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**APPRAISAL REPORT**

**Valuation Of**  
**Tract I containing 1.068 acre located along the north side of Timon Boulevard**  
**And**  
**Tract II containing 0.20 acre located at the northeast corner of**  
**Timon Boulevard and Hull Street, Corpus Christi, Nueces County, Texas**  
**Project 90015 - North Beach**

**Date of Value**  
**July 1, 2021**

***"AS IS" MARKET VALUE OPINION - TRACT I***

***\$840,000***

***\$18.00/SF***

**ANNUAL GROUND LEASE RENT ESTIMATE**

***\$67,457***

***\$1.45/SF***

***"AS IS" MARKET VALUE OPINION - TRACT II***

***\$50,000***

***\$5.40/SF***

**ANNUAL GROUND LEASE RENT ESTIMATE**

***\$3,920***

***\$0.45/SF***

Prepared for

City of Corpus Christi  
Mr. Bobby C. Harraid  
Property and Land Acquisition Manager  
1201 Leopard Street  
Corpus Christi, Texas 78401

***TASADOR, INC.***  
***TAX ID# 74-2600857***

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July 15, 2021

T-21-775C

City of Corpus Christi  
Mr. Bobby C. Harraid  
Property and Land Acquisition Manager  
1201 Leopard Street  
Corpus Christi, Texas 78401

Re: Valuation of Tract I containing 1.068 acre and located along the north side of Timon Boulevard and Tract II containing 0.20 acre located at the northeast corner of Timon Boulevard and Hull Street, Corpus Christi, Nueces County, Texas

Mr. Harraid:

As requested, an appraisal of the above referenced real properties has been completed. The purpose of this report is to estimate the Market Value of the "As Is" Fee Simple Estate interest of both tracts as of July 1, 2021, the date of inspection of the subject. In addition, we have estimated the Market Ground Lease estimate of the tracts as of the date of inspection, July 1, 2021. The appraisal, as set forth, is subject to any terms or conditions stated within this letter of transmittal, the body of the report, or the Assumptions and Limiting Conditions contained in the addenda.

***Special Assumptions and Conditions***

- ***The appraiser performed a visual inspection by walking the tracts and gathering information about the physical characteristics of the property that are relevant to the valuation problem. The sizes was taken from information provided by the client.***
- 1. ***As per requirement of Uniform Standards of Professional Practice within the Ethics Rule and pertaining to Conduct. Prior to accepting an assignment, the appraiser must disclose to the client and in the report certification any services regarding the subject property performed by the appraiser within the prior three years, as an appraiser or in any other capacity. This allows the client to determine potential conflicts, if any. It has been disclosed to the client that the appraiser has not provided any appraisal services or any other services in the prior three years before accepting the assignment.***
- ***These limiting conditions and special assumptions, the value analysis and conclusions are based on current and historical market conditions as of the date of value July 1, 2021. The appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective dates of appraisal.***
- ***The Coastal Bend continues to have several large Port Industry projects along the ship channel that should bolster the economy and prevent any appreciable decline in the overall market. While forecasting is an integral part of the appraisal process, the future economic conditions are difficult to predict. The appraisal process uses predominantly historical data which has shown a steady growth pattern the last 24-36 months in all real estate sectors. However, the regional economic outlook is in a "wait and see" mind set. Therefore, the appraisal analysis herein takes a cautiously optimistic outlook when applying the approaches to value with a forecast of stabilizing trends..***

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Mr. Bobby C Harraid

The subject consists of two tracts. Tract I does not have an account with the Nueces County Appraisal District, thus we were not able to identify the legal description nor the size of the tract. The information provided by the client states the area of Tract I to be 46,522 square feet or 1.068 acre. This tract has beach frontage along its north boundary.

Tract II has a legal description of Lot 7, Block 414, Brooklyn Addition, Corpus Christi, Nueces County, Texas and an area of 8,708 square feet or 0.20 acre.

Both tracts are a portion of Puerto Del Sol RV Park which has more than 50 recreational vehicle spaces plus a recreation room. The RV park has been in operation since the early 1970's.

The purpose of this valuation is to arrive at a Fee Simple Market Value of the property to determine the Market Lease Rate for the subject as if vacant. Market Lease Rate is the current rental rate that a space or property would likely command in the open market, indicated by current rents or rates of return based on market value paid for comparable space/property within a given market. A lease executed at the market lease rate is said to be "at market" or "market rate." Leases with rental rates greater than or less than the prevailing market rate are said to be "above market" or "below market, respectively.

This report has been prepared in compliance with the standards set forth by the Texas Real Estate Commission, Controller of the Currency, Federal Deposit Insurance Corporation, FIRREA and USPAP.

By reason of investigation and analysis of data contained in this report, the "*As Is*" *Market Value* of Tract I as of July 1, 2021, is:

**\$840,000**  
**\$18.00/SF**

The *Ground Lease Market Rate Estimate* of Tract I as of July 1, 2021, is:

**\$67,457**  
**\$1.45/SF**

By reason of investigation and analysis of data contained in this report, the "*As Is*" *Market Value* of Tract II as of July 1, 2021, is:

**\$50,000**  
**\$5.40/SF**

The *Ground Lease Market Rate Estimate* of Tract II as of July 1, 2021, is:

**\$3,920**  
**\$0.45/SF**

The following report contains factual data upon which the value estimate is based and has been presented in consideration of the guidelines outlined above.

Respectfully Submitted,



Carl Bob Hellums  
TX-1320362-G

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ADDENDA

- Engagement Letter
- Appraisers' Resume

**EXECUTIVE SUMMARY**

PROPERTY KNOWN AS	Tract I - 1.068 Acre and Tract II - 0.20 Acre	
STREET ADDRESS	Tract I containing 1.068 acre is located along the north side of Timon Boulevard. Tract II containing 0.20 acre located at the northeast corner of Timon Boulevard and Hull Street Corpus Christi, Nueces County, Texas	
<b>LEGAL DESCRIPTION:</b>	Tract 1 - No legal description Tract II - Lot 7, Block 414, Brooklyn Addition, Corpus Christi, Nueces County, Texas.	
<b>SITES:</b>		
Tract I		
Shape	Irregular	
Size	46,522 Sq. Ft. - 1.068 acre	
Zoning	RM-AT, Multi-Family Residential - Tourist Area District	
Highest and Best Use	Multi-Family	
Utilities	All available	
Tract II		
Shape	Triangular	
Size	8,712 Sq. Ft. - 0.20 acre	
Zoning	RM-AT, Multi-Family Residential - Tourist Area District	
Highest and Best Use	Multi-Family	
Utilities	All available	
<b>DATE OF INSPECTION:</b>	July 1, 2021	
<b>DATE OF THE REPORT:</b>	July 15, 2021	
<b>“AS IS” DATE OF VALUE:</b>	July 1, 2021	
<b>VALUE INDICATIONS</b>		
Sales Comparison Approach - Tract I	\$840,000	\$18.00/SF
Sales Comparison Approach - Tract II	\$ 50,000	\$5.40/SF
<b>Annual Market Ground Lease Rate - Tract I</b>	<b>\$67,457/Year</b>	<b>(\$1.45/SF)</b>
<b>Annual Market Ground Lease Rate - Tract II</b>	<b>\$ 3,920/Year</b>	<b>(\$0.45/SF)</b>



View looking northwest toward subject from Timon Boulevard



View looking northeast toward subject from Hull Street



View looking northwest along Timon Blvd. Subject on right



View looking east along Timon Blvd. Subject on left

**CERTIFICATION**

I certify 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 my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I 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. I have performed no 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.
1. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
2. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Carl Bob Hellums has made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional assistance to the persons signing this report.

July 15, 2021



Carl Bob Hellums  
TX-1320362-G



## ASSUMPTIONS AND LIMITING CONDITIONS

### General Conditions

1. Except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, portions of this appraisal report shall not be given to third parties without prior written consent of the signatory of this appraisal report. Further, neither all nor part of this appraisal shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatory of this appraisal report.
2. That the term market value, as used herein, is defined within the United States Treasury Department, OCC (Office of the Comptroller of the Currency) 12 CFR Part 34.42 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."* Please see the body of this report for a full definition of market value.
3. That the date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
4. That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
5. That no opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions, except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its Highest and Best Use.
6. That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
7. That maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
8. That no opinion is expressed as to the value of subsurface oil, gas or mineral rights, and that the property is not subject to surface entry for the exploration or removal of such materials, except as is expressly stated.
9. That if this appraisal is used for mortgage loan purposes, the appraiser invites attention to the fact that the equity cash requirements of the lender have not been analyzed; the loan ratio has not been suggested; and the amortization method and term have not been suggested.
10. That if this appraisal has been limited at the request of the client for valuation of fractional property interest, the reported value or values herein relate to only its fractional interest in the real estate involved, and that the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.

### **Court Or Hearing Testimony**

11. That testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made at a reasonable time in advance.
12. That if the date of value used herein is the date of trial, the appraiser reserves the right to consider and evaluate additional data that becomes available between the date of this report and the date of trial and to make any adjustments to the value opinions that may be required.

### **Title Report**

13. That if the title report was made available to the appraiser, he assumes no responsibility for such items of record not disclosed by his normal investigation. However, the appraiser does not render an opinion on title and it is considered good for the purposes of this report.

### **Soil Or Geological Conditions**

14. That no detailed soil studies covering the subject property were available to the appraiser. Therefore, premises as to soil qualities employed in this report are not conclusive but have been considered consistent with information available to the appraiser.
15. That since earthquakes, floods, tornadoes and other potentially dangerous natural phenomenon are possible from time to time in the area, no responsibility is assumed, due to their possible affect on individual properties, unless detailed geological reports are made available.

