

Appraisal of Easement Rights Acquisition

AT&T Easement

South of Kelly Lane and west of Village View Loop
Pflugerville, Travis County, Texas 78660

Prepared For:

Cobb, Fendley & Associates, Inc.

Effective Date of the Appraisal:

1/22/2016

Report Format:

Appraisal Report – Standard Format

IRR - Austin

File Number: 151-2016-0008





AT&T Easement

South of Kelly Lane and west of Village View Loop
Pflugerville, Texas



1/25/2016

Miguel A. Escobar, LSLs, RPLS
Cobb, Fendley & Associates, Inc.
505 E. Huntland Drive, Ste. 100
Austin, Texas 78752

SUBJECT: Easement Rights Appraisal
AT&T Easement
South of Kelly Lane and west of Village View Loop
Pflugerville, Travis County, Texas 78660
IRR - Austin File No. 151-2016-0008

Dear Mr. Escobar:

Integra Realty Resources – Austin is pleased to submit the accompanying appraisal of the referenced property. The intended use of this appraisal is to assist the client in their determination of compensation due to the property owner as of 1/22/2016, the effective date of the appraisal.

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

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

The whole property is a 1.00 acre, 43,560 square foot site that is improved with a water tower and other utility related improvements. The client has proposed to acquire an AT&T telecommunications easement, which consists of a total of 0.072 acre or 3,158 square feet in easement interest, and includes underground fiber optic cables and above ground appurtenances.

Based on the analysis and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the compensation for the acquisition of the herein described property as of 1/22/2016, is


Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value-Whole Site	Fee Simple	1/22/2016	\$93,525
Market Value-AT&T Easement	Partial Interest	1/22/2016	\$22,501
Damages or Enhancements, if any	Fee Simple	1/22/2016	\$0

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Miguel A. Escobar, LSLS, RPLS
Cobb, Fendley & Associates, Inc.
1/25/2016
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,
Integra Realty Resources - Austin



Randy A. Williams, MAI, SR/WA, FRICS
Certified General Real Estate Appraiser
Certificate # Certificate # TX-1320297-G



Matthew H. Mitchell
Certified General Real Estate Appraiser
Certificate # Certificate # TX-1380260-G



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Summary of Salient Facts and Conclusions

Summary of Salient Facts	
Location	The subject property is South of Kelly Lane and west of Village View Loop, Pflugerville, Travis County, Texas.
Latitude, Longitude Coordinates	30.465025, -97.586234
Legal Description	The subject property is legally described as 1.00 Acre of land, in the John Davis Survey No. 13, Abstract No. 231, Travis County, Texas.
Zoning Designation	The subject is located in the City of Pflugerville and is currently zoned "PUD", "Planned Unit Development", which use is dependent upon planned and approved use. In this instance single family residential and civic uses, including schools.
Property Tax Numbers	549674
Owner of Record	City of Pflugerville
Land Area	1.00 acre, 43,560 square feet (whole property) 0.286 acre, 12,470 square feet (subject property)
Improvements	The subject is improved with a water tower and other utility related improvements.
Highest and Best Use As Vacant	Residential Use
Property Rights Appraised	Fee simple estate, subject to existing easements, encumbrances and restrictions
Effective Date	January 22, 2016

1. Subject Property

Fee Land Area	12,470 SF	@	\$7.50 / SF	@	100%	\$93,525	
Total							\$93,525

2. Part to be Acquired

AT&T Easement	3,158 SF	@	\$7.50 / SF	@	95%	\$22,501	
Total							\$22,501

3. Remainder Property

Remainder immediately before taking:							\$71,024
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Remainder immediately after taking:

Fee Land Area	9,312 SF	@	\$7.50 / SF	@	100%	\$69,840	
AT&T Easement	3,158 SF	@	\$7.50 / SF	@	5%	\$1,184	
Total							\$71,024

4. Net Damages/Enhancements

Net Damages/Enhancements							\$0
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5. Total Compensation

Part to be Acquired							\$22,501
Net Damages/Enhancements							\$0
Cost to Cure (if necessary)							\$0
Total							\$22,501

General Information

Identification of Subject and Project

The subject property is identified as being located South of Kelly Lane and west of Village View Loop, Pflugerville, Travis County, Texas 78660. The whole property is legally described as 1.00 Acre of land, in the John Davis Survey No. 13, Abstract No. 231, Travis County, Texas.

The whole property is a 1.00 acre site that is improved with a water tower and other utility related improvements that serve the general area, where the subject property is located. These improvements are well removed from the easement area and are not valued in this report. As it stands, the whole property land is not considered to be an independent economic unit, as it located within a Planned Unit Development and in between the Pflugerville ISD's Hendrickson High School and Kelly Lane Middle School campuses, where development as a separate economic unit would not be allowed. In addition, the property does not have frontage along a thoroughfare, but rather frontage along a drive that services the two school campuses and for the purposes of independent development, is considered to be land locked. Instead, this property is considered to be an integral part of the Planned Unit Development in which it lies, as it aides in water management for the area, and its value is therefore linked to the lots within the subdivision. Thus, in order to value the subject, we have utilized an "across the fence" (ATF) valuation method with the adjacent lot to the east. Since we will be valuing the subject based on an across the fence methodology, it is not necessary to value the whole 1.00 acre property where the easement will lie. For the purpose of this appraisal, we have limited the subject property size to that portion of the subject that abuts the adjoining property to the east and what would be a typical lot size in the immediate subdivision. Based on calculations made by the appraiser utilizing Google Earth, we have estimated the size of the subject that abuts the adjoining property to the east to contain 12,470 square feet. The ATF method is a value method based on comparison with adjacent lands including consideration of adjustment factors such as market conditions, real property rights conveyed and location. To determine the appropriate size for the across the fence parcel, we have utilized the property to the east of the subject. This property contains approximately 10,040 square feet, approximately 50 linear feet of road frontage, and is generally level and at grade. As such, we have appraised the subject property utilizing the across the fence methodology, and an across the fence parcel containing 10,040 square feet and 50 linear feet of road frontage, for comparison in the sales comparison approach to value. Utilizing this method does not result in a diminishment in compensation to the landowner.

Subject Land Areas		
Subject Property		
Fee Land Area	12,470 SF	0.286 Acre
<i>Total Subject Property</i>	<i>12,470 SF</i>	<i>0.286 Acres</i>
Part Acquired		
AT&T Easement	3,158 SF	0.072 Acre
<i>Total Part Acquired in Easement</i>	<i>3,158 SF</i>	<i>0.072 Acres</i>
Remainder Property		
Fee Land Area	9,312 SF	0.214 Acre
AT&T Easement	3,158 SF	0.072 Acre
<i>Total Remainder Property</i>	<i>12,470 SF</i>	<i>0.286 Acres</i>

The proposed acquisition will facilitate future construction of an AT&T telecommunications easement that will be located in the northern portion of the subject.

Current Ownership and Sales History

The owner of record is City of Pflugerville. This party acquired the property from Pflugerville Independent School District on October 17, 2002 for an undisclosed price. The transaction is recorded in Document Number 2003040590 of the Real Property Records of Travis County, Texas.

To the best of our knowledge, no other sale or transfer of ownership has occurred within the past three years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of real property compensation due to the property owner, which includes the market value of the part to be acquired, plus any applicable damages to the remainder property, as of the effective date of the appraisal, 1/22/2016. Market value is based upon analysis of the underlying fee simple interest in the property. In some assignments, the market value of permanent or temporary easement interest(s) are required. "Market value" and "fee simple" are described and cited in the addenda of this report. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

"Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal." Uniform Standards for Federal Land Acquisitions, Page 13, (2000).

Market value is defined as:

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

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

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

The previous definition is used in support of City of Austin v. Cannizzo, 267 S.W. 2d 808, 815 (Texas 1954), which defines market value 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 reasonable adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.

Definition of Property Rights Appraised

Fee simple estate is defined as, “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.” *(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)*

Easement is defined as: “An interest in real property that conveys use, but not ownership, of a portion of an owner’s property.” *(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, 2010.)*

Intended Use and User

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

This appraisal report is prepared for Cobb, Fendley & Associates, Inc., Miguel A. Escobar, LSLS, RPLS, 505 E. Huntland Drive, Ste. 100, Austin, Texas 78752.

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

Applicable Requirements

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

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

Report Format

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

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

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

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach.

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis. It is our understanding that the project contractor will repair or replace any impacted site improvements in a workmanlike manner to a condition similar to or superior to that of the existing improvements (see Extraordinary Assumptions).

Research and Analysis

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

- Physically inspected the subject property from the right-of-way and surrounding public areas. We have also inspected the surrounding market area. The inspection of the property is limited to those things readily observable without the use of special testing or equipment.
- Collected factual information about the property and the surrounding market, and confirmed the information with various sources.
- Performed a highest and best use analysis of the subject site as vacant and as improved when applicable.
- Gathered market information relevant to the valuation of the subject. Data on comparables were confirmed with at least one of the parties to the transaction.
- Analyzed market information and developed indications of value under the necessary approaches to value for a credible assignment result. The market information was analyzed for an appraisal of the **Whole Property**, the **Part to be Acquired** and the value of the **Remainder Before** and **Remainder After** the acquisition.
 - In certain partial right-of-way acquisitions, the primary improvements are well 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. In this case, the subject improvements are removed and not impacted by the proposed project. As such the valuation is limited to the land and affected site improvements.
- Partitioned the **Whole Property** value opinion between the **Part to be Acquired** and the **Remainder Before** the acquisition. In this case, the part to be acquired and remainder before estimates are prorated allocations of the whole property (e.g., If the whole property is 100% and the part to be acquired is 10%, the remainder before the acquisition is 90%).
- Performed a highest and best use analysis on the **Remainder After** with consideration to the impact on the residual property as a result of the proposed acquisition. If necessary, the cost to cure and restore the functional utility of the remainder after was estimated.
- Derived an estimate of the total compensation due to the owner of the property as the result of a proposed acquisition by summation of the part to be acquired and any damages. The damages were calculated based on the difference in the value opinion for the remainder before and remainder after.

- Prepared an appraisal report summarizing our analyses, opinions and conclusions.

Extraordinary Assumptions

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

- The subject is being appraised by the across the fence methodology, utilizing a whole property size of 12,470 square feet and an across the fence parcel containing 10,040 square feet and 50 linear feet of road frontage.
- Because of the numerous mathematical calculations that are inherent for partial acquisition valuations, limited rounding of value estimates is made in this report. Value estimates are not exact, but opinions of approximate value only.
- Our valuation is based on the understanding that if site improvements in the easement areas are impacted by the project, they will be replaced or repaired by the project contractor at the completion of the project.
- We have based our analysis on the assumption that no substantial permanent changes to the existing grade or drainage will be made in the easement area.

Jurisdictional Exceptions

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

Case Law and Legislative Precedents

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

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

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

Hypothetical Conditions

A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis³.” In the State of Texas, appraisal reports prepared for eminent domain purposes may recognize one or more hypothetical conditions. For example, the appraisal of a remainder property assumes that the proposed public or private improvements were complete as of the effective date of valuation, when in fact it is known that they are not. The use of hypothetical conditions derived from public policy and case law does not result in a process that is limited or renders the results no longer credible. No other hypothetical conditions are utilized in this assignment.

Inspection

Randy A. Williams, MAI, SR/WA, FRICS and Matthew H. Mitchell inspected the subject property on 1/22/2016 from the adjoining properties and were unaccompanied. A letter was sent to the property owner and a phone call was made to Amy Giannini, with the City of Pflugerville’s Development Engineering Department, informing them of the inspection of the site. Ms. Gianni’s phone number is 512-990-6343.

Personal Property and Trade Fixtures

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

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

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

Austin MSA Area Analysis

The subject is located in the Austin-Round Rock, TX Metropolitan Statistical Area, hereinafter called the Austin MSA, as defined by the U.S. Office of Management and Budget. The Austin MSA is 4,220 square miles in size, and ranks 35 in population out of the nation's 381 metropolitan statistical areas.

Population

The Austin MSA has an estimated 2015 population of 1,927,989, which represents an average annual 2.4% increase over the 2010 census of 1,716,289. The Austin MSA added an average of 42,340 residents per year over the 2010-2015 period, and its annual growth rate exceeded the State of Texas rate of 1.5%.

Looking forward, the Austin MSA's population is projected to increase at a 1.8% annual rate from 2015-2020, equivalent to the addition of an average of 35,855 residents per year. The Austin MSA's growth rate is expected to exceed that of Texas, which is projected to be 1.3%.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2015 Est.	2020 Est.	2010 - 2015	2015 - 2020
Austin-Round Rock, TX	1,716,289	1,927,989	2,107,262	2.4%	1.8%
Texas	25,145,561	27,037,673	28,850,401	1.5%	1.3%
United States	308,745,538	319,459,991	330,689,365	0.7%	0.7%

Source: Claritas

Employment

Total employment in the Austin MSA is currently estimated at 928,800 jobs. Between year-end 2004 and the present, employment rose by 239,800 jobs, equivalent to a 34.8% increase over the entire period. There were gains in employment in nine out of the past ten years despite the national economic downturn and slow recovery. The Austin MSA's rate of employment growth over the last decade surpassed that of Texas, which experienced an increase in employment of 22.3% or 2,156,300 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Austin MSA unemployment rate has been consistently lower than that of Texas, with an average unemployment rate of 5.2% in comparison to a 6.1% rate for Texas. A lower unemployment rate is a positive indicator.

Recent data shows that the Austin MSA unemployment rate is 3.3% in comparison to a 4.4% rate for Texas, a positive sign that is consistent with the fact that the Austin MSA has outperformed Texas in the rate of job growth over the past two years.

