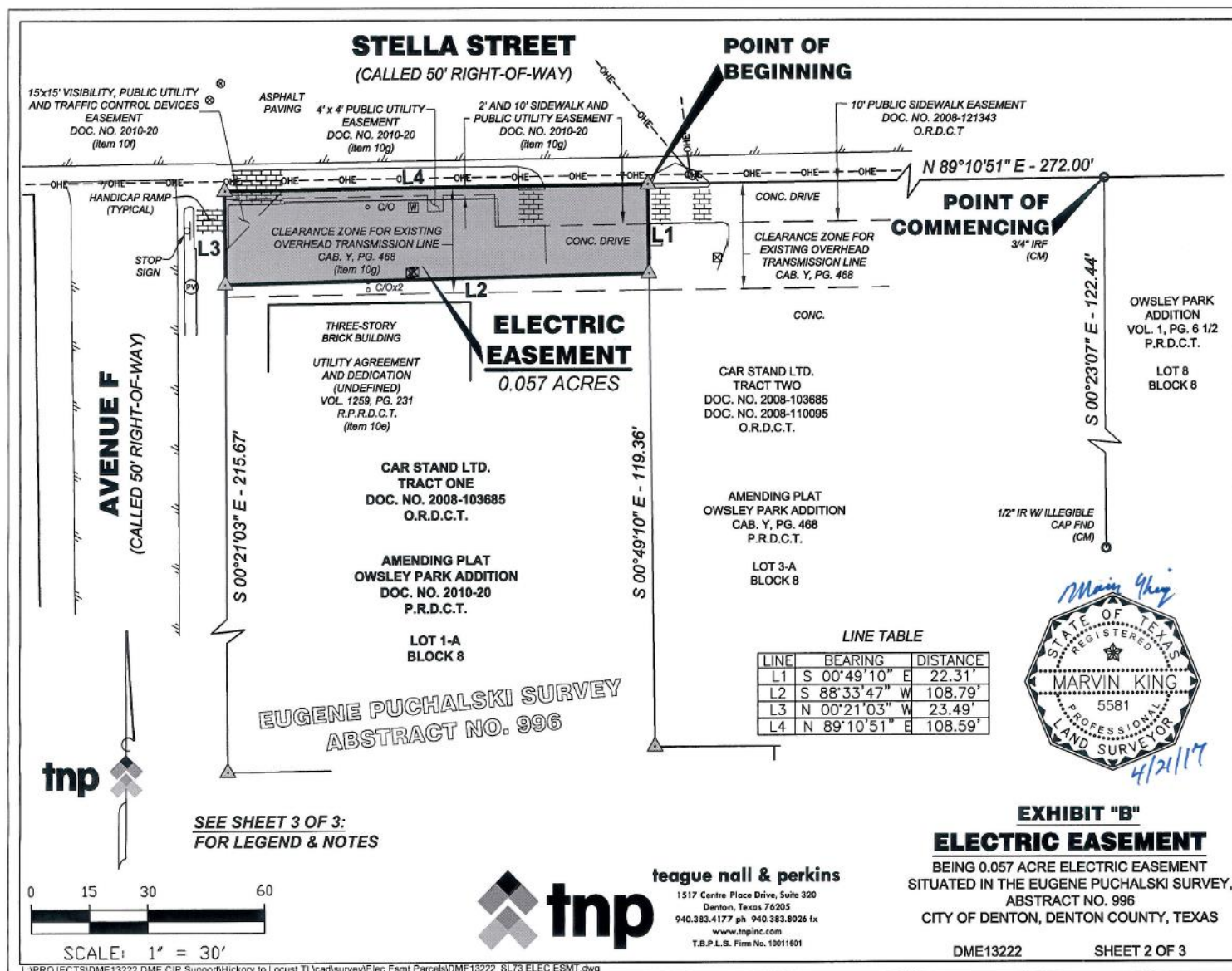
**NOTE:** Bearings are referenced to Grid North of the Texas Coordinate System of 1983 (North Central Zone 4202: NAD83 (2011) EPOCH 2010) as derived locally from Western Data Systems Continuously Operating Reference Stations (CORS) via Real Time Kinematic (RTK) methods. The distances shown hereon represent surface values utilizing an Average Combination Factor of 1.000147317 to scale from grid to surface.

An Easement Exhibit of even date herewith accompanies this Legal Description. See Exhibit "B"

*Marvin King 4/21/17*  
Marvin King, R.P.L.S. No. 5581  
Teague Nall & Perkins  
1517 Centre Place Drive, Suite 320  
Denton, Texas 76205  
940-383-4177  
TBPLS Firm No. 10011601  
Date: April 21, 2017







**NOTES:**

1. Bearings of lines shown hereon are referenced to Grid North of the Texas Coordinate System of 1983 (North Central Zone 4202: 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. A Legal Description of even date herewith accompanies this Easement Exhibit. See Exhibit "A"
3. This exhibit was prepared with benefit of that current Title Commitment, GF No. 146290, with effective date of February 1, 2017, 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.