### **Vacant Land**

16. That the appraiser has personally inspected the subject property and finds no obvious evidence of deficiencies, except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements such as zoning, fire, building and safety, earthquake, tornado, flooding, etc. can be assumed without provisions of specific professional or governmental inspections.
17. That if this appraisal involves an analysis of differing geographical portions of the subject tract or tracts relative to their potential uses and values, the reported value or values relate to the whole, and the sum of the parts may or may not equal the value of the property as a whole.

### **Improved Property**

18. That the appraiser has personally inspected the subject property and finds no obvious evidence of structural deficiencies, except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements such as zoning, flood, fire, building and safety, earthquake or occupancy codes can be assumed without provisions of specific professional or governmental inspections.
19. That although no termite inspection report was available, the appraisers personally inspected the subject property and found no significant evidence of termite damage or infestation.
20. That no consideration has been given in this appraisal 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.

21. That consideration of equipment is as stated within the report. And if consideration has been given in this appraisal to certain items of equipment located on the property and itemized herein, they are considered in the property valuation.
22. That building and rental areas herein have been provided by the client or reliable sources and are believed to have been calculated in accord with standards developed by the American Standards Association as included in the Real Estate Appraisal Terminology.
23. That income and expense data that was relied upon were provided by the client or sources that are felt to be reliable and no responsibility is assumed for other correctness.
24. That the improvements are assumed to be within the lot lines and in accordance with local zoning and building ordinances.
25. That, unless otherwise stated in the report, the subject property is assumed to be free of all hazardous materials affecting, or with the potential to affect said property. The appraiser is unqualified to detect the presence of all hazardous materials, including asbestos and Urea-Formaldehyde foam insulation, and therefore assumes no responsibility for the presence of, or costs associated with the detection of such materials. The presence of hazardous materials could affect the value estimated by this appraisal.

**Property Identification**

The subject property contains two non-contiguous tracts. Tract I contains 1.068 acre and is located along the north side of Timon Boulevard. Tract II contains 0.20 acre and is located at the northeast corner of Timon Boulevard and Hull Street, Corpus Christi, Nueces County, Texas. This valuation is to determine the value of both tracts to arrive at a Market Lease Rate.

**Purpose of Appraisal**

The purpose of this ***Appraisal Report***, at the request of the client, City of Corpus Christi, is to estimate the **“As Is” Market Value Opinion** of the property as of the appraisal date. We have valued the subject property based on current market conditions assuming a fee simple estate. We also derived a Market Lease Rate for both tracts.

**Intended Use & User**

The intended use of this appraisal is reportedly to meet the decision making requirements of the intended user/client, the City of Corpus Christi. The final value estimated is strictly subject to the report being used for this function.

**Value and Property Rights Definitions**

**USPAP Market Value:** Market Value is defined within the United States Treasury Department, OCC (Office of the Comptroller of the Currency) 12 CFR Part 34.42 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:*

- 1. buyer and seller are typically motivated.*
- 2. both parties are well informed or well advised, and acting in what they consider their own best interest;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in cash in United States dollars or in terms of financial arrangements comparable thereto;*
- and*
- 5. the price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

**Fee Simple Estate:** Fee Simple Estate, as used in this report, is defined by The Dictionary of Real Estate Appraisal, Fourth Edition, 2012, published by the American Institute of Real Estate Appraisers as:

*"absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat."*

**Reasonable Exposure Time Opinion**

According to USPAP 2016-2017 Edition, published by ©The Appraisal Foundation, Effective January 1, 2016 exposure time may be defined as follows: ***“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; retrospective opinion based upon an analysis of past events assuming a competitive and open market.”***

To determine an estimated exposure time, the appraiser utilized the various Multiple Listing Service Area Market Survey. Exposure time is estimated at 12 months.

**OWNERSHIP HISTORY**

There is no data sheet from the Nueces County Appraisal District (NCAD) for Tract I. It is assumed that it has been under the ownership of the City of Corpus Christi in excess of five years.

Tract II does have an account with the NCAD and indicates it is under the ownership of the City of Corpus Christi in excess of five years. Both tracts were not listed for sale as of the date of this valuation.

**APPRAISAL SCOPE**

All three approaches to value were considered in concluding a value for the subject.

The traditional appraisal process has been followed, which consists of several stages. The first stage is the definition of the problem, which includes the identification of the real estate involved, the property rights to be valued, the date of the value estimate, use of the appraisal, and the definition of value and limiting conditions.

The second stage of this process is preliminary analysis and data collection. This analysis considers the four factors affecting most properties; that is, social, economic, governmental, and environmental forces which affect each property differently and are a direct influence on value. Comparable data on land sales, cost factors and depreciation, similar improved sales, comparable rentals, income and expense factors, and the relevant capitalization and discount factors are gathered and studied in this stage of the process. In the search for comparable data Realtors active in the area were contacted to obtain sales of raw land or similar improved properties. The County Appraisal District was utilized to determine the appropriate assessments and taxes. The data search also included data from work files obtained over time by virtue of previous appraisals performed in the area. Other data sources frequently utilized are the various Board of Realtors throughout the area. City and governmental officials as well as charts, studies, and maps produced by these entities were also consulted during the course of this appraisal.

The third stage is the highest and best use analysis, where the property is studied to determine its highest and best use under two criteria: "as vacant" and "as improved". This analysis considers four factors to estimate highest and best use: the physically possible uses; legally allowed uses; financially feasible uses; and the maximally productive use of the site. Through a process of elimination and analysis, the appraiser is able to estimate a highest and best use for the property.

Stage four is the land value estimate. In this stage the comparable land sales are analyzed and relevant adjustments are applied to arrive at an estimate of the site value.

The application of the three approaches is the fifth stage of this process, as it is at this point that the value of the property is actually estimated. After each approach to value is estimated, the sixth stage or final reconciliation is reached. In this section of the report the appraiser must analyze the various value conclusions and determine the relevant approach or approaches which best reflect the value of the subject. The final stage in the appraisal process is the reporting of the value defined for that property. This assignment was completed following the above described procedures utilizing proper methodology and recognized data sources. This appraisal report is in full compliance with current USPAP requirements.

Based on instructions from the client, we have valued the property as a vacant tract of land and only the Sales Comparison Approach was utilized.

**AREA ECONOMIC OVERVIEW**

Corpus Christi is a coastal city in the Southern US, within the state of Texas. It is situated in the region of the state commonly known as the Coastal Bend. The county seat of Nueces County, it also extends into Aransas, Kleberg, and San Patricio Counties. It is 140 miles southeast of San Antonio and 205 miles southwest of Houston. Its political boundaries extend approximately 35 miles in a northwest/southeast direction from Calallen to Mustang Island, and encompass Nueces Bay and Corpus Christi Bay. The city is long and narrow due to being bounded by Nueces Bay and Corpus Christi Bay to the northeast and the King Ranch to the southwest. Nueces County has a total land area of 1,166 square miles. Elevations in the county range from sea level to 129 feet above mean sea level.

Nueces County features flat rich lands broken by many bays. Also included in Nueces County is the northern end of Padre Island. Rainfall averages approximately 30.1 inches per year. Nueces County has a long growing season of 309 days with average last freeze date of February 9th and the average first freeze date of December 15th. Summer temperatures average from the high 80's near the water to the lower 90's inland with extremes in both areas over 100 degrees. Winter temperatures average in the mid 40's.

The City of Corpus Christi water is supplied by two lakes and one pipeline. These lakes are known as Lake Corpus Christi, located near Mathis and Choke Canyon, located near Three Rivers. These two lakes are supplemented by several wells in the area which can pump an estimated 12 million gallons per day.

The city's population was estimated to be 326,554 in 2018, making it the eighth most populous city in Texas. The Corpus Christi metropolitan area had an estimated population of 442,600, ranked 7<sup>th</sup> in Texas by population, and 114<sup>th</sup> nationally. It is also the hub of the six-county Corpus Christi-Kingsville-Alice Combined Statistical Area, with a 2013 estimated population of 516,793.

The region is served by the Corpus Christi International Airport. Interstate 37 connects north to San Antonio and Austin. Interstate 69E/U.S. Highway 77 connects the city to Brownsville and Victoria. Texas State Highway 44 is a main thoroughfare that connects Corpus Christi to Laredo and the western part of South Texas by way of Interstate 69W/U.S. Highway 59, Interstate 35, and U.S. Highway 83. The inner-city public transportation is provided by Corpus Christi Regional Transportation Authority with its 28 bus routes. Construction has commenced on the new \$1 billion dollar Harbor Bridge Project.

The Port of Corpus Christi is the fifth-largest in the United States. The Port of Corpus Christi, the deepest inshore port on the Gulf of Mexico, handles mostly oil and agricultural products. Much of the local economy is driven by tourism and the oil and petrochemicals industry. In 2005, the port was ranked as the 47th-largest in the world by cargo tonnage. Despite the convenience of a large harbor, the city does not have a passenger port.

Corpus Christi is home to Naval Air Station Corpus Christi, providing 6,200 civilian jobs to the local economy, making it the single largest employer in the city. Corpus Christi Army Depot, located on NAS Corpus Christi, is the largest helicopter repair facility in the world. Additionally located on NAS Corpus Christi is the United States Coast Guard Sector/Air Station Corpus Christi.

The majority of the population is employed in the services, wholesale and retail trades, and government sectors. Corpus Christi has an unemployment rate of 5.6% as of November 2016. Employment lead by the government and health care sectors, remains relatively stable. The Corpus Christi Independent School District remains the top employer in the area, followed by chemical manufacturing, health care industry and government. Corpus Christi is the original home of the headquarters of Whataburger, a fast-food restaurant operator and franchiser with 650 stores in 10 states and Mexico; however, the company relocated its headquarters to San Antonio in 2009. Other large employers include Christus Spohn Health System at 5,400 local employees, the Corpus Christi Independent School District with 5,178, H-E-B at 5,000, and Bay Ltd. at 2,100. Other companies based in Corpus Christi include Stripes Convenience Stores and AEP Texas.