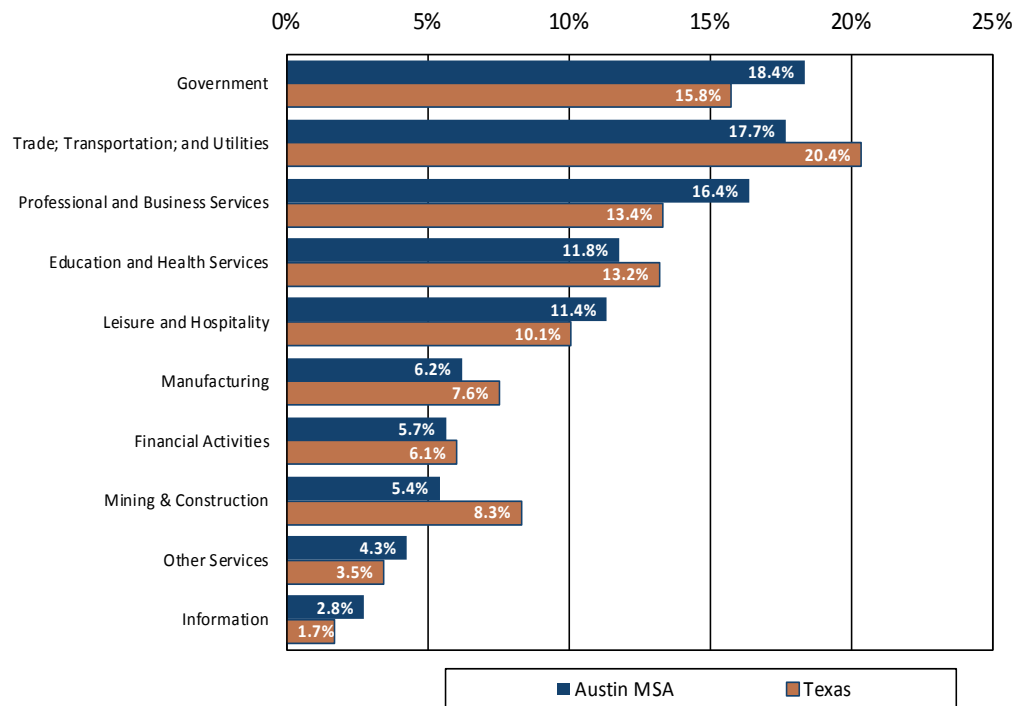
Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Austin MSA	% Change	Texas	% Change	Austin MSA	Texas
2004	689,000		9,655,400		5.0%	5.9%
2005	714,800	3.7%	9,965,600	3.2%	4.6%	5.4%
2006	757,400	6.0%	10,296,400	3.3%	4.1%	4.9%
2007	783,300	3.4%	10,617,400	3.1%	3.6%	4.3%
2008	789,200	0.8%	10,670,700	0.5%	4.3%	4.8%
2009	770,800	-2.3%	10,297,500	-3.5%	6.9%	7.6%
2010	795,600	3.2%	10,514,000	2.1%	7.0%	8.2%
2011	822,500	3.4%	10,752,200	2.3%	6.6%	7.7%
2012	862,600	4.9%	11,125,700	3.5%	5.7%	6.7%
2013	900,700	4.4%	11,427,800	2.7%	5.1%	6.2%
2014	928,800	3.1%	11,811,700	3.4%	4.2%	5.1%
Overall Change 2004-2014	239,800	34.8%	2,156,300	22.3%		
Avg Unemp. Rate 2004-2014					5.2%	6.1%
Unemployment Rate - June 2015					3.3%	4.4%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Austin MSA job market is depicted in the following chart, along with that of Texas. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Austin MSA jobs in each category.

Employment Sectors - 2014



Source: Bureau of Labor Statistics and Economy.com

The Austin MSA has greater concentrations than Texas in the following employment sectors:

1. Government, representing 18.4% of Austin MSA payroll employment compared to 15.8% for Texas as a whole. This sector includes employment in local, state, and federal government agencies.
2. Professional and Business Services, representing 16.4% of Austin MSA payroll employment compared to 13.4% for Texas as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Leisure and Hospitality, representing 11.4% of Austin MSA payroll employment compared to 10.1% for Texas as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Other Services, representing 4.3% of Austin MSA payroll employment compared to 3.5% for Texas as a whole. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

The Austin MSA is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 17.7% of Austin MSA payroll employment

- compared to 20.4% for Texas as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Education and Health Services, representing 11.8% of Austin MSA payroll employment compared to 13.2% for Texas as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
 3. Manufacturing, representing 6.2% of Austin MSA payroll employment compared to 7.6% for Texas as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
 4. Financial Activities, representing 5.7% of Austin MSA payroll employment compared to 6.1% for Texas as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Major Employers

Major employers in the Austin MSA are shown in the following table.

Major Employers - Austin-Round Rock, TX	
Name	Number of Employees
1 State of Texas	70,074
2 University of Texas at Austin	24,183
3 Dell	14,000
4 Seton Healthcare Family	12,770
5 St. Davids Healthcare Partnership	8,100
6 IBM Corp.	6,000
7 U.S. Internal Revenue Service	5,561
8 Freescale Semiconductor	5,000
9 Texas State University-San Marcos	4,861
10 Flextronics	4,700

Source: Austin Major Employers Report for Fall 2014, by the Austin Chamber of Commerce

Gross Domestic Product

The Austin MSA ranks 33 in Gross Domestic Product (GDP) out of the nation's 381 metropolitan statistical areas.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Austin MSA than Texas overall during the past eight years. The Austin MSA has grown at a 3.4% average annual rate while Texas has grown at a 3.1% rate. As the national economy improves, the Austin MSA has recently underperformed Texas. GDP for the Austin MSA rose by 2.2% in 2013 while Texas's GDP rose by 3.7%.

The Austin MSA has a per capita GDP of \$52,110, which is approximately the same as Texas's GDP of \$52,465.

Gross Domestic Product				
Year	(\$ Mil) Austin MSA	% Change	(\$ Mil) Texas	% Change
2006	77,718		1,118,318	
2007	79,713	2.6%	1,165,041	4.2%
2008	83,520	4.8%	1,173,481	0.7%
2009	81,743	-2.1%	1,167,233	-0.5%
2010	86,546	5.9%	1,201,992	3.0%
2011	90,380	4.4%	1,252,007	4.2%
2012	96,035	6.3%	1,338,578	6.9%
2013	98,126	2.2%	1,387,598	3.7%
Compound % Chg (2006-2013)		3.4%		3.1%
GDP Per Capita 2013	\$52,110		\$52,465	

Source: Bureau of Economic Analysis and Economy.com; data released September 2014. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

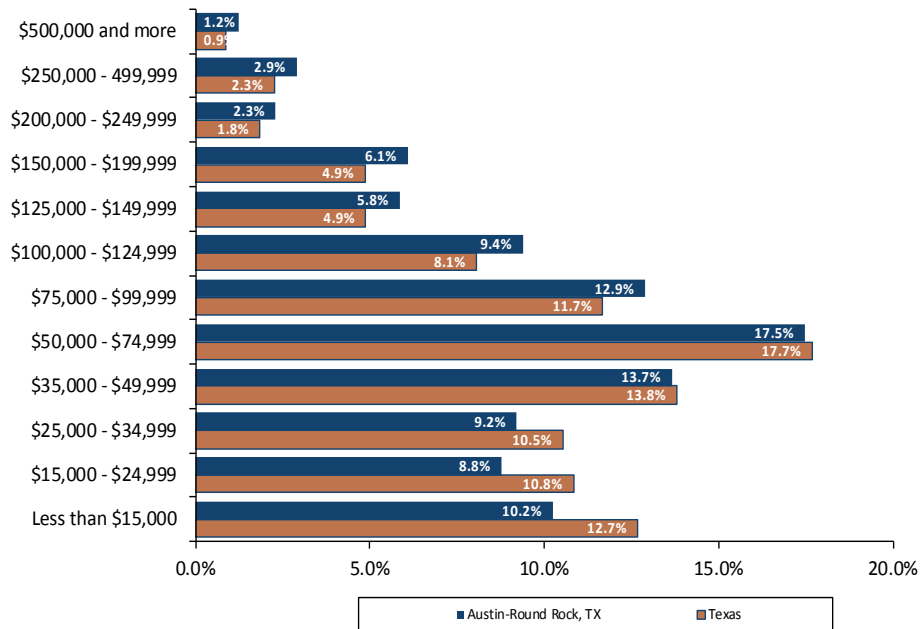
Household Income

The Austin MSA is more affluent than Texas. Median household income for the Austin MSA is \$61,610, which is 16.2% greater than the corresponding figure for Texas.

Median Household Income - 2015	
	Median
Austin-Round Rock, TX	\$61,610
Texas	\$53,037
Comparison of Austin-Round Rock, TX to Texas	+ 16.2%
Source: Claritas	

The following chart shows the distribution of households across twelve income levels. The Austin MSA has a greater concentration of households in the higher income levels than Texas. Specifically, 41% of Austin MSA households are at the \$75,000 or greater levels in household income as compared to 34% of Texas households. A lesser concentration of households is apparent in the lower income levels, as 28% of Austin MSA households are below the \$35,000 level in household income versus 34% of Texas households.

Household Income Distribution - 2015

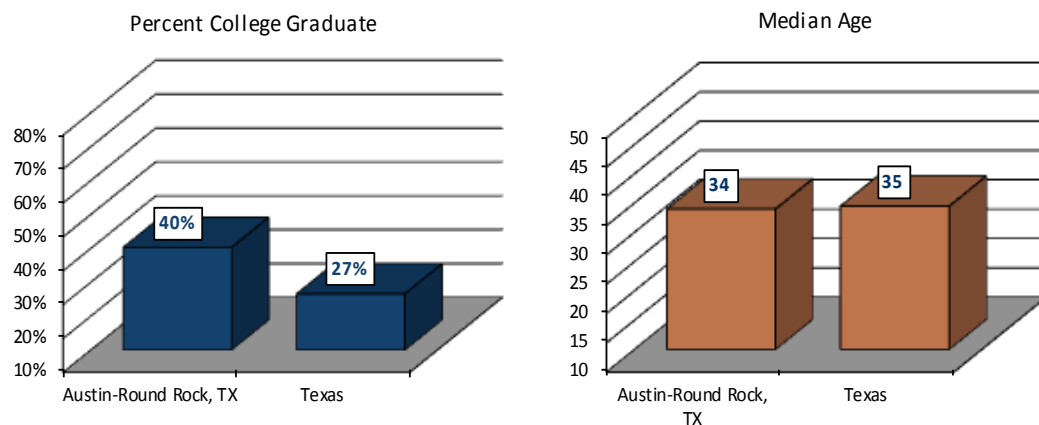


Source: Claritas

Education and Age

Residents of the Austin MSA have a higher level of educational attainment than those of Texas. An estimated 40% of Austin MSA residents are college graduates with four-year degrees, versus 27% of Texas residents. People in the Austin MSA are slightly younger than their Texas counterparts. The median age for the Austin MSA is 34 years, while the median age for Texas is 35 years.

Education & Age - 2015

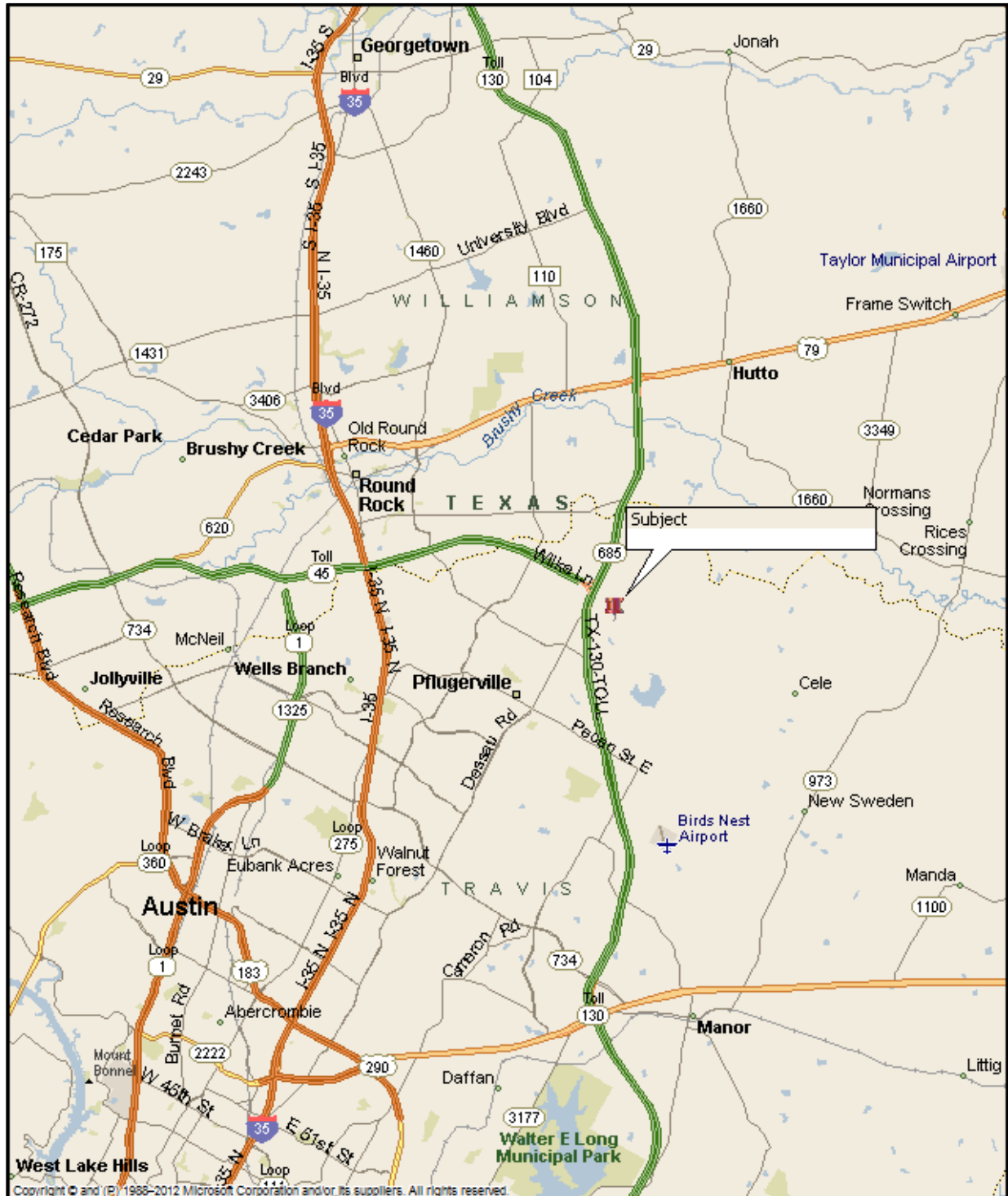


Source: Claritas

Conclusion

The Austin MSA economy will benefit from a growing population base and higher income and education levels. The Austin MSA experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than Texas over the past decade. Moreover, the Austin MSA exhibits a higher rate of GDP growth than Texas overall. We anticipate that the Austin MSA economy will grow, strengthening the demand for real estate.