**THIS TRACT IS SUBJECT TO THE FOLLOWING SCHEDULE B ITEMS:**

(10e) Terms and conditions contained in Utility Agreement and Dedication between Jimmy Dale Brown, George E. Reaves, and the City of Denton, Texas, recorded in Volume 1259, Page 231, Real Property Records Denton County, Texas. (undefined, not shown)

(10f) 15' x 15' Visibility Easement, Public Utility Easement and Traffic Control Devices Easement, as shown on plat recorded in Document No. 2010-20, Plat Records Denton County, Texas. (as shown)

(10g) 2' Sidewalk & Public Utility Easement, 10' Sidewalk & Public Utility Easement, 4' x 4' Public Utility Easement, and a Clearance Zone for Existing Overhead Transmission Line Easement, as shown on plat recorded in Document No. 2010-20, Plat Records Denton County, Texas. (as shown)

**THE FOLLOWING SCHEDULE B ITEMS DO NOT AFFECT THIS TRACT:**

(10f) 5' x 23' Sidewalk Easement at the southwest corner of Lot 1-A, 8' x 8' Denton Municipal Electric Easement located at the east side of Avenue F, as shown on plat recorded in Document No. 2010-20, Plat Records Denton County, Texas. (not shown)

LEGEND	
	CALCULATED POINT
	1/2" IRON ROD FOUND (UNLESS NOTED OTHERWISE)
	CONTROLLING MONUMENT
	POWER POLE
	SANITARY SEWER CLEANOUT (C/C)
	IRRIGATION CONTROL VALVE
	WATER METER
	VERIZON VAULT
	EASEMENT BOUNDARY
	PROPERTY LINE
	EXISTING EASEMENT
	EXISTING RIGHT-OF-WAY
	EDGE OF ASPHALT
	OVERHEAD ELECTRIC LINE



**EXHIBIT "B"**  
**ELECTRIC EASEMENT**

BEING 0.057 ACRE ELECTRIC EASEMENT  
SITUATED IN THE EUGENE PUCHALSKI SURVEY, ABSTRACT NO. 996  
CITY OF DENTON, DENTON COUNTY, TEXAS



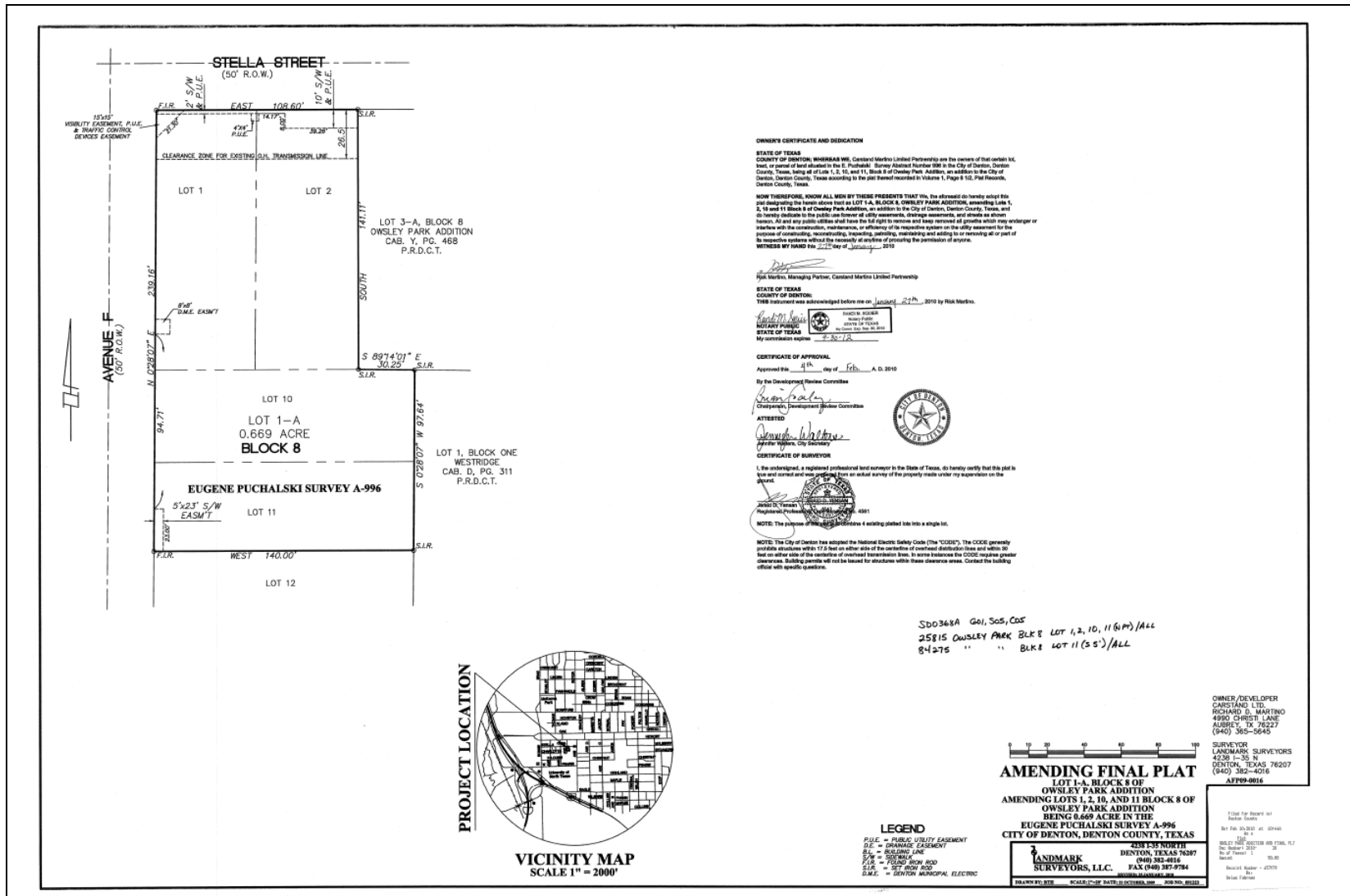
**teague nail & perkins**

1517 Centre Plaza Drive, Suite 320  
Denton, Texas 76205  
940.383.4177 ph 940.383.8026 fx  
www.tnplc.com  
T.B.P.L.S. Firm No. 16011601