Six school districts provide primary and secondary education for area residents: Corpus Christi Independent School District, Calallen ISD, Flour Bluff ISD, Tuloso-Midway ISD, West Oso ISD, and London ISD. The Roman Catholic Diocese of Corpus Christi provides primary and secondary education through a group of Diocesan-owned schools. Several Open Enrollment Charter Schools are in Corpus Christi. These public schools are: Accelerated Learning Center, Cesar E Chavez Academy, Corpus Christi College Preparatory HS, Corpus Christi Montessori School, Dr ML Garza-Gonzalez Charter School, GCCLR Institute of Technology, Premier HS of Corpus Christi, Richard Milburn Academy, School of Science and Technology, Seashore Learning Center, and Seashore Middle Academy.

Corpus Christi is home to several institutions of higher learning: Texas A&M University-Corpus Christi, Del Mar College, Saint Leo University-Corpus Christi and numerous vocational schools, including Southern Careers Institute, South Texas Vo-Tech, Career Centers of Texas-Corpus Christi, and Vogue Cosmetology School. The city is also home to Stark College and Seminary (formerly known as the South Texas School of Christian Studies) located on Ward Island alongside Texas A&M-Corpus Christi. Southern Careers Institute offers career training at two Corpus Christi locations, primarily in the medical, business, and cosmetology fields.

The large, shallow bay makes Corpus Christi an ideal feeding place for birds, and this is one reason why Corpus Christi is known as the "Bird Capital" of North America. Consequently, the San Diego Audubon Society has designated Corpus Christi as "America's birdiest place".

The city's location beside Corpus Christi Bay, the Gulf of Mexico, and Laguna Madre provides opportunities for water sports and nature tourism. Waterfowl hunting is available in the region for duck, geese, coot, and teal. White-winged dove and mourning dove are also hunted on private leases. The brushland inland from Corpus Christi is also ideal for hunting feral hogs and white-tailed deer. Fishing is a popular recreational activity in Corpus Christi, including fishing from various piers around Corpus Christi Bay, wade fishing in Oso Bay, and fishing from the Gulf of Mexico at Packery Channel or at Bob Hall Pier.

The city has one of the highest average wind speeds of coastal cities in North America. With the large bay front area along Ocean Drive, the city is a destination for wind sports such as kite boarding, wind surfing, kite flying, and sailing. In 1990, Corpus Christi hosted the Windsurfing World Championships. In 2018, Corpus Christi hosted the 2018 Youth Sailing World Championships. Corpus Christi also is the home of Midget Ocean Racing Fleet, which promotes sailing in the Coastal Bend. The Wednesday night races held by the fleet are the longest-running weekly races in the United States.

Corpus Christi has professional sports to offer residents and visitors. The city is home to the Corpus Christi Ice Rays of the North American Hockey League and the Corpus Christi Hooks are the AA minor-league baseball club for the Houston Astros, which play in the Texas League.

Naval Air Station Corpus Christi is a United States Navy naval air base located six miles southeast of the central business district (CBD) of Corpus Christi. Today, the Naval Aviator training program at NAS Corpus Christi is much longer, approximately 18 months, due to the increased complexity of today's aircraft. Currently, Training Air Wing FOUR produces approximately 400 newly qualified aviators each year via the "Maritime Pipeline" for shore-based U.S. Navy, U.S. Marine Corps and U.S. Coast Guard fixed-wing jet and turboprop aircraft, as well as a limited number of NATO/Allied/Coalition military pilots for similar aircraft. Other aircraft found at NAS Corpus Christi include the P-3 Orions and General Atomics MQ-9 Reaper drones operated by U.S. Customs and Border Protection. In addition to U.S. Navy Student Naval Aviators, VT-31 and VT-35 also train Student Naval Aviators from the U.S. Marine Corps and U.S. Coast Guard. The station employs officer, enlisted and civilian personnel serving in the U.S. Navy, U.S. Marine Corps, U.S. Coast Guard, U.S. Army, U.S. Customs and Border Protection and the military services of numerous NATO/Allied/Coalition partner nations. In support of the base's training mission are three nearby outlying landing fields owned by the Navy: Naval Outlying Field Waldron, which is 3.5 miles southwest of the Naval Air Station, Naval Outlying Field Cabaniss, which is 8.0 miles west of the Naval Air Station and Naval Outlying Field Goliad which is 57.7 miles north of the Naval Air Station. NAS Corpus Christi is also home to the Corpus Christi Army Depot (CCAD), the

largest helicopter repair facility in the world (and an unusual arrangement of an Army installation located on a Naval facility). The commanding officer is currently Colonel Gail E. Atkins who took command of the depot on 20 July 2018. The Army is considering moving its helicopter squadron from Honduras to this air station to save money, using facilities recently abandoned when large Navy minesweeping helicopters moved elsewhere.

South Padre Island Drive is the city's main retail corridor, with two shopping malls, La Palmera (formerly Padre Staples Mall), and Sunrise Mall. Also, a number of other large shopping centers, small strip centers, and restaurants can be found throughout the city.

Single-family construction has continued at a steady pace. While the number of homes built is still below the levels experienced in the early and mid-1980's, the permits for new single-family residential construction continue to increase every year.

Commercial construction has been relatively strong with most of this growth occurring on the south side. Several new mid-sized national restaurant and retail chains have opened. The South Padre Island corridor from Greenwood to Oso Bay has seen a steady pace of commercial development.

The apartment market has had an absorbable amount of new construction over the past several years. Occupancies have been steady at over 90%.

The Port of Corpus Christi is the heart of international trade activity in South Texas. The Port is working toward increasing its container bulk service. The addition of the multi-purpose cargo dock will enable the Port to handle a wider variety of cargoes, including containers, in a more efficient manner. It has continued to change from a petroleum port to a more variable activity port.

The Port commissioners have voted to proceed with a master plan for expansion of the Bulk Terminal. Initial feasibility studies of the proposed Safe harbor, or inshore deepwater oil terminal, have been completed.

Oil and gas prices have increased exploration and the energy related employment group has had large increases due to the increase in demand for oil and gas. This employment sector should continue to prosper and increasing oil and gas prices should allow the petrochemical industry to remain a large economic engine.

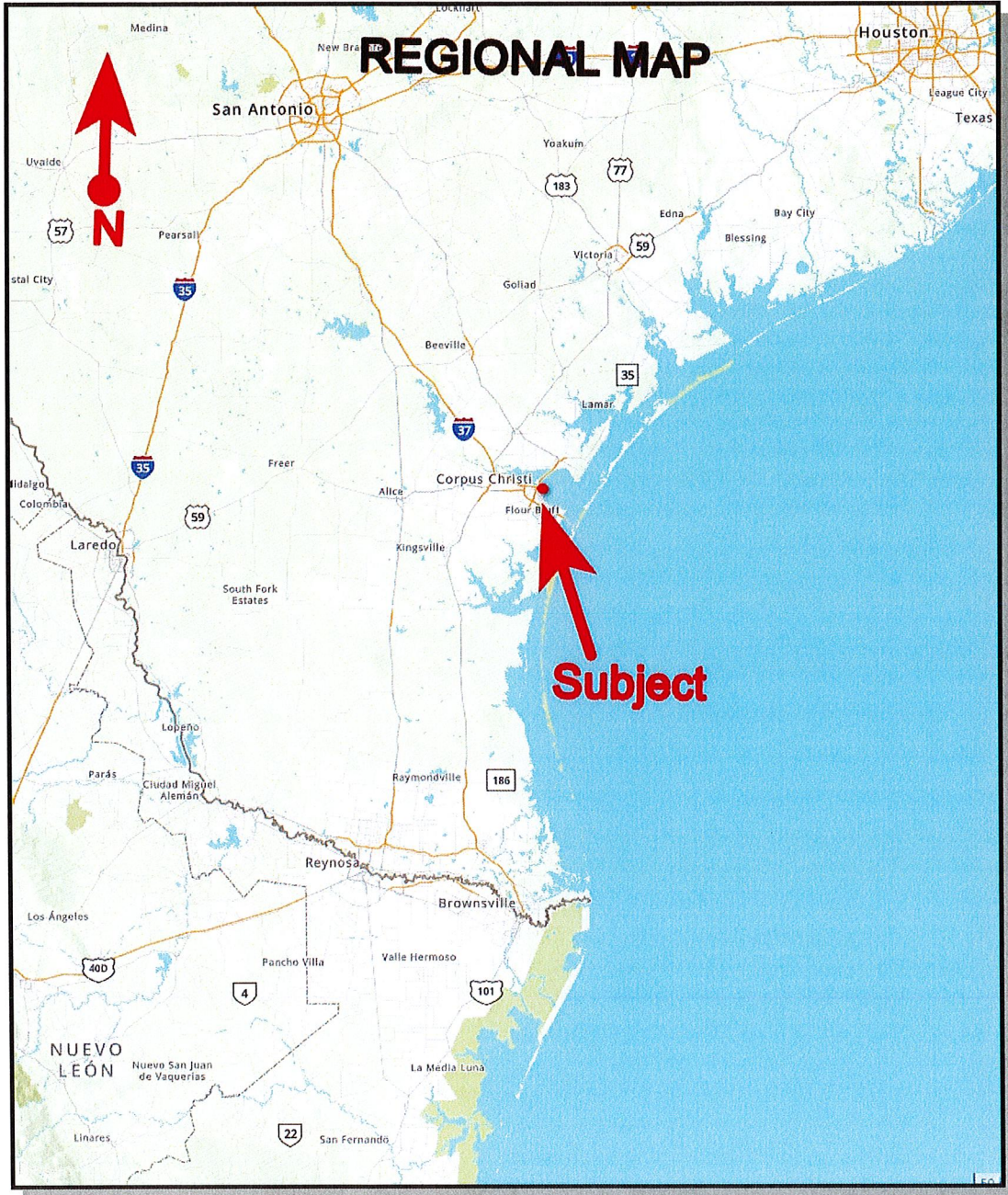
There have been large expansion and additions in the Industrial Sector (refineries and petroleum/chemical plants). Consequently, the Refining and Chemical employment sector continues to be one of the strongest economic employers in the city.