Area Map



Surrounding Area Analysis

Location

The subject is located in northeast Pflugerville, south of Kelly Lane, west of Village View Loop and is approximately 0.5 miles east of the intersection of SH 45 and SH 130, which is the location of closet commercial center for the area.

Access and Linkages

Primary north/south highway access to the area is via SH 130US 35 to the west and primary east/west highway access to the area is via SR-45 to the north. The subject can be accessed via Kelly Lane and Benning Drive, which provide access to a drive that runs in between two school campuses and to the subject. Kelly Lane can be accessed from SH 130. Public transportation in the area is not provided. Overall, the primary modes of transportation in the area are the automobile, bicycle and by foot

Demographics

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

Surrounding Area Demographics						
2015 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Austin MSA	Texas	United States
Population 2010	964	38,998	127,942	1,716,289	25,145,561	308,745,538
Population 2015	1,265	46,219	146,693	1,927,989	27,037,673	319,459,991
Population 2020	1,476	51,962	162,314	2,107,262	28,850,401	330,689,365
Compound % Change 2010-2015	5.6%	3.5%	2.8%	2.4%	1.5%	0.7%
Compound % Change 2015-2020	3.1%	2.4%	2.0%	1.8%	1.3%	0.7%
Households 2010	313	13,834	47,212	650,459	8,922,933	116,716,292
Households 2015	408	16,149	53,909	733,239	9,600,635	121,099,157
Households 2020	474	18,032	59,548	803,391	10,257,146	125,616,498
Compound % Change 2010-2015	5.4%	3.1%	2.7%	2.4%	1.5%	0.7%
Compound % Change 2015-2020	3.0%	2.2%	2.0%	1.8%	1.3%	0.7%
Median Household Income 2015	\$48,941	\$59,929	\$55,348	\$61,610	\$53,037	\$53,706
Average Household Size	3.1	2.9	2.7	2.6	2.8	2.6
College Graduate %	30%	33%	32%	40%	27%	29%
Median Age	31	33	33	34	35	38
Owner Occupied %	70%	62%	52%	59%	64%	65%
Renter Occupied %	30%	38%	48%	41%	36%	35%
Median Owner Occupied Housing Value	\$168,750	\$172,348	\$174,529	\$223,155	\$144,804	\$191,227
Median Year Structure Built	2005	2002	1997	1994	1986	1977
Avg. Travel Time to Work in Min.	29	26	26	28	28	28

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 46,219, and the average household size is 2.9. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the Austin MSA overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$59,929, which is lower than the household income for the Austin MSA. Residents within a 3-mile radius have a lower level of educational attainment than those of the Austin MSA, while median owner occupied home values are considerably lower.

AT&T Easement

Services and Amenities

The nearest commercial area with restaurants, convenience stores and support services are located west of the property along SH 130, about 5 minutes driving time from the property. The nearest fire and police stations are within five minutes of the property.

School District

The subject is located within the well regarded Pflugerville Independent School District, which compares favorably to other nearby school districts in the subject's area.

Land Use

In the immediate vicinity of the subject, the predominant land use is residential. Other land use characteristics are summarized as follows:

Surrounding Area Land Uses	
Character of Area	Suburban
Predominant Age of Improvements	10 years
Predominant Quality and Condition	Average
Approximate Percent Developed	30%
Infrastructure/Planning	Average
Predominant Location of Undeveloped Land	East
Prevailing Direction of Growth	East

Subject's Immediate Surroundings	
North	Hendrickson High School
South	Kelly Lane Middle School
East	Single family residential
West	Hendrickson High School

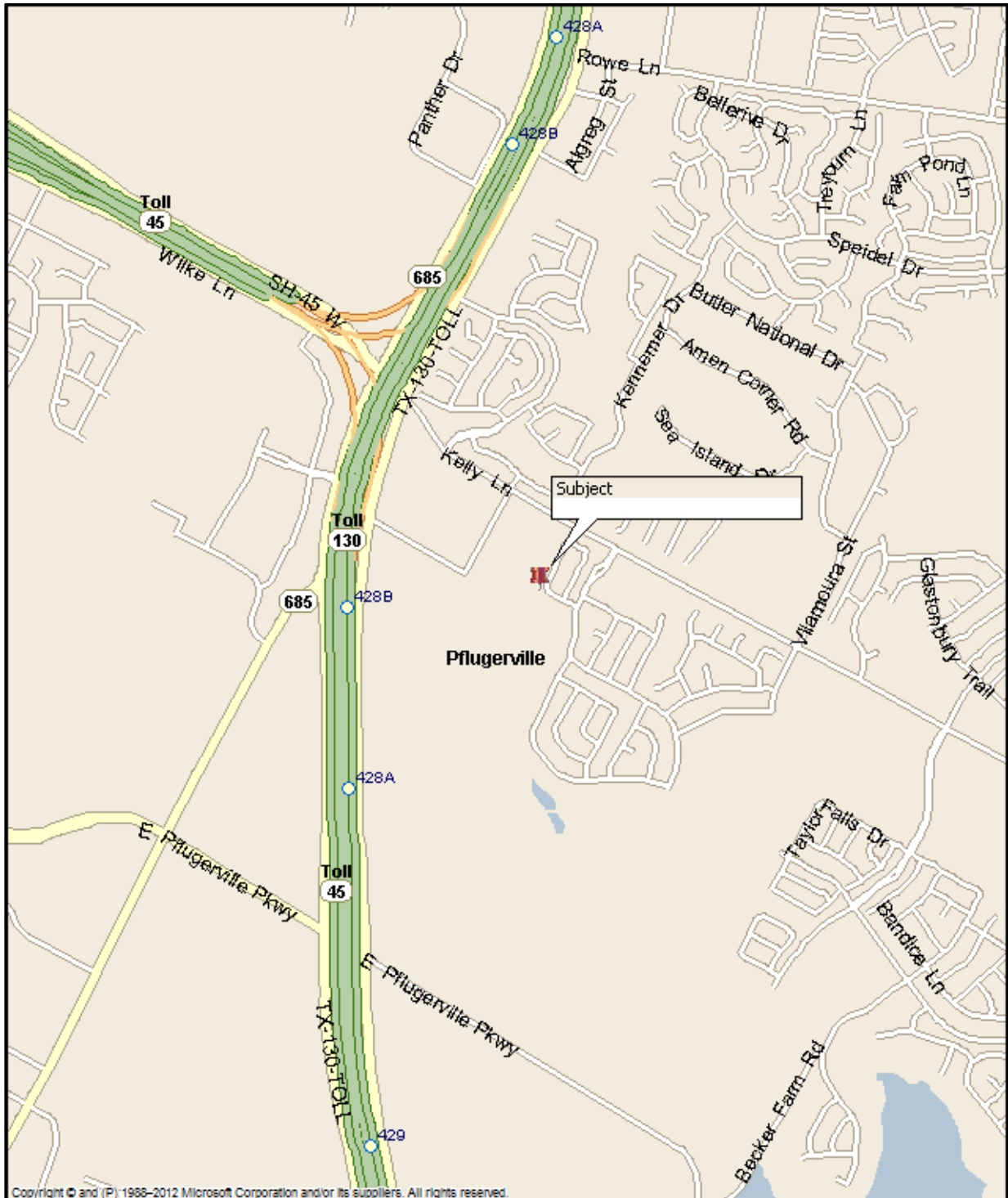
Development Activity and Trends

During the last five years, development has been predominantly of single family uses, including the continued build out on residential subdivisions and commercial projects in the area.

Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map



Whole Property Analysis

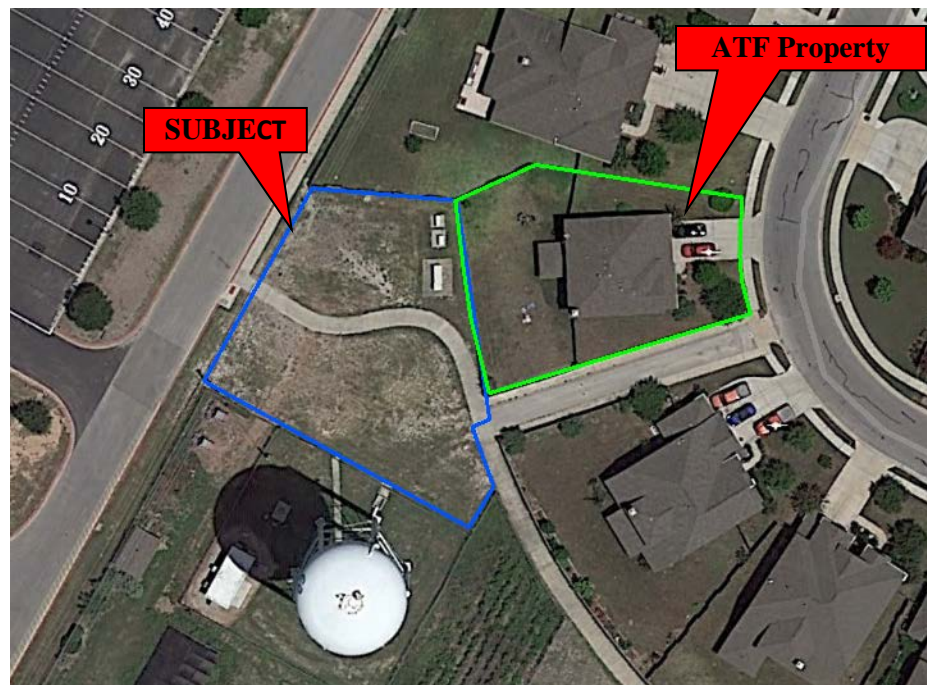
Land Description and Analysis

Legal Description

1.00 Acre of land, in the John Davis Survey No. 13, Abstract No. 231, Travis County, Texas

Land Area

As discussed in the “Identification of the Subject and Project” section on page 2, we are appraising the subject on an “across the fence” methodology (ATF). As it stands, the whole property land is not considered to be an independent economic unit, as it located within a Planned Unit Development and in between the Pflugerville ISD’s Hendrickson High School and Kelly Lane Middle School campuses, where development as a separate economic unit would not be allowed. In addition, the property does not have frontage along a thoroughfare, but rather frontage along a drive that services the two school campuses and for the purposes of independent development, is considered to be land locked. Instead, this property is considered to be an integral part of the Planned Unit Development in which it lies, as it aides in water management for the area, and its value is therefore linked to the lots within the subdivision. However, assembled with adjoining properties, the subject has equal utility as those adjoining properties. The ATF property we will be using to appraise the subject is a 10,040 square foot single family residential lot abutting the eastern property line of the subject. The shape of the ATF property is irregular and is relatively flat. The ATF property has approximately 50 linear feet of frontage along Village View Loop, with good visibility and access. The property consists of a single family residence and related site improvements. However, we are valuing the subject property as vacant because the subject is vacant with site improvements. An aerial photograph of the ATF property is shown below.



Subject Property		
Fee Land Area	12,470 SF	0.286 Acre
<i>Total Subject Property</i>	<i>12,470 SF</i>	<i>0.286 Acres</i>

Utilities

All utilities are presumed to be available if needed.

Access

The subject has frontage along a drive that serves the Pflugerville ISD's Hendrickson High School and Kelly Lane Middle School campuses. The property does not have access or visibility from a thoroughfare.