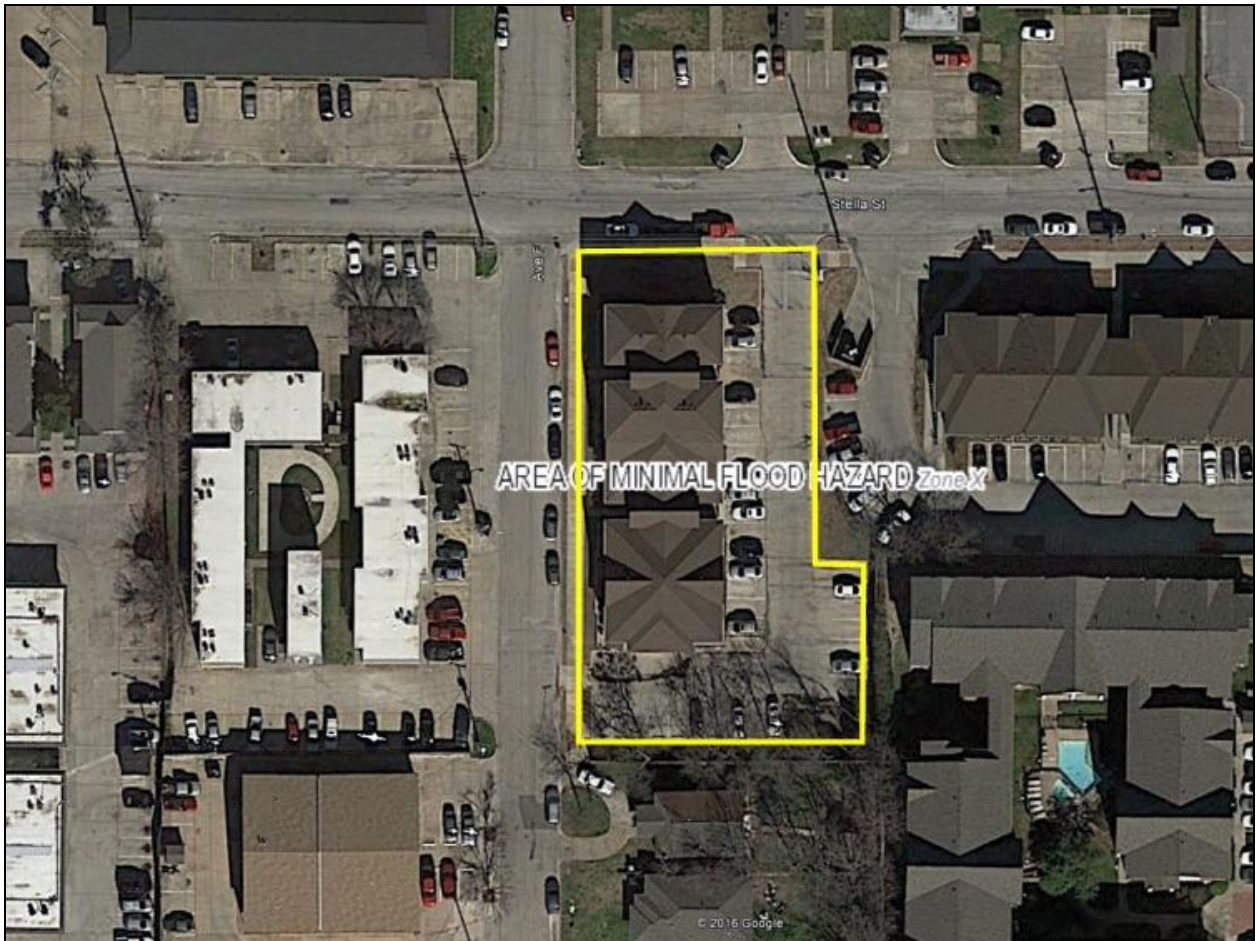
DME13222

SHEET 3 OF 3

# PLAT



## FLOOD PLAIN MAP



Source: GoogleEarth © 2016 with FEMA Overlay



## **SUBJECT PHOTOS**



**Looking southeast toward subject from Stella Street and Avenue F.**



**Looking southwest towards subject from Stella Street.**

**SUBJECT PHOTOS**



**Looking east towards proposed easement (yellow) from Avenue F.**



**Looking west towards proposed easement from property to the east.**

## **SECTION III - COMPARABLE SALES ANALYSIS**

## **SALES COMPARISON APPROACH**

The sales comparison approach is a set of procedures in which a value indication is developed by comparing the subject to similar properties that have recently sold or are listed for sale. The steps taken to apply the sales comparison approach are as follows:

- Research recent sales of comparable properties;
- Select sales most similar to the subject and assemble pertinent data;
- Compare the sales to the subject under various elements of comparison and adjust the sale prices to compensate for differences that affect value;
- Reconcile the adjusted prices of the sales into a value indication for the subject.

In order to derive an opinion of the market value of the subject land, assuming the property is available for development to its highest and best use, we have assembled sales data for similar properties in the area. After examining available sales data, we have selected the following land sale transactions as most comparable for this analysis. After an adjustment process, which compensates for the significant differences between these sales and the subject, these sales provide an indication of the subject's land value.

In analyzing the individual sales, we have selected the price per square foot of land as the operative unit of comparison. This is the unit of comparison most commonly quoted by brokers, sellers, and purchasers when discussing sales transactions and is considered the most relevant for the subject. A presentation of the land sales follows.