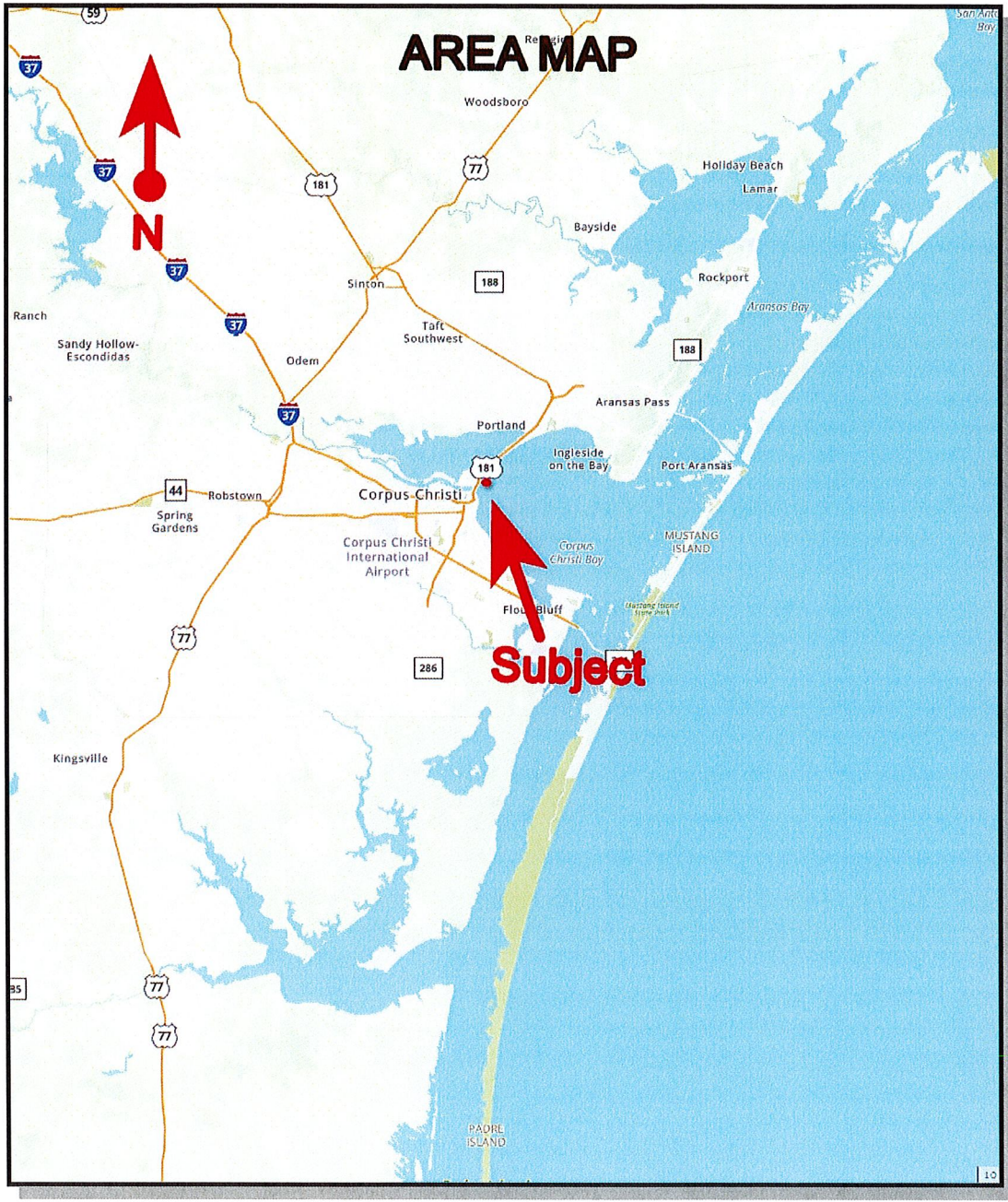
The military has remained a steady employer throughout years. The Corpus Christi Army Depot remains one of the only helicopter repair facilities for the U.S. Army. Military civilian employment has remained relatively steady. It likely the military presence will remain for the foreseeable future.

The Corpus Christi MSA has seen moderate to strong growth with respect to its historical average. Retail, office, multi-family, industrial and hotel rates are showing signs of growth. Barring a major downturn in petroleum industry, the continued national and international demand for petroleum based products will continue to support the local and regional economy while the broad based economy diversifies through bulk transportation via The Port of Corpus Christi expansion and the region's attractive resort/outdoor based tourism market continues to proliferate.

The Coastal Bend enjoys an ever-expanding diversity with port industries supplying the jobs and driving the demand for economic goods and services with multiple major international corporations developing industrial plants along the ship channel. Tourism and coastal water sports provide visitor attractions that assist in economic stability. The area should continue to prosper through economic diversity across all spectrums of the economy which should bode well for stable real estate market.







**NEIGHBORHOOD ANALYSIS**

The Dictionary of Real Estate Appraisal, Fourth Edition, published by the Appraisal Institute defines a neighborhood as "*a group of complementary land uses...*"

**Boundaries**

The designation of neighborhood boundaries for this appraisal is based upon the appraiser's evaluation of those physical and man-made influences that affect the relative desirability and value trend of the subject property and that of surrounding properties in the same or similar way. Although neighborhood boundaries often are and can be drawn to coincide with major physical features such as rivers or highways, the significant boundaries are those that fix the limits of influences on property values. The boundaries for the subject neighborhood are described as follows:

The physical and social boundaries are those land areas within North Beach. Considered to be the northern portion of the city.

The neighborhood is comprised mostly of tourist attractions, multi-family developments including condominiums, single family subdivisions, and vacant land.

North Beach, historically known as Rincon Point, is a section of Corpus Christi located on the far north end of the city. It is on the El Rincon peninsula surrounded by Corpus Christi Bay and Nueces Bay. The name was changed to Corpus Christi Beach in the 1950s, but the City Council officially changed the name back to "North Beach" in 2012, because most people still called it "North Beach" and many local business owners and residents requested the change. The city then erected a \$750,000 giant archway with "North Beach" written on it in 2012 at the gateway to this tourist area.

North Beach is located just across the Harbor Bridge and two of Corpus Christi's popular attractions, the Texas State Aquarium and the USS Lexington, an aircraft carrier turned museum are located in this area. Fajitaville restaurant has a ferris wheel to see the skyline. There is approximately one to two miles of sandy beach where no vehicles are allowed. There is also a concrete beach walk along the beach. Dolphin Park playground is located on the north end of the area near the subject property with three public bathhouses with restrooms and showers

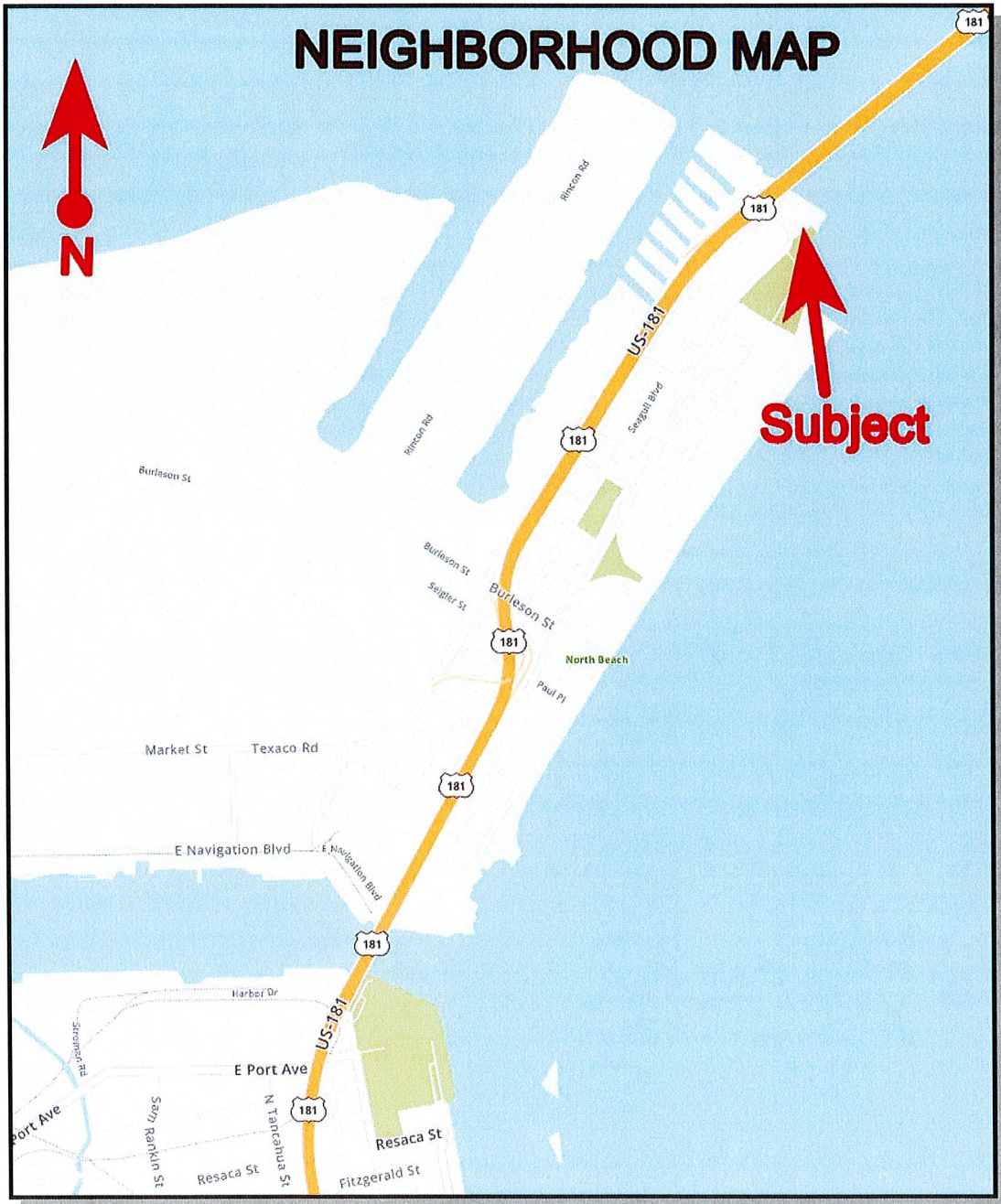
U. S. Highway 181 provides the primary north/south transportation in the neighborhood. There are two fishing jetties, one on the south end and one on the north end of North Beach.