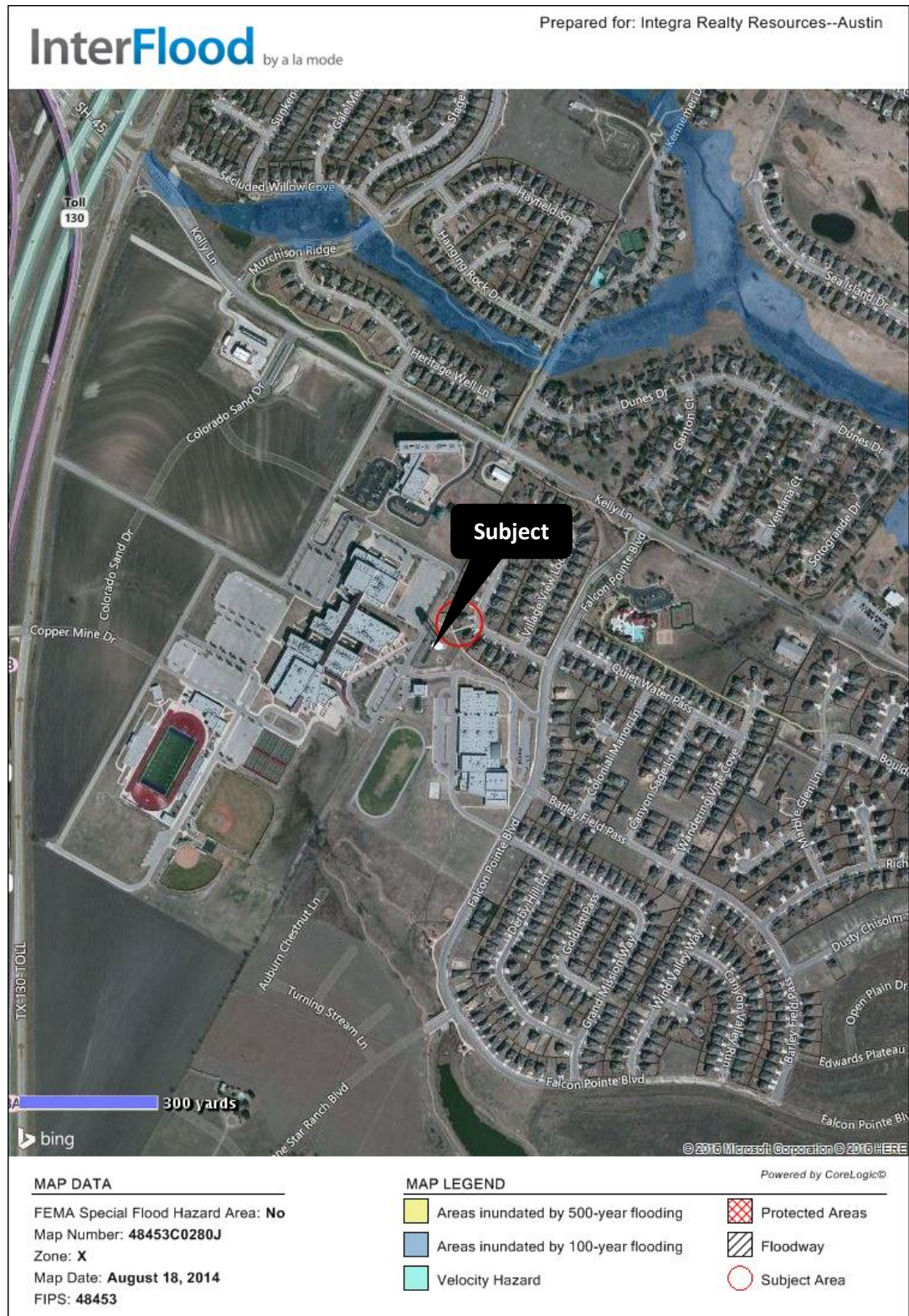
Physical Features

Configuration	Irregular
Width	Approximately 152 feet
Depth	Approximately 120 feet
Corner	No
Topography	Generally level and at street grade
Drainage	Assumed adequate

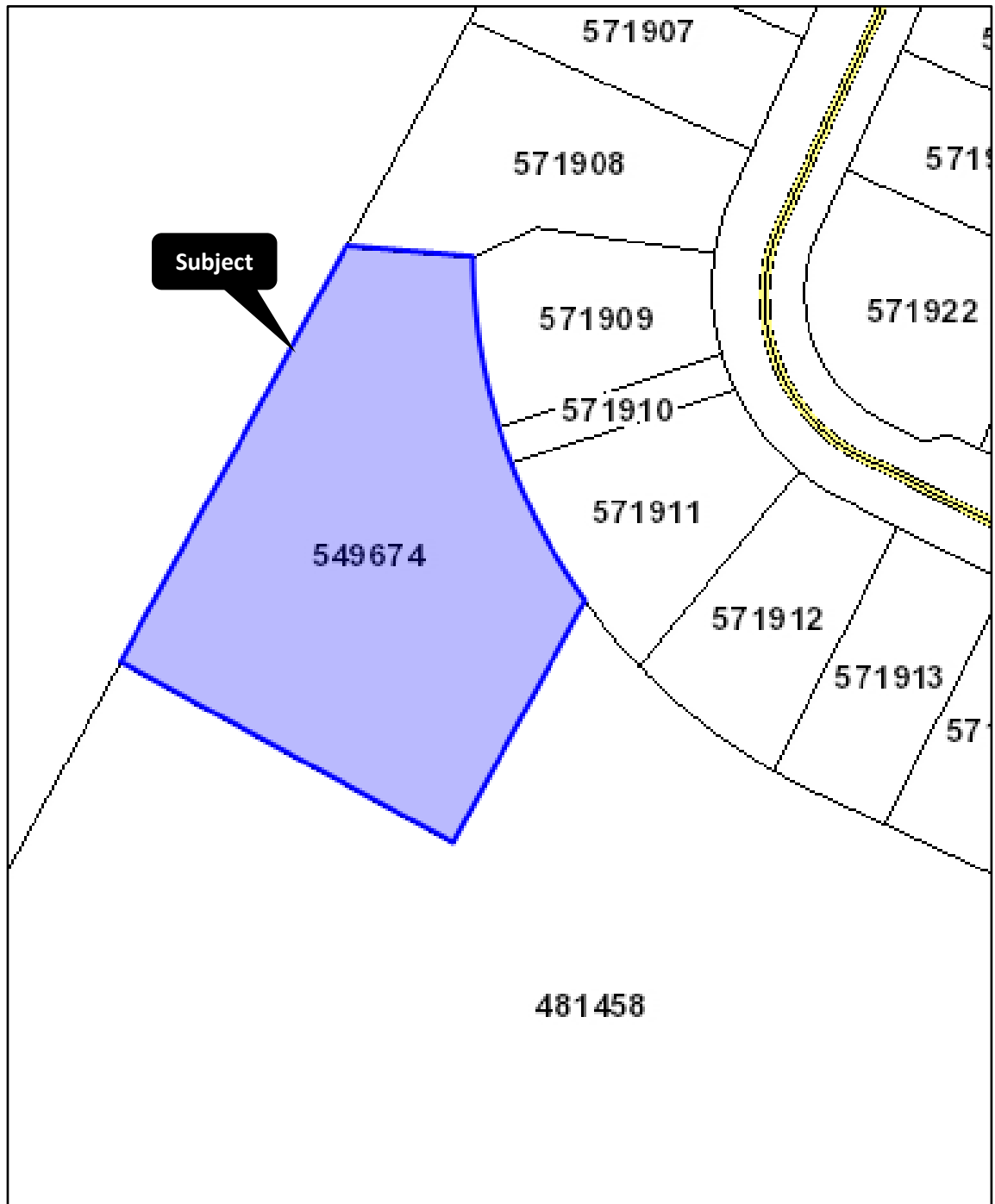
Flood Hazard Status

Community Panel Number	48453C0280J
Date	August 18, 2014
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Flood Map



Plat Map



Zoning

Zoning Summary

Zoning Jurisdiction	City of Pflugerville
Zoning Designation	PUD
Description	Planned Unit Development
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Dependent upon planned use, in this instance single family residential and civic uses, including schools
Minimum Lot Area	Variable depending on use
Minimum Street Frontage (Feet)	Variable depending on use
Minimum Lot Width (Feet)	Variable depending on use
Maximum Building Height	Variable depending on use
Maximum Site Coverage	Variable depending on use
Maximum Floor Area Ratio	Variable depending on use
Parking Requirement	Variable depending on use

Easements, Encroachments and Restrictions

We were not provided with a title certificate and the survey shows no easements. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

Other Land Use Regulations; Development Moratoria

According to the deed, the property may not be used in the operation of, or in conjunction with, an school or other institution of learning, study, or instruction which discriminates against any person because of his race, color, or national origin.

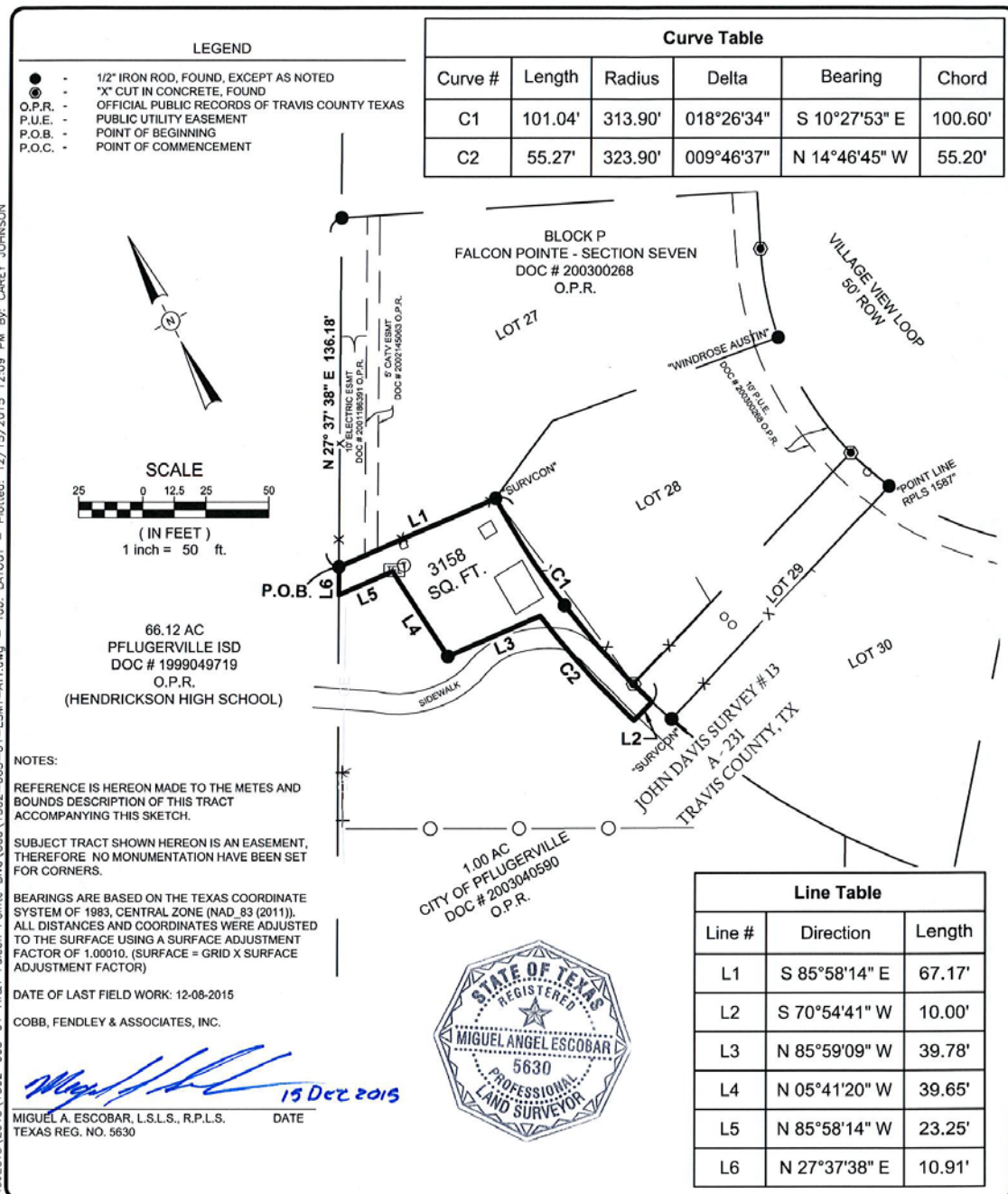
Hazardous Substances

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

Conclusion of Land Analysis

The property does not have access to a thoroughfare and is located in between two school campuses, which is considered to limit most developments.

AT&T Telecommunications Easement Survey



CFA PROJECT NO. 1502-065-01

FIELD BOOK - PAGE	ATX39-69
DRAFTED BY:	CAJ
CHECKED BY:	
APPROVED BY:	
DATE OF COMPLETION:	12-15-2015

Sketch to Accompany Description
Telecommunications Easement
Exhibit "A"

CobbFendley
505 East Huntland Drive, Suite 100
Austin, Texas 78752
512.834.9798 | fax 512.832.7727
www.cobbfindley.com
TBPE FIRM #274 TBPLS #10046701

SHEET
1
of 1



Looking southeast at the subject and easement area
(Photo Taken on 1/22/2016)



Looking south at the subject property, with water tower and utility improvements
(Photo Taken on 1/22/2016)



Looking south at frontage along drive behind Hendrickson High School
(Photo Taken on 1/22/2016)



Looking north at subject and easement area
(Photo Taken on 1/22/2016)



Looking northwest at subject property as the 12,470 square foot tract
(Photo Taken on 1/22/2016)



Looking northeast at the "Across the fence" property
(Photo Taken on 1/22/2016)

Real Estate Taxes

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

Real estate taxes and assessments for the 2015 tax year are shown in the following table.