**Land Sale No. 1**



**Property Identification**

**Property Type** Multi-Family Residential  
**Address** 717, 801 and 803 Bernard Street, Denton, Denton County, Texas

**Sale Data**

**Grantor** Roy Allen Stone  
**Grantee** Dongdong Zhou  
**Sale Date** October 12, 2016  
**Deed Book/Page** 2016-129415  
**Property Rights** Fee simple  
**Financing** Cash to seller  
**Verification** Broker

**Contract Price** \$505,000  
**Effective Sale Price** \$523,000 (\$18,000 demo cost)

**Land Data**

**Zoning** DR-2 - Downtown Residential  
**Topography** Generally level  
**Utilities** All to site  
**Shape** Rectangular

**Land Size Information**

**Gross Land Size** 0.63 Acres or 27,443 SF

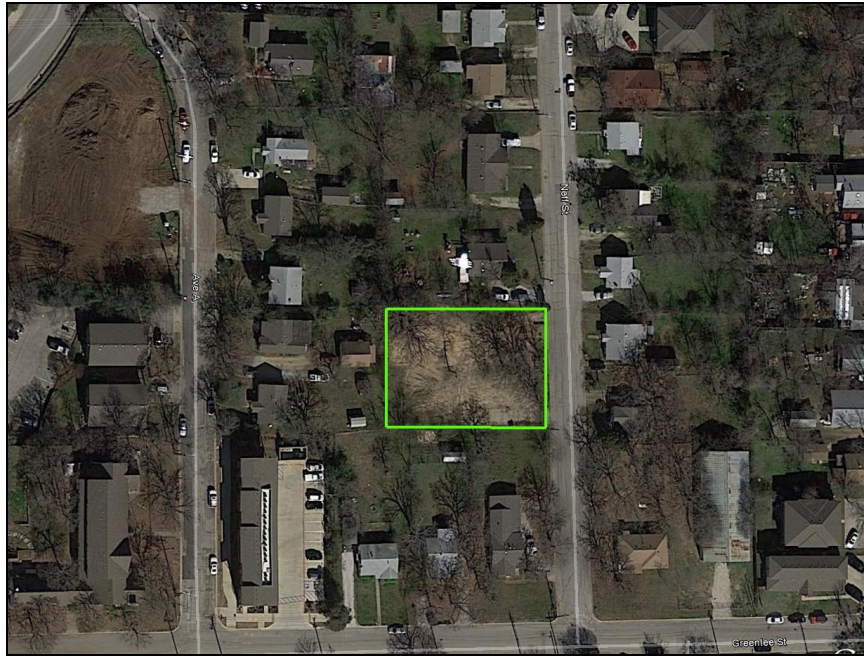
**Indicators**

**Effective Price/Gross SF** \$19.06

**Remarks**

Homes were leased but leases were ending soon. Proximity to UNT made this a desirable location and the exposure time was very short. Plans to develop multi-family.

## Land Sale No. 2

**Property Identification**

**Property Type** Multi-Family Residential  
**Address** 1320 Neff Street, Denton, Denton County, Texas

**Sale Data**

**Grantor** FAMVEST, LTD  
**Grantee** Aspire Investments, LLC  
**Sale Date** June 30, 2016  
**Deed Book/Page** 2016-79883  
**Property Rights** Fee simple  
**Financing** Cash to seller  
**Verification** Broker

**Effective Sale Price** \$215,000

**Land Data**

**Zoning** DR-1 - Downtown Residential  
**Topography** Generally level  
**Utilities** All to site  
**Shape** Rectangular

**Land Size Information**

**Gross Land Size** 0.368 Acres or 16,030 SF

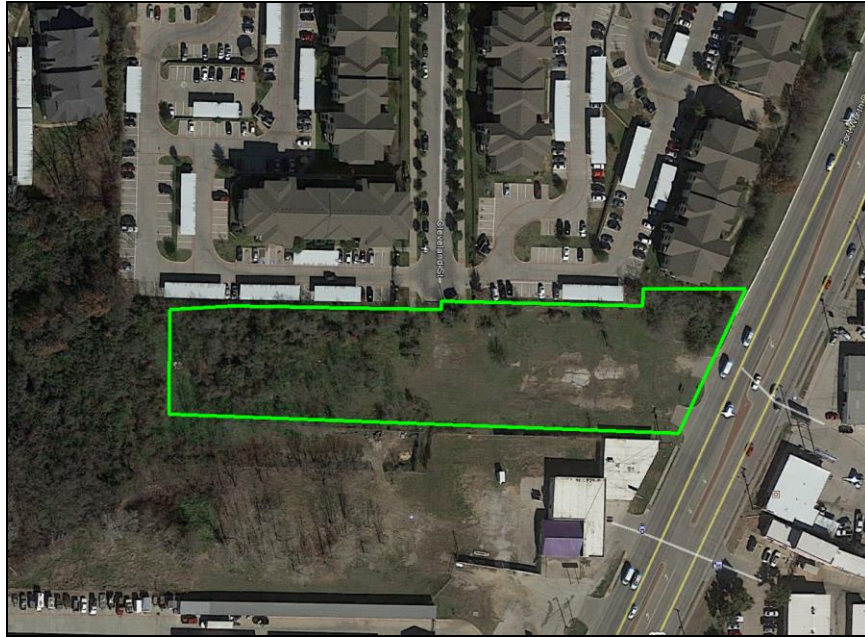
**Indicators**

**Effective Price/Gross SF** \$13.41

**Remarks**

Zoned Downtown Residential - 1, which allows duplexes but not multi-family development. There are several duplexes on this street on 7,000sf land sites. This property consists of 2 parcels so it would be feasible to develop a duplex on each parcel.