The Corpus Christi Harbor Bridge is a through arch bridge located in Corpus Christi which contains six lanes of U.S. Highway 181/Texas State Highway 35 from downtown Corpus Christi to North Beach and points north. The Harbor Bridge crosses the Corpus Christi Ship Channel and handles in excess of 26,000 vehicles daily. A new bridge called the New Harbor Bridge is currently under construction. When complete it will allow larger ships to pass beneath, permit safer pedestrian transit, and reconfigure the entire highway interchange system in the surrounding community.

Also, Timon and Surfside Boulevards are transportation routes within the neighborhood. There are numerous streets that traverse in all directions within the neighborhood.

Electrical and telephone service is provided by private providers. Water, gas, sewer and storm sewer are maintained and provided by the City of Corpus Christi.

To the west and across U. S. 181 of the subject is an industrial subdivision with mostly metal office/warehouse properties.



**SITE ANALYSIS**

This section serves as a general description and assessment of the subject site. Information in this section was taken from a physical inspection of the property, data provided by the client, and public records. A site plan is located at the end of this section.

The subject is comprised of two tracts. Tract I contains 1.068 acre and is located along the north side of Timon Boulevard with frontage along Corpus Christi Bay on its northern boundary. Sea Rim State Park borders this tract on its eastern boundary. This tract is irregular in shape.

Tract II contains 0.20 acre and is located at the northeast corner of Timon Boulevard and Hull Street. It is triangular in shape.

According to F.E.M.A. map panel 48355C0310G, Effective Date - October 23, 2015, both tracts are located in Flood Zone "AH", which is an area of flooding. These areas contain flood depth of one to three feet with areas of ponding.

The tracts are zoned "RM-AT, Multi-Family Residential District in Tourist Areas. Various multi-family and commercial developments are in the North Beach Area with light industrial uses to the west of U.S. Highway 181.

The tracts have average visibility and access.

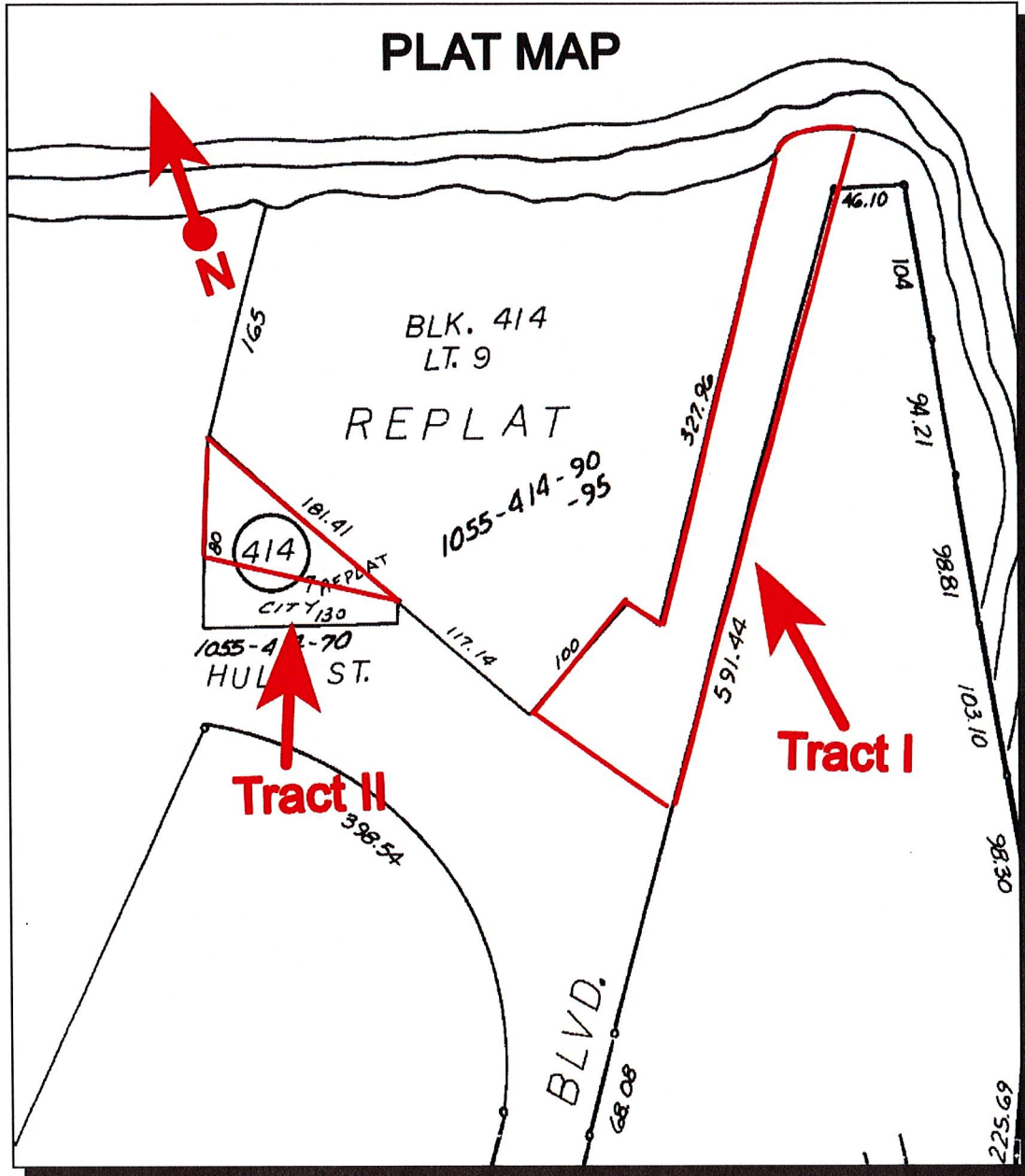
The City of Corpus Christi supplies water, gas, sewer, and waste water service to most of the area. Since deregulation, electricity is available from a multitude of service providers with the power provided by AEP. Telephone service is provided by AT&T. The City of Corpus Christi serves as the primary fire and police protection agency for the subject property. The subject is located within the Corpus Christi Independent School District.

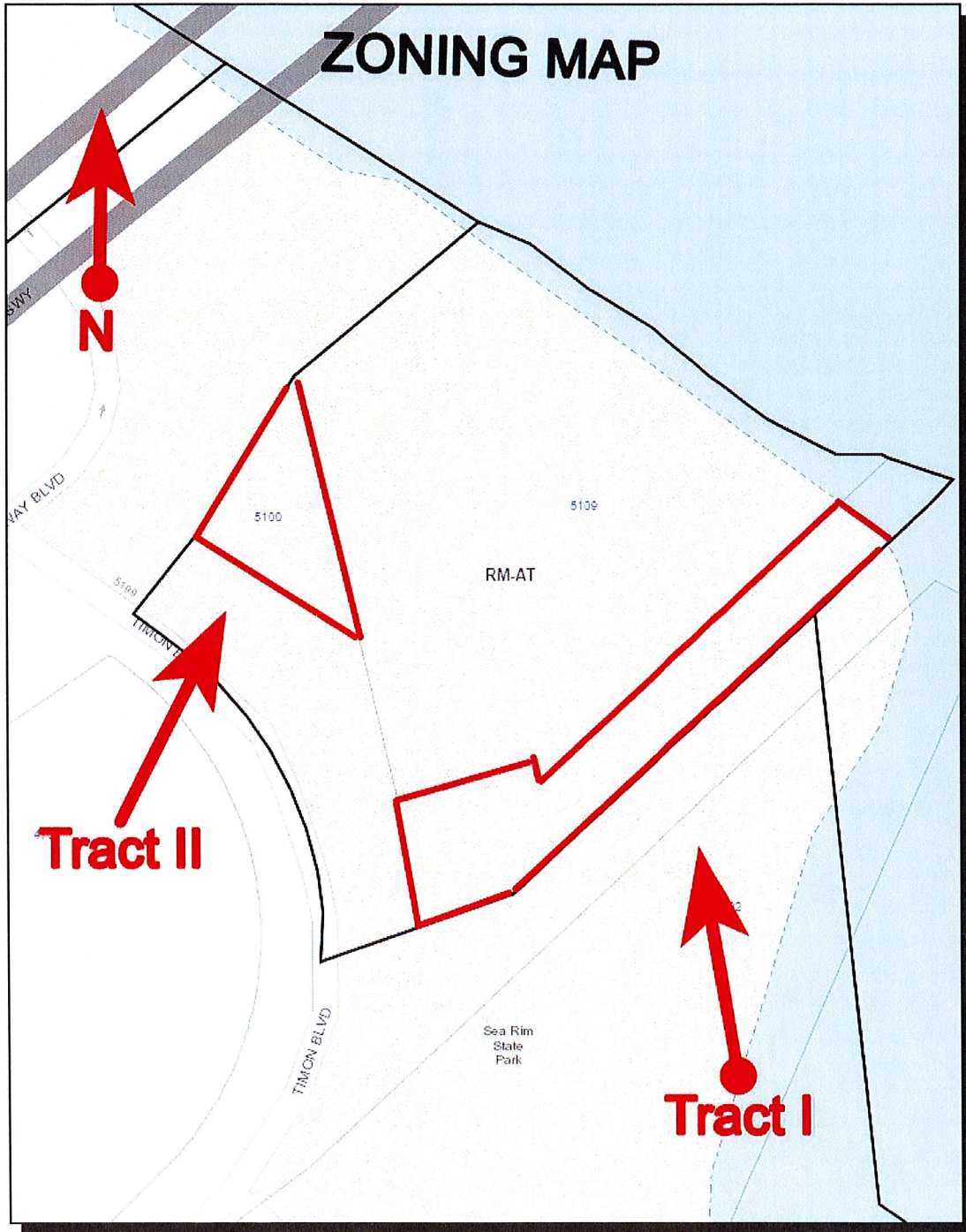
The appraiser was not provided with a current survey. The subject property appears to be subject only to typical utility easement and setback lines. The appraiser noted no detrimental easements or encroachments affecting the property.