Property Tax ID Number(s)	549674
Land Assessment	\$1,400
Building Assessment	\$0
Total Assessment	\$1,400
Agricultural Exemption	N/A
Tax Rate	2.71098%
Indicated Tax Liability	\$38

Tax records indicate that the site has 1.000 acres or 43,560 square feet, indicating a land assessment of \$0.03 per square foot of land area. These assessment figures do not include any exemptions. Based on our investigations, analyses and conclusions in this report, the assessed value of the subject property for the current tax year appears to be low. Assessment valuations, when compared to market valuations, are different due to multiple factors that are outside of the scope of this analysis, which include methodology, purpose, and variations in opinion. Furthermore, the size of a property as described in the tax records may differ from the size described in the most recent last legal description or survey of the subject. Tax records utilize different techniques for determining property boundaries than do surveyors, including consideration of Geographic Information Systems (GIS) protocols and are generally given less credence than an on-the-ground survey of a property. When current plat, survey or metes and bounds descriptions are not available, tax record estimates can still be sufficient to develop a credible opinion of value.

Highest and Best Use

Process

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

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

As Vacant

Legally Permissible

The site is zoned PUD, or planned unit development, which allows for a variety of uses that would need to be approved by the City of Pflugerville. In this case, the property uses in this development are single family residential and civic uses, such as schools. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only residential use is given further consideration in determining highest and best use of the site, as though vacant.

Physically Possible

The physical characteristics of the site are considered to limit the potential uses of the subject. The subject property is 12,470 square feet and is located between two school campuses and does not have access to a thoroughfare, but rather a drive that serves the campuses. Therefore, the subject is not considered to be an independent unit and for this reason it will be valued on an “across the fence” (ATF) basis. As such, the property will be analyzed similar to that of the property that abuts the eastern property line, which contains 10,040 square feet. The ATF property is irregular and is relatively flat and is not located in the flood zone. The ATF property has approximately 50 linear feet of frontage along Village View Loop, with good visibility and access. Thus, from a physically possible standpoint, the site is suited for use in conjunction with an adjoining property.

Financially Feasible

Based on the information discussed in the Market Area Analysis of this report, there is currently good demand for new development in the market area. From a financially feasible perspective, the highest and best use of the subject property is for assemblage for residential use.

Maximally Productive

Considering all reasonably probable development scenarios and potential values that could be created versus the cost of development of each, I conclude that the maximally productive use of the property is for assemblage for residential use. The highest and best use of the subject property is considered to be the same.

Conclusion

Assemblage for residential use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

The subject property of 12,470 square feet is vacant land with site improvements and the highest and best analysis as improved is not applicable.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer would be an owner-user.

Whole Property Valuation

Valuation Methodology

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

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

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

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

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

Applicability of Valuation Approaches

The subject is vacant land with site improvements. It is our understanding that if the site improvements in the easement areas are impacted by the project, they will be replaced or repaired by the project contractor at the completion of the project. Accordingly, the subject is valued as a vacant tract of land. As such, consideration of the land value was investigated. Only the sales comparison approach for land is relevant.

Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions most relevant to the subject in terms of location, size, highest and best use, and transaction date. For this analysis, we use **price per square foot** as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

SUMMARY OF COMPARABLE LAND SALES						
No.	Name/Address	Sale Date; Status	Effective Sale Price	Square Feet	Frontage Feet	\$/SF Land
1	Cantarra Single Family Lot E. Cantarra Drive Pflugerville Travis 78660	6/25/2015 Recorded	\$49,557	5,750	50	\$8.62
2	Teravista - Wildflower Park Lot Wildflower Park Drive Georgetown Williamson 78626	12/31/2014 Recorded	\$57,500	6,000	50	\$9.58
3	Sorento Single Family Lot Via Sorento Way Pflugerville Travis 78660	6/4/2014 Recorded	\$50,875	7,150	55	\$7.12
4	La Conterra Lot La Conterra Blvd Georgetown Williamson 78626	1/1/2014 Recorded	\$41,000	6,000	50	\$6.83
	Subject South of Kelly Lane and west of Village View Loop Pflugerville			12,470	50	

Comparable Land Sales Map





Land Sale 1
Cantarra Single Family Lot



Land Sale 2
Teravista - Wildflower Park Lot



Land Sale 3
Sorento Single Family Lot



Land Sale 4
La Conterra Lot

Analysis and Adjustment of Sales

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

VALUATION GRID		Representative Comparable Sales			
	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4
Grantor	-	Cantarra Venture...	Newland Communit...	Sorento Holdings...	Forestar...
Grantee	-	Intermandeco GP,...	Various Homebuil...	Contintental Hom...	KB Homes...
Date of Sale	1/22/2016	6/25/2015	12/31/2014	6/4/2014	1/1/2014
Relative Location	South of Kelly Lane and west of Village View Loop	E. Cantarra Drive	Wildflower Park Drive	Via Sorento Way	La Conterra Blvd
Size (SF)	12,470	5,750	6,000	7,150	6,000
Frontage Feet (FF)	50	50	50	55	50
Sale Price	-	\$49,557	\$57,500	\$50,875	\$41,000
Unit Price	Per SF	\$8.62	\$9.58	\$7.12	\$6.83
Property Rights					
Financing					
Condition of Sale					
Date of Sale (Annual Adjustment)	6.0%	3.00%	6.00%	9.50%	12.00%
Adjusted Price	Per SF	\$8.88	\$10.16	\$7.79	\$7.65
Location	South of Kelly Lane and west of Village View Loop	0%	-10%	0%	10%
Physical Characteristics					
Size	12,470	-10%	-10%	-10%	-10%
Access/Frontage		0%	0%	0%	0%
Amenities		0%	-5%	0%	0%
Total Adjustments		-10%	-25%	-10%	0%
Indicated Unit Value		\$7.99	\$7.62	\$7.01	\$7.65
Estimated Unit Value					\$7.50

Estimated Value by Sales Comparison Approach..... \$93,525

The adjustment process is typically applied through either quantitative or qualitative analysis. Quantitative adjustments are often developed as dollar or percentage amounts, while qualitative adjustments are simply expressed through relative comparison (i.e. significantly inferior). Quantitative adjustments are most applicable when the quality and quantity of data allows paired sales or statistical analysis. Given the availability of data and imperfect nature of the real estate market, participants most often rely on relative or qualitative comparisons. **As previously discussed, the subject is being appraised similar to the 10,040 square foot property to the east, utilizing the “across the fence” methodology.**

Analysis and Adjustment of Sales

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustment required.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustment required.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustment required.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustment required.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	As shown in the residential market analysis, the average home price in the Austin MSA has increased an average of 8.8% per year from the beginning of 2013 through June 2015. However, much of the price appreciation has taken place at projects closer to the metro center. Accordingly, a 6% annual market conditions adjustment is applied to the comparable residential land sales.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sale 1 is located in the desirable Teravista master planned community, earning downward adjustment for superior location. Sale 4 is considered inferior to the subject in terms of location, warranting upward adjustment.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustment required.
Size	Inverse relationship that often exists between parcel size and unit value.	The comparable sales are considerably smaller than the subject property and have been adjusted downward for their superior size

Adjustment Factor	Accounts For	Comments
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustment required.
Amenities	Project amenities, including community pool, parks, playgrounds, etc.	Sale 2 is located in a subdivision with superior amenities, meriting downward adjustment.

Land Value Conclusion

Based on the preceding analysis and adjustments, the comparable sales provide a range of value indications from \$7.01 to \$7.99 per square foot with an average of \$7.57 per square foot. We have placed equal weight on all sales because of their representation of the subject's market. Therefore, it is our opinion that the applicable unit value is \$7.50 per square foot. This results in a concluded property value as follows:

	Unit Price		Land Area	Concluded Land Value
Fee Land Area	\$7.50 / SF	@	12,470.00 SF	\$93,525
Whole Land Total:				\$93,525

Reconciliation and Conclusion of Value

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

Value Indications - Whole Property	
Cost Approach	N/A
Sales Comparison Approach (Land Only)	\$93,525
Income Capitalization Approach	N/A

Only the sales comparison approach is utilized to value the subject, which is valued as vacant land. If any site improvements are impacted by the proposed acquisition, it is our understanding that they will be repaired or replaced by the project contractor (see Extraordinary Assumptions).

Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the market value as of 1/22/2016, which is appraised as vacant land, is \$93,525.

Exposure Time and Most Probable Buyer

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

Taking into account the functional utility of the site and area development trends, the probable buyer would be an owner-user.

Part to Be Acquired

In a right-of-way analysis, the appraisers analyze to estimate the value of the acquisition for the easement and if the presence of the easement has a detrimental effect on the remainder of the property. The analysis determines:

- The value of the property before the acquisition;
- The value of the part to be acquired for the easement;
- The value of the property after the acquisition;
- Damages or enhancements, if any, to the property after the acquisition; and
- Estimation of compensation.

In developing the appraisal of the acquisition areas, we have considered and included in the compensation the surface rights included within an AT&T telecommunications Access Easement. The Grantor does reserve the right to enter upon and use the Easement Tract, however, the Grantor may not use the Easement in any manner which interferes in any material way or is inconsistent with the rights granted. If any portion of the subject property is damaged during construction or maintenance within the easement, these improvements will be replaced to a like or better condition at the expense of the Grantee. However, the Grantee will not be obligated to restore or replace any improvements installed in violation of the provisions of the Easement.

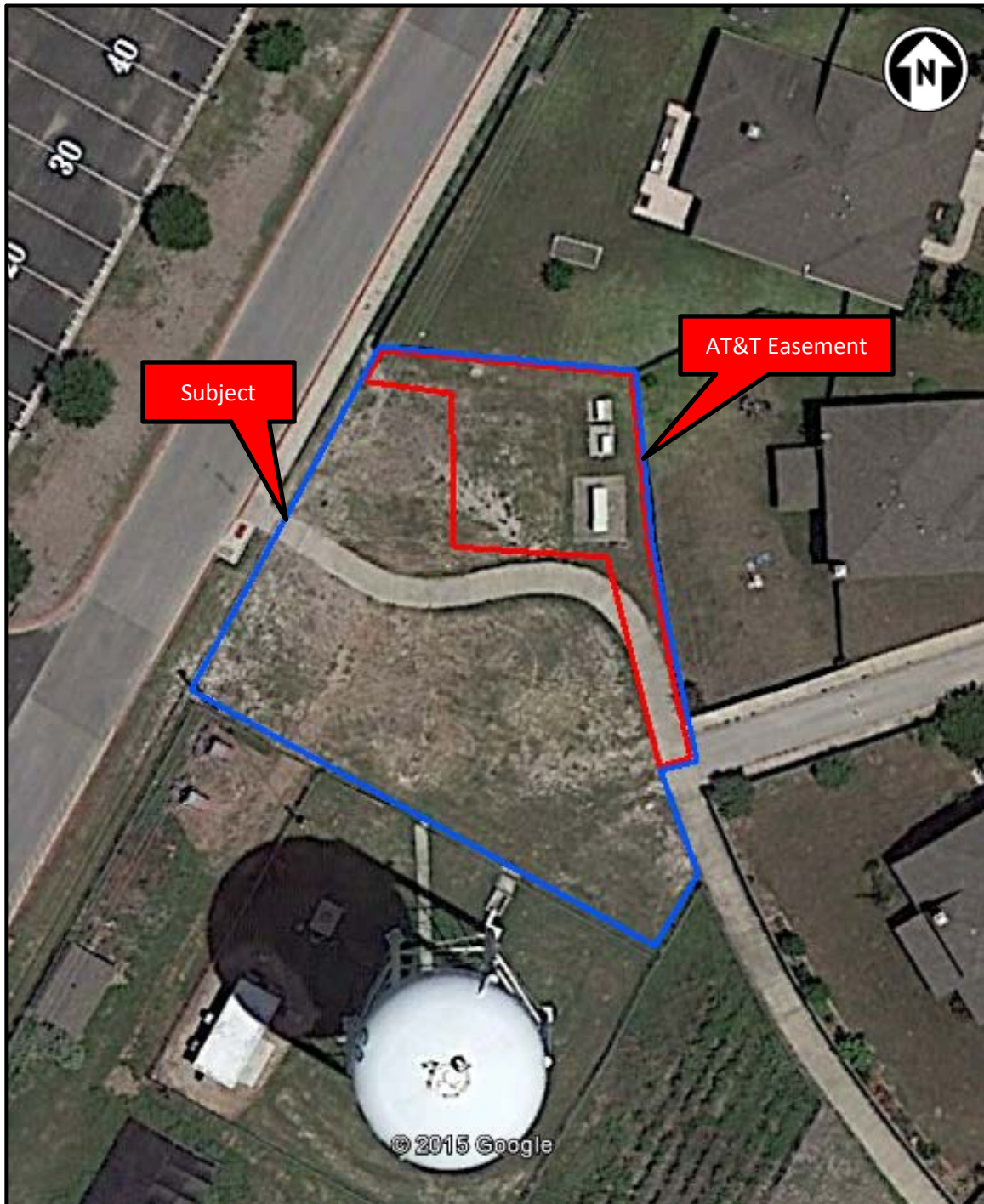
Property Description – Part to Be Acquired

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

Part Acquired		
AT&T Easement	3,158 SF	0.072 Acre
<i>Total Part Acquired in Easement</i>	<i>3,158 SF</i>	<i>0.072 Acres</i>

The proposed acquisition is a 3,158 square foot permanent telecommunications easement in the northeastern portion of the property and is irregular in shape.