**Land Sale No. 3**



**Property Identification**

**Property Type**

Multi-Family Residential

**Address**

510 Fort Worth Drive, Denton, Denton County, Texas

**Sale Data**

**Grantor**

CC Ballard Holdings, LLC

**Grantee**

Five Ten Villas, LLC

**Sale Date**

April 19, 2016

**Deed Book/Page**

2016-44257

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Broker

**Effective Sale Price**

\$850,000

**Land Data**

**Zoning**

Downtown Commercial-General

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Near rectangular

**Land Size Information**

**Gross Land Size**

2.035 Acres or 88,645 SF

**Indicators**

**Effective Price/Gross SF**

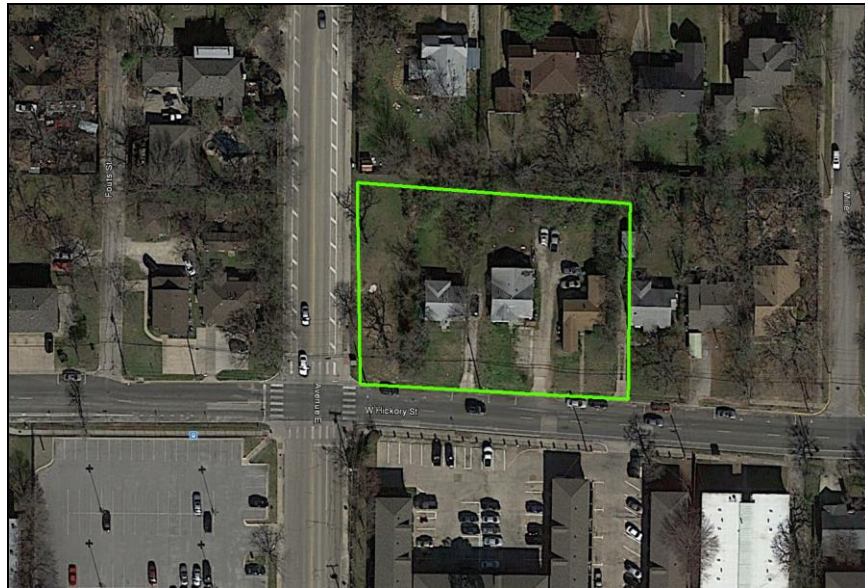
\$9.59

**Remarks**

Buyer intends to develop multi-family residential.



**Land Sale No. 4**



**Property Identification**

**Property Type**

Multi-Family Residential / Commercial

**Address**

2014, 2026 and 2030 W. Hickory St., Denton,  
Denton County, Texas

**Sale Data**

**Grantor**

Texas SB Holdings, LLC

**Grantee**

Golden Star Rock Investments, LLC

**Sale Date**

September 30, 2015

**Deed Book/Page**

2015-116099

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Broker

**Effective Sale Price**

\$470,000

**Land Data**

**Zoning**

DR-2 - Downtown Residential

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Rectangular

**Land Size Information**

**Gross Land Size**

0.639 Acres or 27,835 SF

**Indicators**

**Effective Price/Gross SF**

\$16.89

**Remarks**

The property has 3 older rental homes at the time of sale. However, the intention is to demolish and build multi-family in the future.

**Land Sale No. 5**



**Property Identification**

**Property Type**

Multi-Family Residential / Commercial

**Address**

1216-1220 Avenue A and 1328 Underwood St., Denton,  
Denton County, Texas

**Sale Data**

**Grantor**

Chapel Hill Commercial Investments, LLC / Centennial Plaza  
Partners, Ltd.

**Grantee**

Ave A/Underwood LLC

**Sale Date**

September 11, 2014 and March 10, 2016

**Deed Book/Page**

2014-93731 / 2016-28557

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Broker

**Effective Sale Price**

\$971,738

**Land Data**

**Zoning**

DR-2 - Downtown Residential DC-G - Downtown Commercial

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Triangular and Rectangular

**Land Size Information**

**Gross Land Size**

1.785 Acres or 77,739 SF

**Indicators**

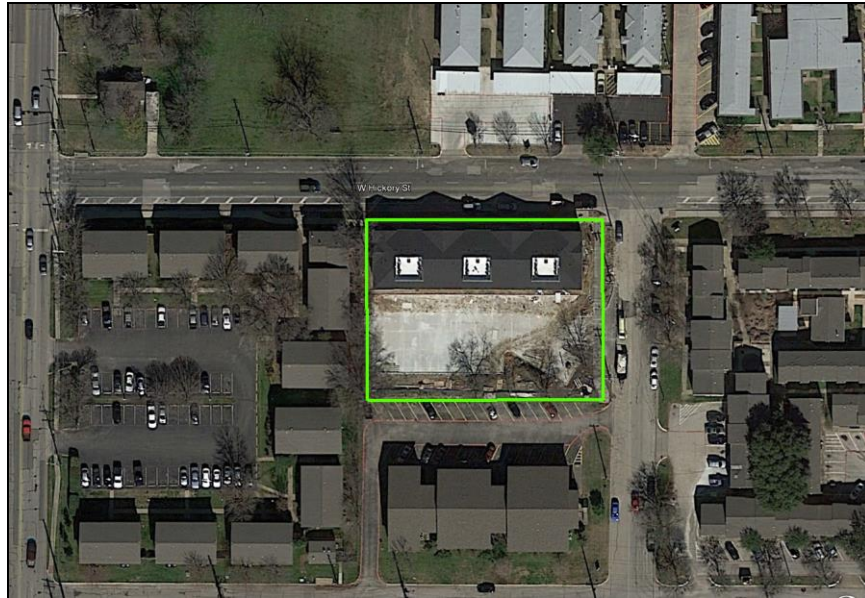
**Effective Price/Gross SF**

\$12.50

**Remarks**

The buyer has since developed apartments on the triangular parcel. Although the Grantor names differ, the broker advised us that these were the same parties and the sale price for both parcels was negotiated at the same time. The square parcel had some title issues that delayed closing until March 2016.