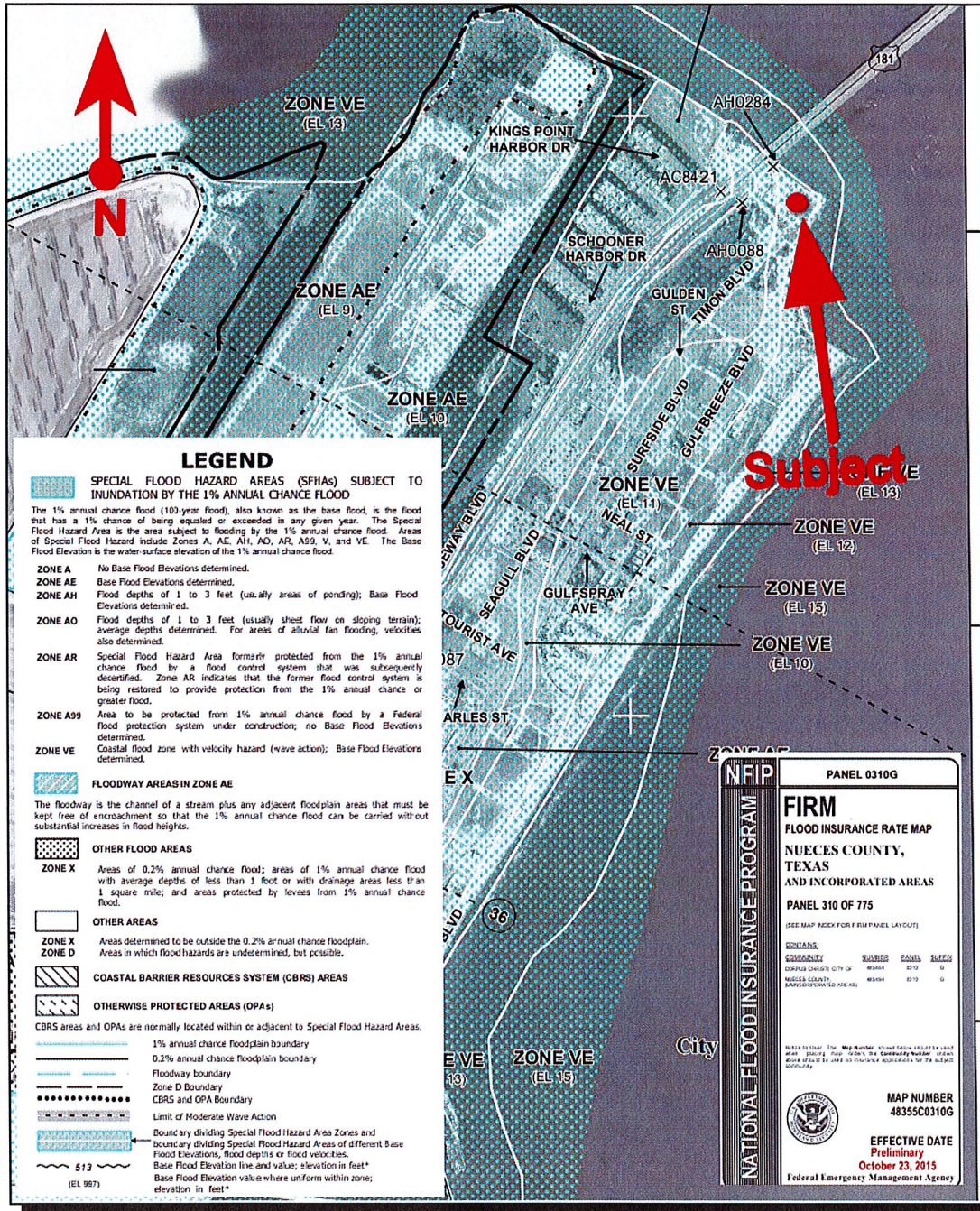
No adverse environmental conditions or nuisances (e.g. smoke, dust, noise, vibration) and no surrounding land incompatibilities, negatively affecting the subject property, were noted. However, the area is prone to flood during storm activity.

**Disclaimer**

The appraiser makes no warranties, implied or expressed, regarding flood hazard, soil conditions, adverse environmental conditions, hazardous waste or materials, or detrimental easements and encroachments. The appraiser's opinion should not be considered the final authority and should not, under any circumstances, take the place of a professional engineering study, survey, and title search.









**PROPERTY ASSESSMENT AND TAXATION**

The County Appraisal District has been given the responsibility of assessing the fair market value of all properties within County. Setting of Tax Rates are the responsibilities of the individual tax entities. The collection of taxes is done by the County Tax Assessor Collector.

The Appraisal District tax ID numbers are none for Tract I and 202446 for Tract II there is not one.

**Tax Bill:** According to the public record of County Appraisal District, the taxes are as follows:

TAX TABLE		
	Tract I	Tract II
ASSESSED MARKET LAND VALUE	Not Available	\$69,664.00
ASSESSED MARKET IMPT VALUE	Not Available	\$0.00
TOTALS	Not Available	\$69,664.00
Tax Rate		0.0261571
<b>Total Tax</b>		<b>\$1,821.41</b>

**Equity of assessment:** Tract II would appear to be equally assessed compared to assessments of other properties in the area.

**Delinquent Taxes:** According to the local taxing authorities, there are no delinquent taxes due.

## **HIGHEST AND BEST USE**

Highest and best use is a basic premise of value. As with value, highest and best use is not an absolute fact but rather reflects an appraiser's opinion of the best use of the property based on an analysis of prevailing market conditions. The term highest and best use, as utilized herein, is defined in The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, as: *"The reasonably probable and legal use of vacant land or an improved property, which 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 profitability."*

### **Analysis of Site As Vacant**

**Legally Permissible Uses:** Tract I and II are zoned RM-AT, Multi-family Residential - Tourist Area. There are no known deed restrictions which would prevent certain uses, therefore, it is concluded that as vacant, most any type of multi-family development, similar to surrounding uses, would be legally permissible.

As discussed in the Site Analysis, Tract I is irregular in shape and Tract II is triangular in shape. Tract I has frontage along Corpus Christi Bay. Tract II does not have any bay frontage. All utilities are available and the site is located within a flood hazard zone. No adverse easements or encroachments are present; however, the property is prone to flooding after storms. Overall, the physical attributes of the site do not appear to be constraining in terms of its potential highest and best use. In this report the appraiser has assumed that no contamination is present; however, if there is, we reserve the right to change the values as shown in this report. Based on the physical characteristics, it is our opinion that the tract could be developed with a wide variety of uses, including multi-family uses.

**Financially Feasible Uses:** In order for land use to be an economically feasible use, it must provide sufficient return of investment to justify the cost of the construction of the improvements, and provide a return on investment in land. If the property is capable of generating a sufficient net income to cover the required return on investment while also providing an adequate return to the land, then the usage is financially feasible within "typical" parameters.

Based upon current activity and demand forces at work in the market area, it would appear on the surface that multi-family development of Tract I at this time from a rental stand point would be feasible. The size and configuration of Tract II limits its financially feasible uses. The highest and best use of Tract I "as vacant" based on its location, configuration and size, would be to develop with a multi-family use.

**Maximally Productive:** A determination must be made as to the maximal productive use of the site. In the preceding analyzes, it was concluded that it is feasible to develop Tract I at this time. The maximally productive use is to develop this tract with a multi-family use. Tract II is very limited in its marketability to develop. Based on its size, acre, the triangular shape, and location, the highest and best use of Tract II is to develop with an adjoining tract.

**SALES COMPARISON APPROACH - VACANT LAND**

The Sales Comparison Approach in this section has been applied to the subject "as vacant". The land value estimate derived is later used in the Cost and Direct Sales Comparison Approaches of the report to arrive at a total property value through combining the depreciated value of the subject improvements with the land value.

The sales comparison approach for vacant land is a process of comparing actual comparable land sales and listings to the subject. The market data is compared to the subject on the basis of significant characteristics exhibited in the subject property that influence value and adjustments made to the comparables for differences to make them equal to the subject. Characteristics generally analyzed and considered for adjustments include property rights conveyed, unusual buyer/seller motivation, special financing, location, size, flood plain, topography and zoning. Because the adjustments, whenever possible are market derived, the desires and actions of typical buyers and sellers are reflected in the comparison process.