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

Aerial Overlay– Part to Be Acquired

Highest and Best Use – Part to be Acquired

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

Land Value – Part to be Acquired

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

Land Value - Part to be Acquired					
Land Area	Size of Acquisition	Unit Value	First Encumbrance	= Value	Rounded
AT&T Easement	3,158 SF @	\$7.50 / SF	@ 95%	\$22,500.75	\$22,501
Total Land Value - Part to be Acquired					\$22,501

Easement Valuation Matrix

As noted, the part to be acquired contains a fee acquisition and easement area. The following chart (Right of Way Magazine, "The Valuation of Easements", Sherwood, November/December 2014) outlines a very basic analysis of typical easement encumbrances. It can be used as a generic guide to analyze the extent of ownership rights the fee owner loses as a result of the encumbrances brought about by potential types of easements.

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

The subject is a proposed 3,158 square foot AT&T telecommunications easement that will include underground fiber optic cables and above ground appurtenances, located in the northeastern portion of the subject. The proposed easement is irregular in shape and has a depth that ranges from 10' to 67.17' and a width that ranges from 10.91' to 100.60'. The proposed acquisition is of an easement estate only; therefore, only a portion of the fee bundle of rights retained by the landowner will be acquired. Given the encumbrance of the new easement will include above ground appurtenances; we have estimated a 95% encumbrance to the fee estate in the encumbered area. The landowner has a 5% residual interest in the proposed easement area.

Valuation of the Remainder

In this section of the report the will calculate damages or benefits, if any, to the subject property. In order to do so, the values of the property before the acquisition of the easement rights and after the acquisition of the easement rights are compared.

Before the acquisition of the easement rights, the property is considered to be a vacant site, 12,470 square feet in size, with an indicated value of \$93,525. After rounding, the acquisition of the easement area results in a decrease in value of \$22,501. Therefore, the remainder of the property immediately before the acquisition is \$71,024.

Whole Property	\$93,525
Less Part Acquired – AT&T Easement	\$22,501
Remainder Before Value	\$71,024

After the acquisition of the easement, the site will have sufficient area for continued residential use, as assembled with an adjoining property/.

In order to determine the impact on the remainder property the appraiser must first determine the value of the property immediately after the acquisition of the easement excluding consideration of any enhancements or damages to the property. This analysis is essentially a mathematical calculation which deducts the indicated value of the acquisition from the value of the whole property (Remainder Before Value). Then, the appraiser must determine the value of the remainder property, taking into consideration any enhancements or damages to the remainder property (Remainder After Value). The differences between the Remainder Before and the Remainder After value is the enhancement or damage to the property.

In this case, the acquisition of the proposed easement is not considered to affect the future development of the property. Thus, the proposed easement is not considered to impact the remainder property beyond the extent of the property rights acquired. For this reason the remainder property is not considered to be damaged.

Remainder Before

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

The total value of the part to be acquired equals \$22,501 as indicated from the preceding page. The value of the whole property was estimated at \$93,525, indicating a residual value or Remainder Before value of \$71,024.

Whole Property Value	\$93,525
Less: Part To Be Acquired	\$22,501
Equals: Remainder Before Value	\$71,024

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

Conclusion of Value				
Fee Land Area	9,312 SF	@	\$7.50 / SF	\$69,840
AT&T Easement	3,158 SF	@	\$7.50 / SF @ 5%	\$1,184
Total Land				\$71,024
TOTAL VALUE AS A UNIT				\$71,024

Remainder After Analysis

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

Damages or benefits to the remainder are found by subtracting the value of the remainder after the acquisition from the value of the remainder before the acquisition. If positive, damages exist. Likewise, if the figure is negative, benefits are present (enhancement).

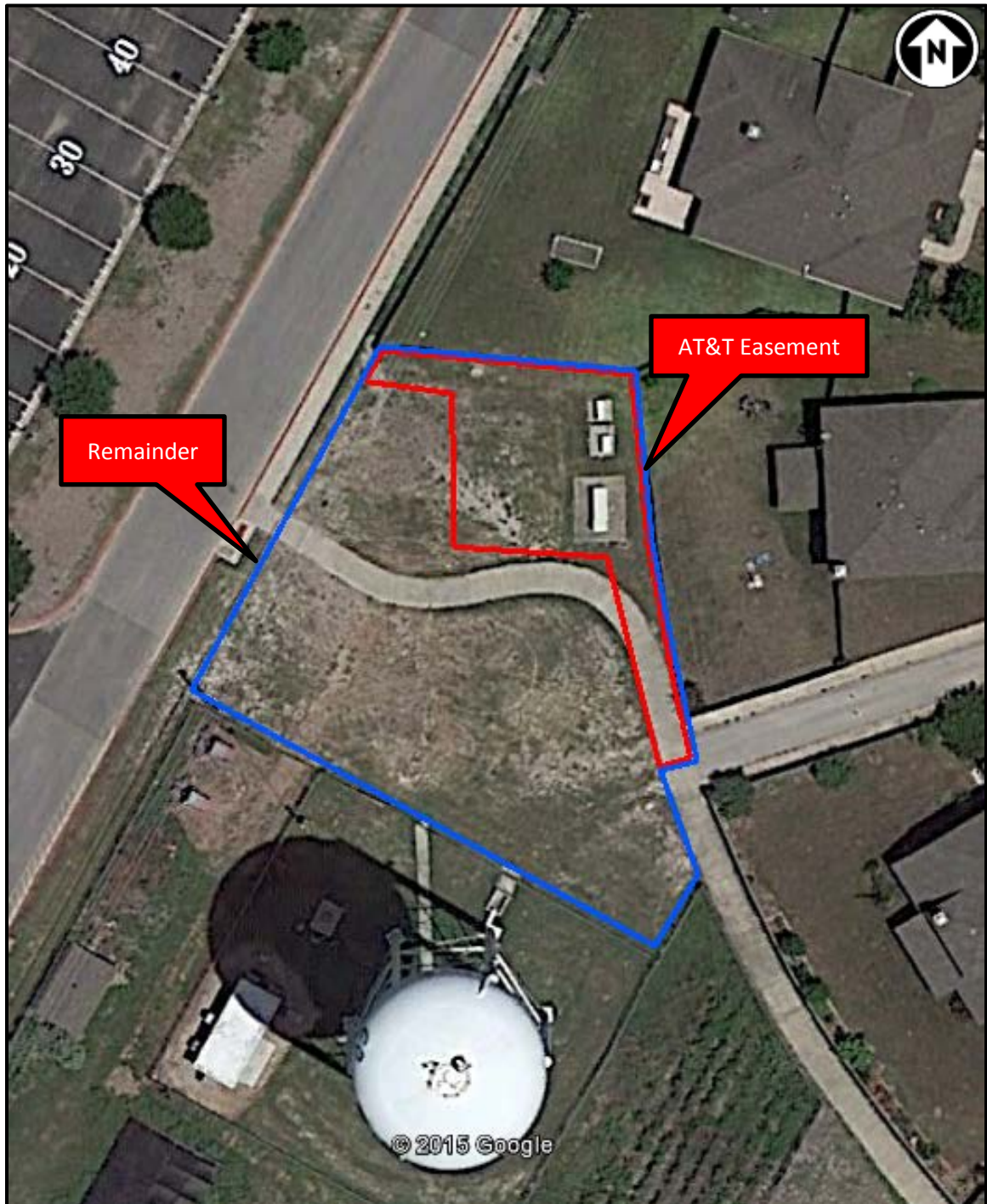
Property Description – Remainder After

The size of the remainder property is calculated as the subject property less any fee simple acquisitions. Based on this calculation the remainder contains 0.286 acres, or 12,470 square feet. The land areas in the remainder are indicated as follows:

Remainder Property		
Fee Land Area	9,312 SF	0.214 Acre
AT&T Easement	3,158 SF	0.072 Acre
<i>Total Remainder Property</i>	<i>12,470 SF</i>	<i>0.286 Acres</i>

The remainder property will be very similar to the subject property before the acquisition. After the acquisition, the remainder will be irregular in shape, as shown on the following page.

AT&T Easement– Remainder After



Highest and Best Use – Remainder After

The highest and best use of the remainder after the acquisition is the same as that of the remainder with the part to be acquired. After the acquisition, the remainder will be similar as the whole property, except that it will be subject to an AT&T telecommunications easement. There are no major building improvements bisected or within the proposed area of the acquisition. In addition, the proposed acquisition does not impact the functional utility of the site or any of the major improvements.

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

Land Valuation – Remainder

The value of the remainder land is allocated between the remaining fee simple interest and the encumbrances on the property.

Analysis and Adjustment of Sales – Remainder Land

VALUATION GRID		Representative Comparable Sales			
	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4
Grantor	-	Cantarra Venture...	Newland Communit...	Sorento Holdings...	Forestar...
Grantee	-	Intermandeco GP,...	Various Homebuil...	Continental Hom...	KB Homes...
Date of Sale	1/22/2016	6/25/2015	12/31/2014	6/4/2014	1/1/2014
Relative Location	South of Kelly Lane and west of Village View Loop	E. Cantarra Drive	Wildflower Park Drive	Via Sorento Way	La Conterra Blvd
Size (Square Feet)	12,470	5,750	6,000	7,150	6,000
Frontage Feet (FF)	50	50	50	55	50
Sale Price	-	\$49,557	\$57,500	\$50,875	\$41,000
Unit Price	Per SF	\$8.62	\$9.58	\$7.12	\$6.83
Property Rights					
Financing					
Condition of Sale					
Date of Sale (Annual Adjustment)	6.0%	3.00%	6.00%	9.50%	12.00%
Adjusted Price	Per SF	\$8.88	\$10.16	\$7.79	\$7.65
Location		0%	-10%	0%	10%
Physical Characteristics					
Size	12,470	-10%	-10%	-10%	-10%
Access/Frontage		0%	0%	0%	0%
Amenities		0%	-5%	0%	0%
Total Adjustments		-10%	-25%	-10%	0%
Indicated Unit Value		\$7.99	\$7.62	\$7.01	\$7.65
Estimated Unit Value					\$7.50

Estimated Value by Sales Comparison Approach..... **\$71,024**

For a recompilation of the discussion and adjustments made in the valuation of the whole, reference is made to the sale data sheets and explanation of adjustments presented in the valuation of the whole property. This results in a concluded property value as follows:

	Unit Price	Encumbered 1st Interest	Encumbered 2nd Interest	Unit Price	Land Area	Concluded Land Value
Fee Land Area	\$7.50 / SF @	100% @	100% =	\$7.50 @	9,312 SF	\$69,840
AT&T Easement	\$7.50 / SF @	5% @	100% =	\$0.38 @	3,158 SF	\$1,184
Land Total						\$71,024

Reconciliation and Conclusion of Value - Remainder

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

Value Indications - Remainder Property	
Cost Approach	N/A
Sales Comparison Approach (Land Only)	\$71,024
Income Capitalization Approach	N/A

Only the sales comparison approach is utilized to value the subject, which is valued as vacant land.

Conclusion of Value

Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the market value as of 1/22/2016, is: \$71,024.

Conclusion of Value						
Contributory Value of Improvements (Itemized)						
Fee Land Area	9,312 SF	@	\$7.50 / SF	@ 100% @ 100%		\$69,840
AT&T Easement	3,158 SF	@	\$7.50 / SF	@ 5% @ 100%		\$1,184
Reconciled Final Value						\$71,024

In addition to the calculation of the Part to be Acquired and any applicable damages/enhancements, there is also a temporary easement. The calculation of this temporary easement follows in the next section.

Conclusion and Compensation Summary

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

Based on the analysis and conclusions in this report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the compensation for the acquisition of the herein described property as of 1/22/2016, is calculated as follows:

Determination of Compensation		
Whole Property Value	\$93,525	
Part To Be Acquired		\$22,501
Remainder Before the Acquisition	\$71,024	
Remainder After the Acquisition	\$71,024	
Damages (or Enhancements)		\$0
Temporary Easement		\$0
Total Compensation		\$22,501

Certification

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

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

14. Randy A. Williams, MAI, SR/WA, FRICS and Matthew H. Mitchell have made a personal inspection of the property that is the subject of this report.
15. No one provided significant real property appraisal assistance.
16. As of the date of this report, Randy A. Williams, MAI, SR/WA, FRICS has completed the continuing education program and the Standards and Ethics Education Requirement for Designated Members of the Appraisal Institute.
17. As of the date of this report, Matthew H. Mitchell has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Randy A. Williams, MAI, SR/WA, FRICS
Certified General Real Estate Appraiser
Certificate # TX-1320297-G



Matthew H. Mitchell
Certified General Real Estate Appraiser
Certificate # TX-1380260-G

Assumptions and Limiting Conditions

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

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

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

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

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

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

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

Addendum A

Appraiser Qualifications

Randy A. Williams, MAI, SR/WA, FRICS

Experience

Randy Williams is the Senior Managing Director for Integra Realty Resources, Austin, Texas. Actively engaged in real estate valuation and consulting since 1977. Background includes appraisal and management in the real estate banking industry and appraisal, testimony, and appraisal review in private practice. Recent experience is concentrated in major urban/suburban development and eminent domain. Valuations have been performed on various properties including, but not limited to, neighborhood and community shopping centers, apartment complexes, single and multi-tenanted industrial buildings, low to high rise office buildings, mixed used facilities, vacant land for different uses and condemnation and right-of-way. Eminent domain experience includes design build projects such as SH 130 and SH 45, power line projects for the City of Austin, and pipeline projects ranging from sewer and waterlines to oil and gas pipelines. Mr. Williams recently completed a pipeline valve study and evaluation for a multiple county acquisition of valve sites in an existing petroleum line easement. Recently, Mr. Williams provided appraisal oversight and litigation support for a multiple county high pressure gas line in South Texas.

Mr. Williams was the lead appraiser for large Central Texas highway projects and coordinated four Integra offices (including Austin) that worked on this project. Clients served include accountants, investment firms, law firms, lenders, private and public agencies. Valuations have been performed for condemnation purposes, estates, financing, equity participation and due diligence support. Valuations and market studies have been completed on proposed, partially completed, renovated, and existing structures.