**Land Sale No. 6**



**Property Identification**

**Property Type**

Multi-Family Residential

**Address**

2505 W. Hickory Street, Denton, Denton County, Texas

**Sale Data**

**Grantor**

Speaking Properties, Inc. / Dentex Properties, Inc.

**Grantee**

PDI Group, LLC

**Sale Date**

March 25, 2013

**Deed Book/Page**

2013-33004 / 2013-33005

**Property Rights**

Fee simple

**Financing**

Cash to seller

**Verification**

Buyer

**Effective Sale Price**

\$275,000 (\$260,000 sale price plus \$15,000 demo)

**Land Data**

**Zoning**

DR-2 - Downtown Residential

**Topography**

Generally level

**Utilities**

All to site

**Shape**

Rectangular

**Land Size Information**

**Gross Land Size**

0.688 Acres or 29,969 SF

**Indicators**

**Effective Price/Gross SF**

\$9.18

**Remarks**

The buyer has since developed apartments on the property. This sale consisted of two parcels with different sellers, however, the buyer stated that the one owner was a broker who also represented the other parcel owner and the sale price for both parcels was negotiated at the same time as one price.

## QUALITATIVE ADJUSTMENT GRID

Land Value - Sales Comparison Approach							
Land Sales Summary							
	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6
Location:	Located at the southeast corner of Stella Street and Avenue F, Denton, Denton County, Texas	Located along the east side of Bernard St., north of Eagle Dr., Denton, Denton County, Texas	Located along the west side of Neff Street, north of Greenlee Street, Denton, Denton County, Texas	Located along the west side of Fort Worth Dr., south of Collins St., Denton, Denton County, Texas	Located at the northeast corner of Avenue E and Hickory St., Denton, Denton County, Texas	Located along the east and west sides of Avenue A at Underwood St., Denton, Denton County, Texas	Located along the south side of Hickory Street, east of Bonnie Brae St, Denton, Denton County, Texas
Sale Price/Effective Sale Price:		\$523,000	\$215,000	\$850,000	\$470,000	\$971,738	\$275,000
Sale Date:		10/12/2016	6/30/2016	4/19/2016	9/30/2015	9/11/2014	3/25/2013
Land Size (Gross Square Feet):	29,142	27,443	16,030	88,645	27,835	77,739	29,969
Price/Square Foot:	N/A	\$19.06	\$13.41	\$9.59	\$16.89	\$12.50	\$9.18
Sales Adjustment							
	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	
Property Rights Conveyed	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Financing Terms	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Conditions of Sale	Comparable	Comparable	Comparable	Comparable	Inferior	Comparable	
Market Conditions	Comparable	Comparable	Comparable	Inferior	Inferior	Inferior	
Other Adjustments							
	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	
Location	Superior	Comparable	Inferior	Superior	Comparable	Comparable	
Access	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Size	Comparable	Superior	Inferior	Comparable	Inferior	Comparable	
Functional Utility	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	
Zoning/Utilities	Comparable	Inferior	Comparable	Comparable	Comparable	Comparable	
Net Other Adjustments	Superior	Comparable	Inferior	Comparable	Inferior	Inferior	

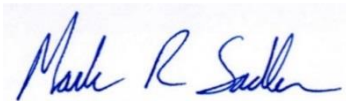
## **SECTION IV - CERTIFICATION OF THE APPRAISAL**



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 we have no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, which includes the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
9. Mark R. Sadler, Mike C. O'Brien and Gina Cannova Phalen made a personal inspection of the property that is the subject of this report.
10. No one has provided significant professional assistance to the persons signing this report.
11. This appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

12. 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.
13. It is our opinion that the subject does not include any enhancement in value as a result of any natural, cultural, agricultural or scientific influences retrospective or prospective.
14. We have extensive experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
15. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
16. As of the date of this report, Mark R. Sadler, Mike C. O'Brien and Gina Cannova Phalen have completed the Standards and Ethics Education Requirement for Candidates of the Appraisal Institute.



**Mark R. Sadler**  
*State of Texas Certification #TX-1380142-G*



**Mike C. O'Brien**  
*State of Texas Certification #TX-1331171-G*



**Gina Cannova Phalen**  
*State of Texas Certification #TX-1380648-G*

## **SECTION V - ASSUMPTIONS AND LIMITING CONDITIONS AND DEFINITIONS**

**ASSUMPTIONS AND LIMITING CONDITIONS**

In conducting this appraisal, we have assumed, except as otherwise noted in our report, as follows:

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. This excludes the project which is addressed in this report.
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. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
6. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the affect of subsequent events.
7. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
8. 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.
9. We are not required to give testimony or to be in attendance in court or any government or other hearing with reference to the property without written contractual arrangements having been made relative to such additional employment.
10. 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.

11. 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.
12. 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, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
13. The distribution of the total valuation in this 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. This appraisal report shall be considered only in its entirety. No part of this appraisal report shall be utilized separately or out of context.
14. 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 appraisers.
15. Information, estimates and opinions contained in this report, obtained from sources outside of the office of the undersigned, are assumed to be reliable and have not been independently verified.
16. Any income and expense estimates contained in this appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
17. No assurance is provided that the methodology and/or results of the appraisal will not be successfully challenged by the Internal Revenue Service. In particular, the methodology for appraising certain types of properties, including without limitation, government subsidized housing, which has been the subject of debate.