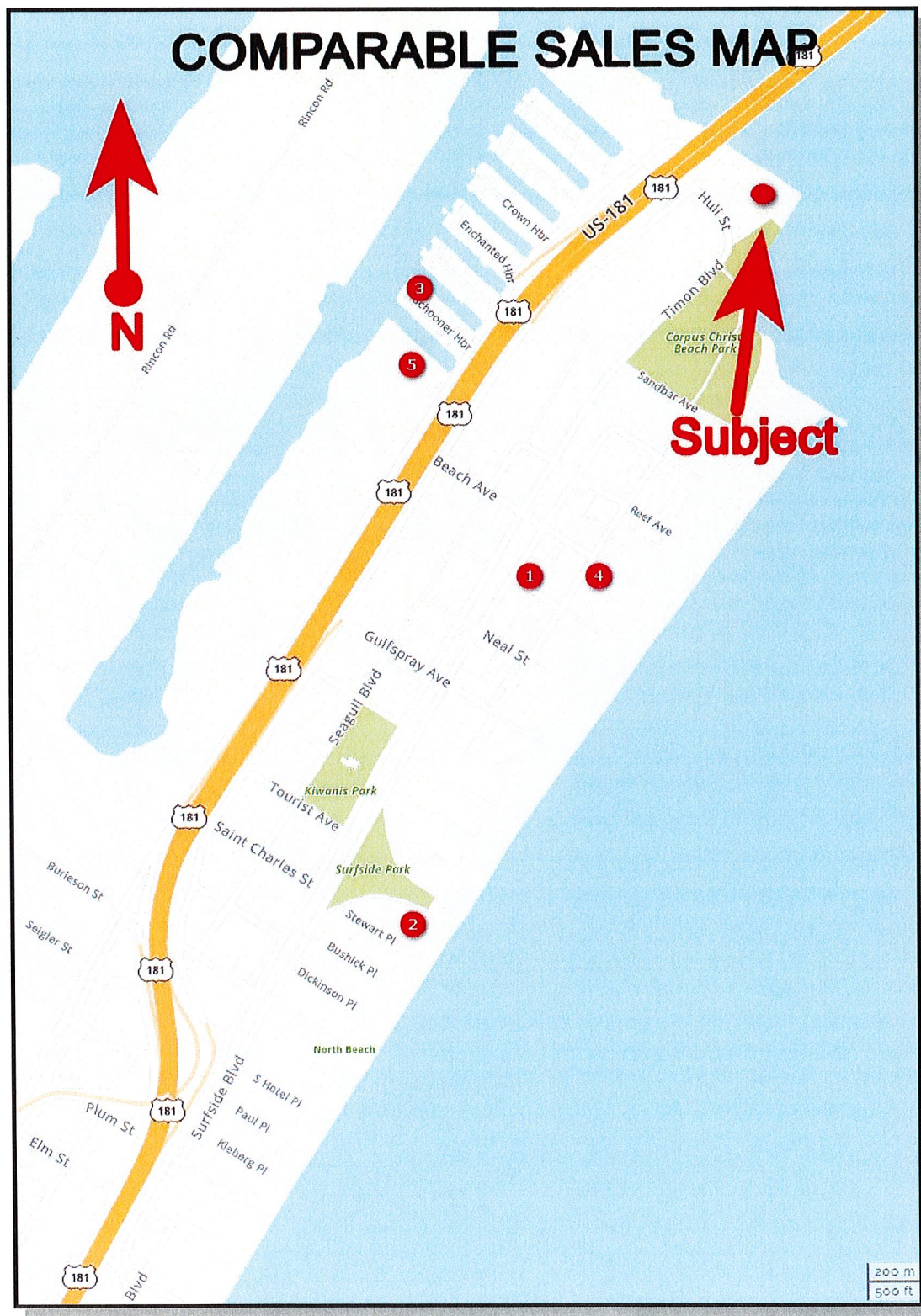
Several units of comparison are available for use in the comparative evaluation of vacant land sales in the sales comparison approach. The most common unit of comparison used, however, for vacant land is the sale price per square foot (or per acre) of land area.

The sale price per square foot of land area comparison is calculated by dividing the sale price of the comparable by its land area, thus yielding an unadjusted sales price per square foot common denominator, which is then adjusted to reflect the attributes of the subject property. This adjusted sales price per square foot is applied to the subject land area to indicate a value of the subject derived by comparison to individual market sales. The market data in this section is analyzed through the price per square foot of land area unit of comparison.

**Market Data - Vacant Land Sales**

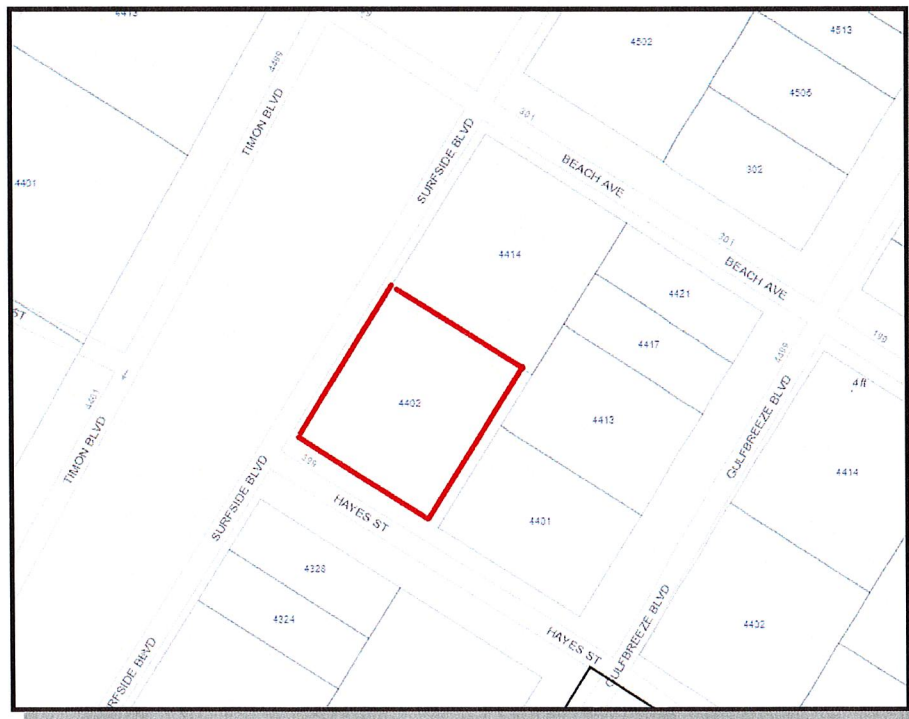
A market investigation was made in order to locate recent sales of vacant land within the subject area which were considered more or less similar to the subject site.

A market data location map and individual market data sheets outlining the pertinent data for each of the sales have been prepared and are presented on the following pages.



**COMPARABLE LAND SALE NO. 1**

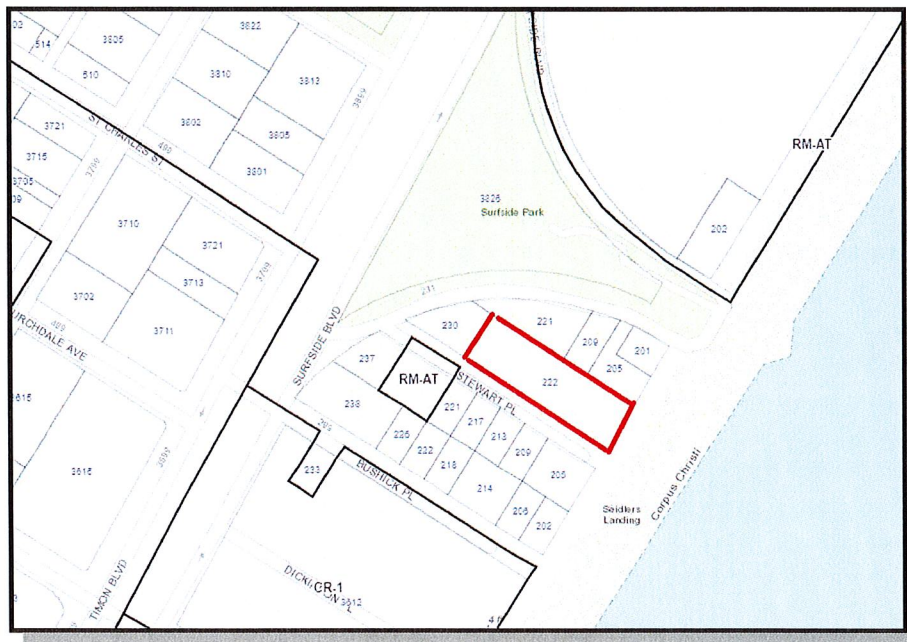
Identification	Vacant Land
Address/Location	4402 Surfside Boulevard Corpus Christi, Texas
Zoning	RM-AT - Multi-Family Residential District - Tourist Area
Size	20,525 Sq. Ft./0.47 Acre
Configuration	Rectangular
Topography	Level at grade
Access	Good
Use at Sale/Current Use	Vacant/Vacant
Grantor	2468Brooklyn, LLC
Grantee	Morteza Bagheri; M. Jafar Salehi; & Abbas Salehi
Date of Sale	July 30, 2020
Sale Price	\$199,999 <i>Confirmed</i>
Conditions of Sale	Cash to seller
Unit Price	\$9.74 per square foot
Source	Broker verified.
Comments	This is vacant tract located at the northeast corner of Surfside Boulevard and Hayes Street.