Mr. Williams is a past president of the International Right of Way Association (IRWA). Mr. Williams is a certified IRWA instructor and is also past Chair of the IRWA International Relations Group. During his term as president, he taught the first IRWA eminent domain courses in China and South Africa. In Beijing, Mr. Williams taught Course 103 (Ethics and the Right of Way Profession) and Course 421 (The Valuation of Partial Acquisitions). In Johannesburg, he taught Course 103 while attending the South African Right of Way Association annual conference. In October 2014, Mr. Williams taught Course 103 and Course 100i (Principles of Land Acquisition) in Mexico City, Mexico. Mr. Williams also spoke before the American Bar Association-American Law Institute at their 2012 Eminent Domain and Land Valuation Program.

While in China, Mr. Williams met with both the Ministry of Land and Ministry of Construction to discuss ways to further the ethical development of public and private infrastructure. Mr. Williams has since been engaged to teach appraisal and consulting theory in Beijing for BOUSCC. While in South Africa, Mr. Williams met with Dr. Mkhize, Premier of KwaZulu-Natal, and Cabinet Minister Patel, Minister of Economic Development, to discuss furthering infrastructure development in South Africa.

Professional Activities & Affiliations

IRWA: Region Chair, June 2005 - May 2007

IRWA: Region Vice-Chair, June 2003 - May 2005

IRWA: Region Secretary, June 2001 - May 2003

IRWA: International President, June 2011 - June 2012

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Randy A. Williams, MAI, SR/WA, FRICS

IRWA: International President Elect, June 2010
IRWA: International Vice-President, Treasurer, June 2009
IRWA: International Secretary, June 2008
IRWA: International Executive Committee Member, November 2007
IRWA: Chapter 74 President, January 1997
IRWA: Chapter Professional of the Year, January 1997
IRWA: Chapter Professional of the Year, January 2003
AI: Austin Chapter President, January 2001
FIABCI: Member of Education and Academic Members Committee
IRWA: Co-Chair IRWA 2008 Austin Conference, June 2008
IRWA: Past International President
Appraisal Institute, Member (MAI) Appraisal Institute, July 1986
International Right of Way Association, Senior Member (SR/WA) , April 1999
Royal Institute of Chartered Surveyors, Fellow (FRICS) , August 2008

Licenses

Texas, Certified General Real Estate Appraiser, TX-1320297, Expires March 2017
Texas, Real Estate Broker, 341018, Expires July 2017
Virginia, Certified General Appraiser, 4001015384, Expires February 2017

Education

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

Uniform Appraisal Standards for Federal Land Acquisition for Fee Appraisers sponsored by the Appraisal Institute.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

Qualified Before Courts & Administrative Bodies

Qualified as an expert witness and testified before various judicial bodies including Federal Bankruptcy Court and Texas State District Court. Mr. Williams has also successfully testified as an expert in Travis, Williamson, Caldwell, Hays, Guadalupe, Comal, Bell, Hill and Austin County Commissioner's Court.

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Texas Appraiser Licensing and Certification Board

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

Certified General Real Estate Appraiser

Number: **TX 1320297 G**

Issued: **02/19/2015**

Expires: **03/31/2017**

Appraiser: **RANDY ALLEN WILLIAMS**

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

Matthew Mitchell

Experience

Senior Analyst for Integra Realty Resources, Austin, Texas. Recent experience is concentrated in condemnation and right-of-way in Central Texas. Valuations have been performed on various properties including, but not limited to, neighborhood and community shopping centers, low to high rise office buildings, mixed used facilities, and vacant land for TxDOT.

Clients include private and institutional lenders, private and public utilities and public agencies. Assignments have been completed for purposes of condemnation, financing, and due diligence support.

Licenses

Texas, Certified General Real Estate Appraiser, TX-1380260, Expires October 2015

Education

B.S. in Psychology, The University of Texas at Austin (2007) Minor in Business

Successfully completed numerous real estate and related courses and seminars sponsored by the Appraisal Institute and accredited universities.

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Texas Appraiser Licensing and Certification Board

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

Certified General Real Estate Appraiser

Number: **TX 1380260 G**

Issued: **10/01/2013**

Expires: **10/31/2015**

Appraiser: **MATTHEW H MITCHELL**

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

INTEGRA REALTY RESOURCES, INC.

CORPORATE PROFILE

John R. Albrecht
CEO – jalbrecht@irr.com

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 61 independently owned and operated offices in 34 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

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

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

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

Corporate Office

Eleven Times Square, 640 Eighth Avenue, 15th Floor, Suite A, New York, New York 10036
Telephone: (212) 255-7858; Fax: (646) 424-1869; E-mail info@irr.com
Website: www.irr.com



Addendum B

Definitions

DEFINITIONS

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

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

Accrued Depreciation

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

Appraisal

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

Assignment

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

Compensable Damages

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

Community Damages

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

Deferred Maintenance

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

Depreciation

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

Easement Interest

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

Effective Date

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

Entrepreneurial Profit

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

Excess Land; Surplus Land

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

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

Exposure Time

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

Fee Simple Estate

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

Gross Building Area (GBA)

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

Ground Lease

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

Highest and Best Use

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

Intended Use

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

Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP)

Jurisdictional Exception

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

Legally Nonconforming Use

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

Lease

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

Leased Fee Interest

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

Leasehold Interest

The tenant's possessory interest created by a lease.

Lease Type

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

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

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

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

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

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

Load Factor

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

Marketing Time

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

Market Rent

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

Market Value

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

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

Market Value is defined by the Dictionary as follows:

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

Market Value is defined by USPAP as:

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

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

Federal agencies mandate different definitions of Market Value.

Partial Taking

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

Prospective Opinion of Value

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

Real Property

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

Replacement Cost

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

Reproduction Cost

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

Stabilized Income

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

Value

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

Addendum C

Project/Survey Maps And Legal Descriptions

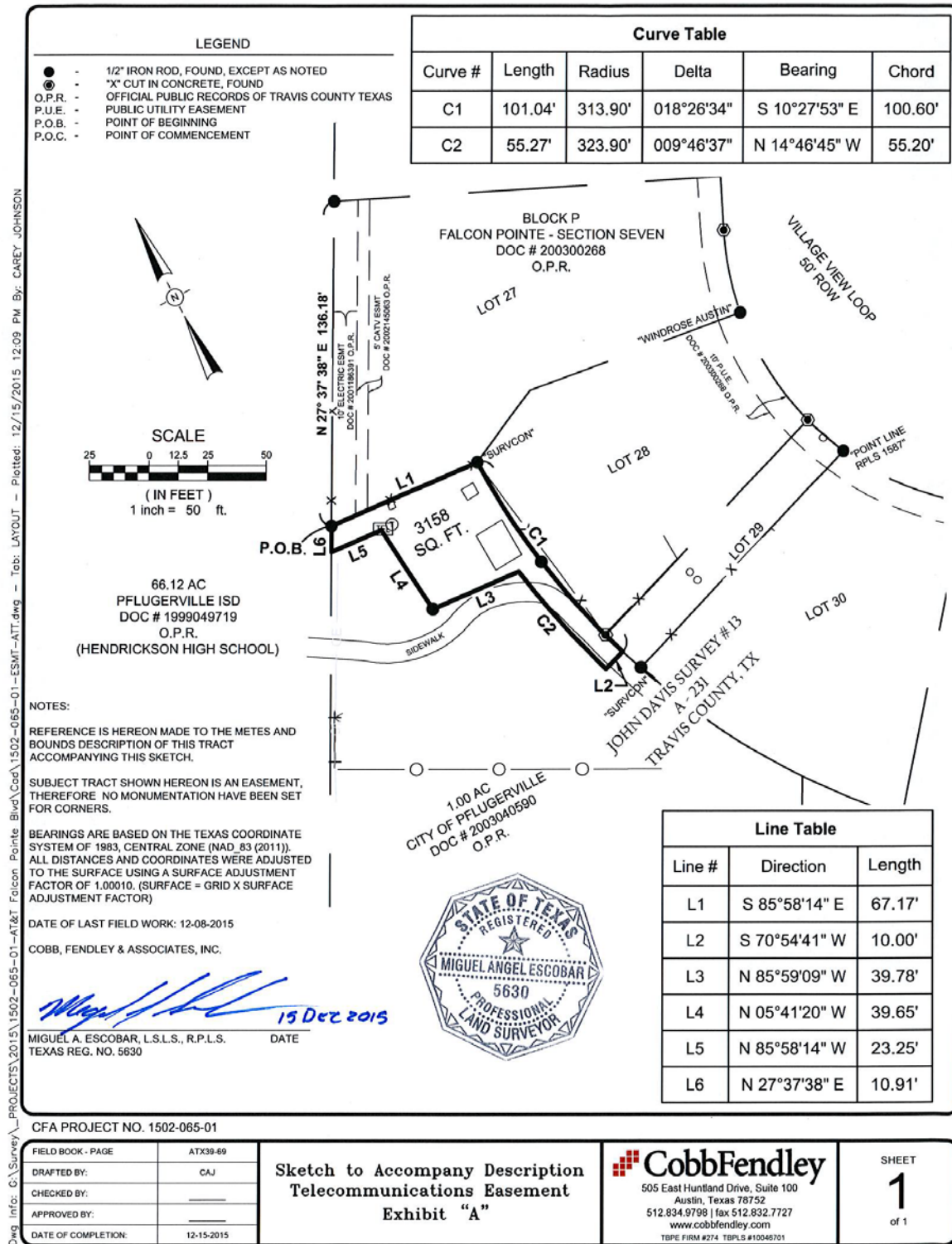




Exhibit " " "
Page 1 of 2
December 15, 2015

3158 sq. ft. Telecommunications Easement
John Davis Survey No. 13
Abstract - 231
Travis County, Texas

DESCRIPTION

DESCRIPTION OF A 3158 SQUARE FOOT TRACT OF LAND SITUATED IN THE JOHN DAVIS SURVEY NO. 13, ABSTRACT 231, TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 1.00 ACRE TRACT DESCRIBED IN A SPECIAL WARRANTY DEED CONVEYED TO THE CITY OF PFLUGERVILLE, OF RECORD IN DOCUMENT NO. 2003040590, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, SAID 3158 SQUARE FOOT TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2 inch iron rod found on the east boundary line of that certain 66.12 Acre Tract of Land described in Document No 1999049719, of said Official Public Records, for the northwest corner of said 1.00 Acre Tract, same point being the southwest most corner of Lot 27, Block P, Falcon Pointe – Section Seven, a plat of which is recorded in Document No 200300268, of said Official Public Records, and the **POINT OF BEGINNING** of the herein described tract, from which a 1/2 inch iron rod found for the northwest corner of said Lot 27 bears North 27° 37' 38" East, with the common boundary line of said 66.12 Acre Tract and said Lot 27, a distance of 136.18 feet;

THENCE, South 85° 58' 14" East, with the common boundary line between said 1.00 Acre Tract and said Lot 27, a distance of 67.17 feet to a 1/2 inch iron rod found, with a cap stamped "SURVCON" for a corner common to said 1.00 Acre Tract, said Lot 27, and Lot 28, Block P, said Falcon Pointe – Section Seven, said point being the beginning of a non-tangent curve to the left;

THENCE, in a southeasterly direction with the common boundary line of said 1.00 Acre Tract and said Lot 28, and continuing with the common line of said 1.00 Acre Tract and Lot 29, Block P, said Falcon Pointe – Section Seven, along said non-tangent curve to the left, having a radius of 313.90 feet, a delta angle of 18° 26' 34", an arc length of 101.04 feet, and a chord that bears South 10° 27' 53" East, a distance of 100.60 feet;

THENCE, over and across said 1.00 Acre Tract the following five (5) courses:

1. South 70° 54' 41" West, a distance of 10.00 feet to a point for the beginning of a non-tangent curve to the right;
2. Along said non-tangent curve to the right in a northwesterly direction, having a radius of 323.90 feet, a delta angle of 09° 46' 37", an arc length of 55.27 feet, and a chord that bears North 14° 46' 45" West, a distance of 55.20 feet to a point;
3. North 85° 59' 09" West, a distance of 39.78 feet to a 1/2 inch iron rod found;
4. North 05° 41' 20" West, a distance of 39.65 feet to a point;

*M46
15 DEC 2015*

505 East, Huntland Drive, Suite 100 | Austin, Texas 78752 | 512.834.9798 | fax 512.832.7727 | www.cobbhendley.com

TBPE Firm Registration No. 274 | TBPLS Registration No. 10046701



Exhibit " " "
Page 2 of 2
December 15, 2015

3158 sq. ft. Telecommunications Easement
John Davis Survey No. 13
Abstract - 231
Travis County, Texas

5. North 85° 58' 14" West, a distance of 23.25 feet to a point on said east boundary line of the 66.12 Acre Tract, same line being the west boundary of said 1.00 Acre Tract;
6. **THENCE**, North 27° 37' 38" East, with said common boundary line of the 66.12 Acre Tract and the 1.00 Acre Tract, a distance of 10.91 feet, to the **POINT OF BEGINNING** and containing 3158 square feet of land within these metes and bounds.


Reference is herein made to the sketch of this tract accompanying this metes and bounds description.

Bearings are based on the Texas Coordinate System of 1983, Central Zone (NAD_83 (2011)). All distances were adjusted to the surface using a Surface Adjustment Factor of 1.00010. (Surface = Grid X Surface Adjustment Factor)

The subject tract is an easement, therefore no monuments have been set for corners.