18. 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.
19. 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.
20. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
21. The value 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.
22. The analyses contained in this 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.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. 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.
24. This appraisal report has been prepared for the exclusive benefit of Freese and Nichols, Inc.; DME; 7 Arrows Land Staff, LLC; and their agents, representatives and assigns. It may not be used or relied upon by any other party. All parties who use or rely upon any information in this report without our written consent do so at their own risk.

25. No studies have been provided to us indicating the presence or absence of hazardous materials on the site or in the improvements, and our valuation is predicated upon the property being free and clear of any environment hazards.
26. We have not been provided with any evidence or documentation as to the presence or location of any wetlands. Wetlands generally include swamps, marshes, bogs, and similar areas. We are not qualified to detect such areas. The presence of wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.



**SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS**

In addition to the previously discussed assumptions and limiting conditions, the appraisers are compelled to outline the following special assumption and limiting condition:

- Particular to this assignment, the client has indicated that the property within the proposed easement area will be restored to similar or better condition after construction and that the existing landscaping will be allowed in the easement area. In addition, the client has indicated that access to the property will not be denied during construction.

## DEFINITIONS

The definitions included in this Addendum have been extracted, solely or in combination, from definitions and descriptions printed in:

- The Uniform Standards of Professional Appraisal Practice 2016-2017 Edition (USPAP);
- The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (Dictionary);
- The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013; and/or

### *Appraisal*

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

### *Across the Fence Method*

A land valuation method often used in the appraisal of corridors. The across the fence method is used to develop a value opinion based on comparison to abutting land. (Dictionary)

### *Assemblage*

The combining of two or more parcels, usually but not necessarily contiguous, into one ownership or use. (Dictionary)

### *Effective Date of the Appraisal*

The date at which the value opinion is an appraisal applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the value opinion. Current appraisals occur when the effective date of the appraisal is contemporaneous with the date of the report. Prospective value opinions (effective date of the appraisal subsequent to the date of the report) are intended to reflect the current expectations and perceptions along with available factual data. Retrospective value opinions are likely to apply as of a specific historic date; the opinions are intended to reflect the expectations and perceptions of market participants at the specified date, along with available factual data. Data subsequent to the effective date may be considered in estimating a retrospective value as a confirmation of trends. (Dictionary and USPAP)

### *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)

*Insurable Value*

The Appraisal Institute defines insurable value as the value based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. It is that portion of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. *Marshall & Swift* defines insurable value as the “replacement or reproduction cost less deterioration and non-insurable items.” (*MVS* and *Dictionary*)

*Leased Fee Estate*

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease. (*Dictionary*)

*Leasehold Estate*

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions. (*Dictionary*)

*Market Value*

**Market value** is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, 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 in the reasonable future.

*City of Austin v. Cannizzo*, 153 Tex. 324, 267 S.W.2d 808, 815 (1954).

## SECTION VI - QUALIFICATIONS OF THE APPRAISERS

**PROFESSIONAL QUALIFICATIONS OF  
MARK R. SADLER**

<p><b>EXPERIENCE:</b></p> 	<p><b>Mark R. Sadler</b> is a Director with O'Brien Realty Advisors, LLC, a full service real estate consulting and appraisal firm. Mr. Sadler has performed valuation analysis on various properties including, but not limited to, industrial buildings, retail buildings, various special-purpose facilities, mixed-use properties and has worked extensively on eminent domain assignments of all types of properties.</p> <p>Prior to joining O'Brien Realty Advisors, LLC, Mr. Sadler was a Senior Analyst with Korman O'Brien, LLC and prior to that was an Analyst for four years with Integra Realty Resources' Fort Worth Office.</p> <p>Mr. Sadler is a 2005 graduate of Texas A&amp;M University in College Station with a Bachelor of Business Administration degree in Management. In 2006, Mr. Sadler earned his Master's degree of Land Economics and Real Estate from Texas A&amp;M University in College Station. Currently, Mr. Sadler is an advanced candidate progressing toward obtaining his MAI designation with the Appraisal Institute.</p>
<p><b>PROFESSIONAL ACTIVITIES:</b></p>	<ul style="list-style-type: none"> <li>▪ Texas State Certified General Real Estate Appraiser No. TX-1380142-G</li> <li>▪ Appraisal Institute – Candidate for Designation</li> <li>▪ Member – International Right of Way, Chapter 36</li> </ul>
<p><b>EDUCATION:</b></p>	<ul style="list-style-type: none"> <li>▪ Bachelor of Business Administration, Management Texas A&amp;M University, College Station, Texas, 2005</li> <li>▪ Master of Land Economics &amp; Real Estate Texas A&amp;M University, College Station, Texas, 2006</li> <li>▪ Master's Degree Course Work: <ul style="list-style-type: none"> <li>Real Property Valuation</li> <li>Real Estate Appraisal Case Studies</li> <li>Real Property Analysis</li> <li>Commercial Real Estate Law</li> <li>Analysis of Money &amp; Capital Markets</li> <li>Construction Practices</li> <li>Land Economics</li> <li>Real Property Finance</li> <li>Real Estate Development Analysis</li> <li>GIS in Land &amp; Property Management</li> </ul> </li> <li>▪ Additional Appraisal Course Work: <ul style="list-style-type: none"> <li>Standards of Professional Appraisal Practice (USPAP)</li> <li>Business Practices and Ethics</li> <li>Supervisor-Trainee Course for Texas</li> <li>Eminent Domain and Condemnation</li> <li>Valuation of Detrimental Conditions in Real Estate</li> <li>Analyzing Distressed Real Estate</li> <li>General Appraiser Site Valuation &amp; Cost Approach</li> <li>Apartment Appraisal, Concepts &amp; Applications</li> <li>Appraising Small Apartment Properties</li> <li>Appraisal of Assisted Living Facilities</li> <li>Advanced Hotel Appraising – Full Service Hotels</li> </ul> </li> </ul>

**Texas Appraiser Licensing and Certification Board**

P.O. Box 12188 Austin, Texas 78711-2188

**Certified General Real Estate Appraiser**


Number: **TX 1380142 G**

Issued: **04/29/2016**


Expires: **04/30/2018**

Appraiser: **MARK RICHARD SADLER**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

  
Douglas E. Oldmixon  
Commissioner

**PROFESSIONAL QUALIFICATIONS OF  
MIKE C. O'BRIEN**

<p><b>EXPERIENCE:</b></p> 	<p><u><b>Mike C. O'Brien</b></u> is President of O'Brien Realty Advisors, LLC, a full service real estate consulting and appraisal firm. Mr. O'Brien has performed appraisals on various properties including, but not limited to, shopping centers, apartment complexes, industrial facilities, raw and developed land, office towers and complexes, restaurants, and mixed-use developments. Mr. O'Brien has valued and consulted on properties in Alabama, Arkansas, Illinois, Louisiana, Mississippi, Missouri, New Mexico, Ohio, Oklahoma, Texas and Wisconsin.</p> <p>He has provided consultation, feasibility studies, and has worked extensively on complex eminent domain assignments of all types of properties. Mr. O'Brien has worked on valuations of easement interest, partial interest, and undivided interest. Assignments have also included consultation for both ad valorem and estate tax purposes. He has testified in eminent domain proceedings before Texas courts and before numerous Special Commissioners hearings in various counties throughout Texas. In addition, Mr. O'Brien has been a guest lecturer to TCU's real estate appraisal course since 2008.</p> <p>Mr. O'Brien is a 1997 graduate from The University of Texas in Austin with a Bachelor of Science degree in Economics and a minor in Business Foundations. Prior to the formation of his company, he was a Principal with Korman O'Brien, LLC. Mr. O'Brien was a Senior Analyst with Integra Realty Resources' Fort Worth office from January 2003 to 2008. Prior to his work with Integra, Mr. O'Brien trained with Lewis Realty Advisors and Arthur Andersen and Company in Houston, Texas as a real estate associate on various appraisal projects. During college, he trained with the development firm of Barshop and Oles, Inc. in Austin, Texas as a real estate intern.</p> <p>Currently, Mr. O'Brien is an advanced candidate progressing toward obtaining his MAI designation with the Appraisal Institute.</p>
<p><b>PROFESSIONAL ACTIVITIES:</b></p>	<ul style="list-style-type: none"> <li>▪ Texas State Certified General Real Estate Appraiser Certificate No. TX-1331171-G Also licensed in Arkansas, Louisiana, New Mexico and Oklahoma</li> <li>▪ Appraisal Institute – Candidate for Designation Program <ul style="list-style-type: none"> <li>- Public Relations Committee, Central Texas Chapter (2010-2012)</li> </ul> </li> <li>▪ Member – International Right of Way, Chapter 36 <ul style="list-style-type: none"> <li>- Membership Committee Chairman (2013 – 2015)</li> <li>- Steve Baggett Memorial Golf Tournament Committee Co-Chair (2013 &amp; 2015)</li> </ul> </li> <li>▪ Member – Greater Fort Worth Real Estate Council <ul style="list-style-type: none"> <li>- Membership Committee (2011 – 2014)</li> </ul> </li> <li>▪ Member – Tarrant County Bar Association</li> <li>▪ Member – Fort Worth Chamber of Commerce</li> <li>▪ Leadership Fort Worth, Class of 2008</li> <li>▪ Overton Park Neighborhood Association – Parks Committee (2009 – 2012)</li> </ul>
<p><b>EDUCATION:</b></p>	<ul style="list-style-type: none"> <li>▪ Bachelor of Science, Economics, Minor in Business Foundations The University of Texas in Austin, 1997</li> <li>▪ Coursework accredited by the Appraisal Institute, The University of Texas, and the State of Texas</li> </ul>





**PROFESSIONAL QUALIFICATIONS OF  
GINA CANNOVA PHALEN**

**EXPERIENCE:**



**Gina L. Cannova Phalen** is a Senior Analyst with O’Brien Realty Advisors, LLC, a full service real estate consulting and appraisal firm. Ms. Phalen has consulted on various eminent domain assignments for all types of real estate.

Prior to joining O’Brien Realty Advisors, LLC, Ms. Phalen was an analyst with LandPro Valuation in Mesa, Arizona and Sell and Associates in Tempe, Arizona.

Ms. Phalen is a graduate of Arizona State University with a Bachelor of Business Administration degree in Supply Chain Management.

**PROFESSIONAL  
ACTIVITIES:**

Texas State Certified General Real Estate Appraiser No. TX-1380648

Appraisal Institute – Practicing Affiliate

International Right of Way, Chapter 36 – Member

CREW Network (Commercial Real Estate Women), Fort Worth Chapter

- CREW Communications Committee Co-Chair- 2016-2017

City of Southlake, Texas – Building Board of Appeals (2016-2018)

City of Southlake, Texas – Zoning Board of Adjustment (2016-2017)

**EDUCATION:**

Bachelor of Business Administration, Supply Chain Management  
Arizona State University, 1997

Coursework accredited by the Appraisal Institute and/or TALCB including:

Uniform Standards of Professional Appraisal Practice

Mastering Unique and Complex Properties

Expert Witness for Commercial Appraisers

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Market Analysis and Highest & Best Use

General Appraiser Income Approach Parts I & II

Eminent Domain Conference, CLE International – 2016