I certify that this description was prepared from a survey made on the ground on December 8, 2015 under my supervision.

COBB, FENDLEY & ASSOCIATES, INC


15 Dec 2015
Miguel A. Escobar, LSLS, RPLS
Texas Registration No. 5630



G:\Survey\PROJECTS\2015\1502-065-01-AT&T_Falcon_Pointe_BLVD\Data\Metes&Bounds\1502-065-01-esmt-telecom-City of Pflugerville.docx

Addendum D

Engagement Letter and Owner Letter

Integra Realty Resources
Austin

3755 S. Capital of Texas Hwy.
Suite 245
Austin, TX 78704

T 512.459.3440
F 512.459.4423
www.irr.com



January 8, 2016

Mr. Miguel A. Escobar, LSLS, RPLS
Survey Project Manager
Cobb, Fendley & Associates, Inc.
505 E. Huntland Dr.
Suite 100
Austin, Texas 78752

SUBJECT: Proposal/Authorization for Valuation and Consulting Services
AT&T Easement Kelly Lane, Pflugerville, Texas (the "Subject Property")

Dear Mr. Escobar:

Upon your acceptance of this letter agreement, Integra Realty Resources – Austin ("IRR – Austin"), will prepare an appraisal of the Subject Property.

The purpose of the appraisal is to provide an opinion of the value of the easement interest in the Subject Property. The intended use of the appraisal is for acquisition purposes. The use of the appraisal by anyone other than you is prohibited. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

In accordance with our correspondence, the scope of this assignment will require IRR – Austin to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis and preparation of the report.

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.



Mr. Miguel A. Escobar, LSLS, RPLS
Cobb, Fendley & Associates, Inc.
January 8, 2016
Page 2

The appraisal will be communicated in an Appraisal Report-Standard Format. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions a copy of which is attached as Attachment I.

IRR – Austin is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. ("Integra") shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Austin. In addition, it is expressly agreed that in any action which may be brought against IRR – Austin and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

The total fee for this assignment will be \$4,000 [including expenses], and the delivery date will be 21 days from your acceptance of this letter agreement, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. The fee will be due and payable upon delivery of the reports. It is understood that simple interest of 15% per annum will accrue on any unpaid balance for compensation due, subject to reduction pursuant to any applicable usury law. We shall also be entitled to recover our costs (including attorneys' fees), associated with collecting any amounts owed or otherwise incurred in connection with this assignment. If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed. Upon default, we shall be permitted to file a lien against the Subject Property for any amounts owed pursuant to this engagement.

The report will be delivered in PDF format. The 21 day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment.

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance or wetlands. Therefore, unless we have been provided with appropriate third party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment and actions.

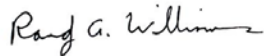
Mr. Miguel A. Escobar, LSLS, RPLS
Cobb, Fendley & Associates, Inc.
January 8, 2016
Page 3

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, IRR – Austin and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,

INTEGRA REALTY RESOURCES – AUSTIN



Randy A. Williams, MAI, SR/WA, FRICS
Senior Managing Director

Attachment

AGREED & ACCEPTED THIS 11 DAY OF January, 2016.

BY: COBB, FENDLEY & ASSOCIATES, INC.



AUTHORIZED SIGNATURE



NAME (PRINT)

Integra Realty Resources
Austin

3755 S. Capital of Texas Hwy.
Suite 245
Austin, TX 78704

T 512.459.3440
F 512.459.4423
www.irr.com



January 18, 2016

City of Pflugerville
PO Box 589
Pflugerville, TX 78691

RE: An appraisal of 1.00 acre, John Davis Survey No. 13, Abstract No. 231, Travis County, Texas

Dear Property Owner:

Cobb, Fendley, & Associates, Inc. has retained Integra Realty Resources – Austin to prepare an appraisal on the above mentioned property. The purpose of the appraisal is to provide the client with an estimate of just compensation of the proposed rights being acquired for an AT&T telecommunications easement.

According to the tax records of Travis County, you are an owner/representative of the above-referenced property, which has been identified as part of the proposed public project. In order to proceed with the appraisal process we would like to schedule an appoint to inspect the property.

Please contact me or my associate, Matthew Mitchell, at (512) 806-7645 to schedule a specific time to meet. Your prompt attention to this matter is greatly appreciated. If you have retained legal counsel and would prefer we contact your attorney regarding this matter, please let us know. I look forward to hearing from you or you representatives, and I appreciate your cooperation.

Sincerely,

INTEGRA REALTY RESOURCES

A handwritten signature in blue ink that reads "Randy A. Williams".

Randy A. Williams, MAI, SR/WA, FRICS
Senior Managing Director
Austin Office



Addendum E

Property Information

Travis CAD

Property Search Results > 549674 CITY OF PFLUGERVILLE for Year 2015

Property

Account

Property ID: 549674 Legal Description: ABS 231 SUR 13 DAVIS J ACR 1.000
 Geographic ID: 0275500148 Agent Code:
 Type: Real
 Property Use Code:
 Property Use Description:

Location

Address: KELLY LN Mapsco: 438H
 TX 78660
 Neighborhood: FORMERLY AEXMP Map ID: 027550
 Neighborhood CD: _AEXMP

Owner

Name: CITY OF PFLUGERVILLE Owner ID: 398706
 Mailing Address: PO BOX 589 % Ownership: 100.0000000000%
 PFLUGERVILLE, TX 78691-0589

Exemptions: EX-XV

Values

(+) Improvement Homesite Value: + \$0
 (+) Improvement Non-Homesite Value: + \$0
 (+) Land Homesite Value: + \$0
 (+) Land Non-Homesite Value: + \$1,400 Ag / Timber Use Value
 (+) Agricultural Market Valuation: + \$0 \$0
 (+) Timber Market Valuation: + \$0 \$0

 (=) Market Value: = \$1,400
 (-) Ag or Timber Use Value Reduction: - \$0

 (=) Appraised Value: = \$1,400
 (-) HS Cap: - \$0

 (=) Assessed Value: = \$1,400

Taxing Jurisdiction

Owner: CITY OF PFLUGERVILLE
 % Ownership: 100.0000000000%
 Total Value: \$1,400

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
03	TRAVIS COUNTY	0.416900	\$1,400	\$0	\$0.00
0A	TRAVIS CENTRAL APP DIST	0.000000	\$1,400	\$0	\$0.00
19	PFLUGERVILLE ISD	1.540000	\$1,400	\$0	\$0.00
20	CITY OF PFLUGERVILLE	0.540500	\$1,400	\$0	\$0.00
2J	TRAVIS COUNTY HEALTHCARE DISTRICT	0.117781	\$1,400	\$0	\$0.00
9B	TRAVIS CO ESD NO 2	0.095800	\$1,400	\$0	\$0.00
Total Tax Rate:		2.710981			
Taxes w/Current Exemptions:					\$0.00

Taxes w/o Exemptions: \$37.95

Improvement / Building

No improvements exist for this property.

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	LAND	Land	1.0000	43560.00	0.00	0.00	\$1,400	\$0

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2016		N/A	N/A	N/A	N/A	N/A
2015		\$0	\$1,400	0	1,400	\$0
2014		\$0	\$1,400	0	1,400	\$0
2013		\$0	\$1,400	0	1,400	\$0
2012		\$0	\$1,400	0	1,400	\$0
2011		\$0	\$1,400	0	1,400	\$0

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	10/17/2002	SW	SPECIAL WARRANTY DEED		CITY OF PFLUGERVILLE	00000	00000	2003040590TR

Questions Please Call (512) 834-9317

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Addendum F

Comparable Data

Location & Property Identification

Property Name:	Cantarra Single Family Lot
Sub-Property Type:	Residential, Single Family Lot
Address:	E. Cantarra Dr.
City/State/Zip:	Pflugerville, TX 78660
County:	Travis
Submarket:	Far Northeast Austin
Market Orientation:	Suburban
IRR Event ID:	1159415



Sale Information

Sale Price:	\$49,557
Eff. R.E. Sale Price:	\$49,557
Sale Date:	06/25/2015
Sale Status:	Recorded
Eff. Price/Unit:	\$991 /Unit
\$/Acre(Gross):	\$375,432
\$/Land SF(Gross):	\$8.62
\$/Acre(Usable):	\$375,432
\$/Land SF(Usable):	\$8.62
Grantor/Seller:	Cantarra Ventures, Ltd.
Grantee/Buyer:	Intermandeco GP, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	2015101046
Verified By:	James "Max" Thompson, MAI
Verification Date:	7/24/15
Verification Source:	Cary Cobb w/ Intermandeco
Verification Type:	Confirmed-Seller

No. of Units (Potential):	50
Source of Land Info.:	Past Appraisal

Comments

Purchase of 50' finished single family lots by Castrock, per a take down contract. 16 lots purchased at this 6/25/15 take down. New home price point at time of lot sale is \$196,990 - \$238,990. Amenities: Pool, park, playground. Pflugerville ISD.

Improvement and Site Data

MSA:	Austin
Acres(Usable/Gross):	0.13/0.13
Land-SF(Usable/Gross):	5,750/5,750
Usable/Gross Ratio:	1.00

Location & Property Identification

Property Name:	Teravista - Wildflower Park Lot
Sub-Property Type:	Residential, Single Family Lot
Address:	Wildflower Park Dr.
City/State/Zip:	Georgetown, TX 78626
County:	Williamson
Market Orientation:	Suburban
Property Location:	North side of Westinghouse Rd., west of FM 1460
IRR Event ID:	1103319



Sale Information

Sale Price:	\$57,500
Eff. R.E. Sale Price:	\$57,500
Sale Date:	12/31/2014
Sale Status:	Closed
Eff. Price/Unit:	\$1,150 /Unit
\$/Acre(Gross):	\$417,574
\$/Land SF(Gross):	\$9.58
\$/Acre(Usable):	\$417,574
\$/Land SF(Usable):	\$9.58
Grantor/Seller:	Newland Communities
Grantee/Buyer:	Various Homebuilders
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Contract of Sale
Verified By:	James "Max" Thompson, MAI

Verification Type: Confirmed-Confidential

No. of Units (Potential):	50
Frontage Feet:	50
Source of Land Info.:	Other

Comments

Sale represents the purchase of 50', 55', and 62' single family lots in the Wildflower Park Section of Teravista Master Planned Community. New home price point: \$220,000 - \$300,000. Builders in this section of Teravista include LGI and DR Horton. Community amenities include golf course, clubhouse, fitness rooms, recreation, trails.

Improvement and Site Data

MSA:	Austin
Acres(Usable/Gross):	0.14/0.14
Land-SF(Usable/Gross):	6,000/6,000
Usable/Gross Ratio:	1.00

Location & Property Identification

Property Name: Sorento Single Family Lot
 Sub-Property Type: Residential, Single Family Lot
 Address: Via Sorento Way
 City/State/Zip: Pflugerville, TX 78660
 County: Travis
 Submarket: Far Northeast Austin
 Market Orientation: Suburban
 Property Location: East side of Weiss Lane, north of Jesse Bohls Dr.
 IRR Event ID: 1159252



Sale Information

Sale Price: \$50,875
 Eff. R.E. Sale Price: \$50,875
 Sale Date: 06/04/2014
 Sale Status: Recorded
 Eff. Price/Unit: \$925 /Unit
 \$/Acre(Gross): \$310,024
 \$/Land SF(Gross): \$7.12
 \$/Acre(Usable): \$310,024
 \$/Land SF(Usable): \$7.12
 Grantor/Seller: Sorento Holdings 2012, LLC
 Grantee/Buyer: Continental Homes of Texas, LP (DR Horton)
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Warranty Deed
 Recording No.: 2014085044
 Verified By: James "Max" Thompson, MAI
 Verification Date: 7/16/15
 Verification Source: Tom Reilly
 Verification Type: Confirmed-Seller

Land-SF(Usable/Gross): 7,150/7,150
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 55
 Zoning Code: ETJ
 Zoning Desc.: ETJ
 Source of Land Info.: Public Records

Comments

Sale represents the purchase of 55' to 70' finished lots within Sorento subdivision. Project is planned to eventually contain community pool, park, and clubhouse. DR Horton new home price point in subdivision is \$243,990 - \$349,990.

Improvement and Site Data

MSA: Austin
 Acres(Usable/Gross): 0.16/0.16

Location & Property Identification

Property Name: La Conterra Lot
 Sub-Property Type: Residential, Single Family Lot

 Address: La Conterra Blvd.
 City/State/Zip: Georgetown, TX 78626
 County: Williamson

 Market Orientation: Suburban

 IRR Event ID: 1103353



Source of Land Info.: Other

Sale Information

Sale Price: \$41,000
 Eff. R.E. Sale Price: \$41,000
 Sale Date: 01/01/2014
 Sale Status: Closed
 Eff. Price/Unit: \$820 /Unit
 \$/Acre(Gross): \$297,749
 \$/Land SF(Gross): \$6.83
 \$/Acre(Usable): \$297,749
 \$/Land SF(Usable): \$6.83
 Grantor/Seller: Forestar
 Grantee/Buyer: KB Homes
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Other
 Verified By: James "Max" Thompson, MAI

 Verification Date: 2/18/15
 Verification Type: Confirmed-Confidential

Comments

Sale represents the purchase of 50' lots in La Conterra subdivision per take down agreement. New home price point at time of lot purchase: \$180,000 - \$250,000. No amenities at time of sale.

Improvement and Site Data

MSA: Austin
 Acres(Usable/Gross): 0.14/0.14
 Land-SF(Usable/Gross): 6,000/6,000
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 50
 Frontage Feet: 50