*The information contained herein was obtained from sources believed to be reliable; however, the appraiser makes no guarantees, warranties, or representations as to the completeness or accuracy thereof. The presentation of this information as submitted is subject to errors and/or omissions.*

**COMPARABLE LAND SALE NO. 2**

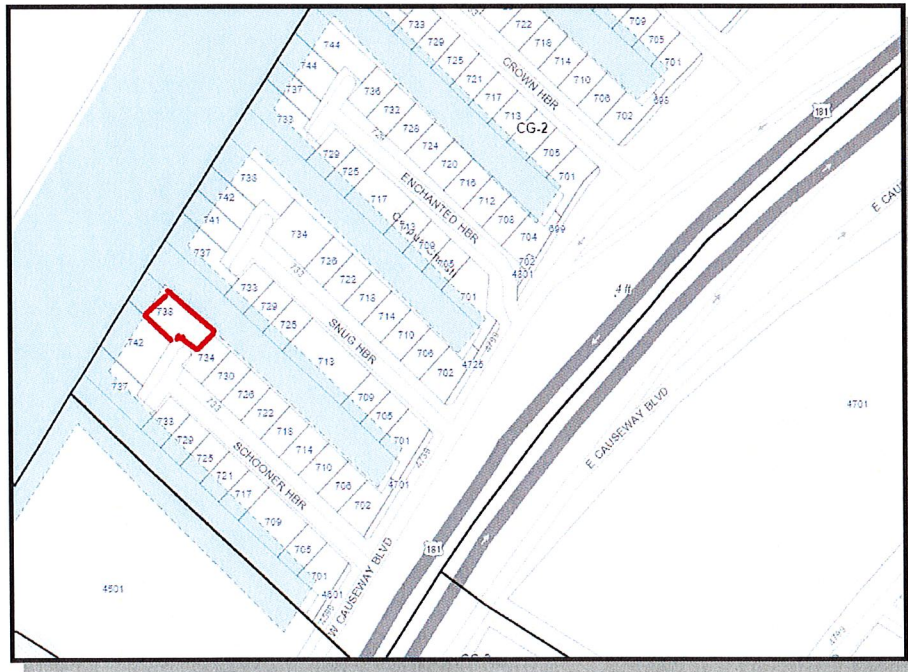
Identification	Vacant Land
Location	222 Stewart Place Corpus Christi, Texas
Zoning	RM-AT - Multi-Family Residential District/Tourist Area
Size	27,000 Sq. Ft./0.62 Acre
Configuration/Topography	Rectangular
Access	Good
Utilities	All available
Use at Sale/Current Use	Vacant/Vacant
Grantor	Durga Ventures, LLC
Grantee	NB Townhomes, LLC
Date of Sale	November 17, 2020
Sale Price	\$550,000 <i>Confirmed</i>
Conditions of Sale	Cash to seller
Unit Price	\$20.37 psf
Source	Broker verified.
Comments	This tract is located along the north side of Stewart Place with frontage along the beach. A townhome project is planned for this site.



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**COMPARABLE LAND SALE NO. 3**

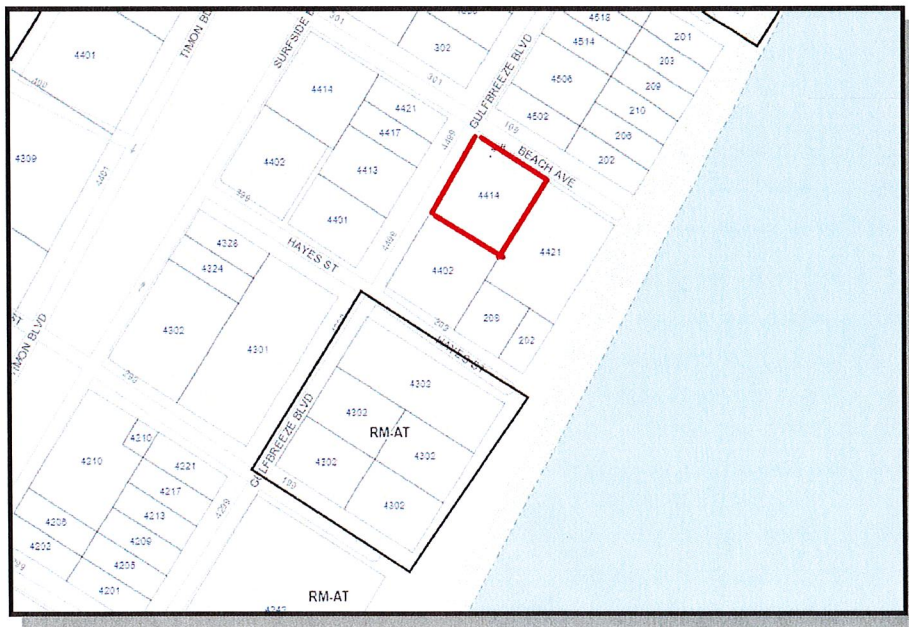
Identification	Vacant Land
Address/Location	738 Schooner Harbor Corpus Christi, Texas
Zoning	CG-2 - General Commercial District
Size	7,566 Sq. Ft./0.17 Acre
Configuration	Mostly Rectangular
Topography	Level
Access	Good
Current Use	Vacant
Grantor	Patrick and Mayra A. Halm
Grantee	Rudy Maldonado
Date of Sale	January 15, 2021
Sale Price	\$149,000 <i>Confirmed</i>
Conditions of Sale	Cash to Seller
Unit Price	\$19.69 per square foot
Source	Broker verified.
Comments	This site is located within a residential subdivision known as Porto Bello. It has frontage along a canal on two sides.



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**COMPARABLE LAND SALE NO. 4**

Identification	Vacant Land
Address/Location	4414 Gulfbreeze Boulevard Corpus Christi, Texas
Zoning	RM-AT - Multi-Family Residential District/Tourist Area
Size	19,497 Sq. Ft./0.45 Acre
Configuration	Rectangular
Topography	Level
Access	Good
Current Use	Vacant
Grantor	Tim & Ann M. Ackard
Grantee	Not Applicable
Date of Sale	Current Listing
Sale Price	\$235,000 <i>Confirmed</i>
Unit Price	\$12.05 per square foot
Source	Broker verified.
Comments	This site is located at the southeast corner of Gulfbreeze Boulevard and Beach Avenue.

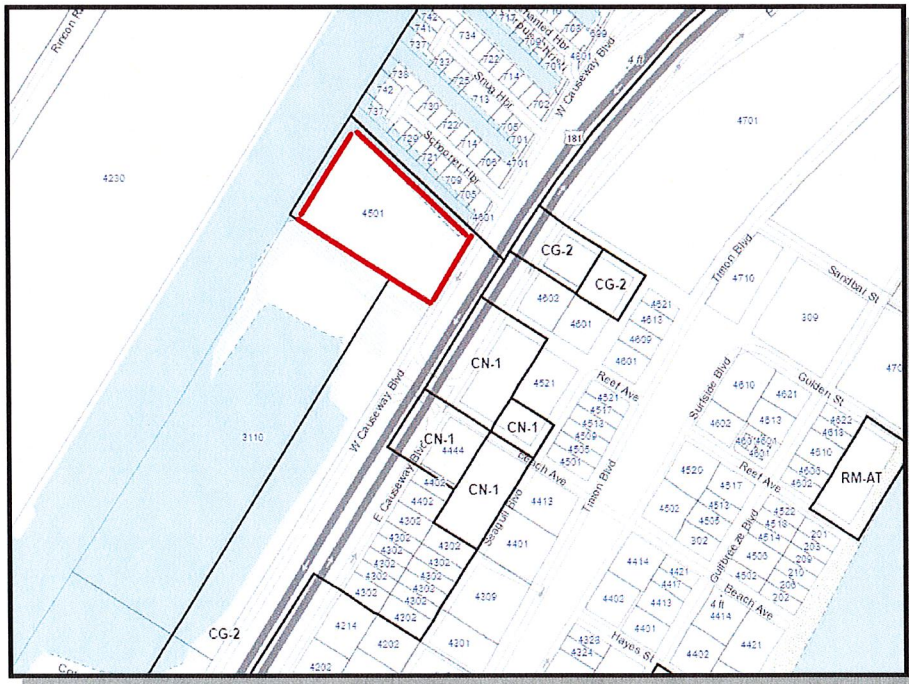


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**COMPARABLE LAND SALE NO. 5**

Identification	Vacant Land
Address/Location	4501 West Causeway Boulevard Corpus Christi, Texas
Zoning	CG-2 - General Commercial District
Size	187,744 Sq. Ft./4.31 Acres
Configuration	Rectangular
Topography	Level
Access	Good
Current Use	Vacant
Grantor	Groomers Seafood
Grantee	Not Applicable
Date of Sale	Current Listing
Sale Price	\$4,900,000 <i>Confirmed</i>
Unit Price	\$26.10 per square foot
Source	Broker verified.
Comments	This site still remains vacant.



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### Sale Price Per Unit Summary

The following schedule is a summary of the vacant land sales presented in the preceding pages. We will derive a value indication for Tract I. An adjustment will be applied to the value indication of Tract I to arrive at a unit value for Tract II.

Sale	Location	Date	Sales Price	Size/SF	Price/SF	Zoning
1	4402 Surfside	7/2020	\$199,999	20,525	\$9.74	RM-AT
2	222 Stewart	11/2020	\$550,000	27,000	\$20.37	RM-AT
3	738 Schooner Harbor	1/2021	\$149,000	7,566	\$19.69	CG-2
4	4414 Gulfbreeze	Listing	\$235,000	19,497	\$12.05	RM-AT
5	4501 W. Causeway	Listing	\$4,900,000	187,744	\$26.10	CG-2
	Subject - Tract I			46,522		RM-AT

There have been limited recent sales activity in the subject's market area within North Beach. The appraisers searched the entire neighborhood for comparables and some were found with similar characteristics. The sales presented represent the most recent comparable data available in terms of similar market appeal. We have chosen these sales since they represent market activity for commercial development within the area.

The comparables were analyzed and adjustments made to make them equal to the subject. Factors that were given consideration included property rights conveyed, motivation, financing and terms, date of sale, location, frontage/access, size, physical characteristics, zoning and utilities. Explanations of the adjustments are given in the following paragraphs. An adjustment grid showing the adjustments made is at the end of this section.

#### **Real Property Rights Conveyed**

This adjustment is generally applied to reflect the transfer of property rights different from those being appraised, such as differences between properties owned in fee simple and in leased fee. As the subject has been valued on a fee simple basis and the sales represent the fee simple interest, no adjustment was required for this factor.

#### **Financing Terms**

This adjustment is generally applied to a property that transfers with atypical financing, such as having assumed an existing mortgage at a favorable interest rate. Conversely, a property may be encumbered with an above-market interest rate mortgage, which has no prepayment clause or a very costly prepayment clause. Such atypical financing may play a role in the negotiated sale price. As the transactions were cash to seller terms, no adjustment was necessary for this factor.

#### **Conditions of Sale**

This adjustment category reflects extraordinary motivations of the buyer or the seller to complete the sale, or other unusual considerations. Examples include a purchase for assemblage involving anticipated incremental value, or a quick sale for cash. This adjustment category may also reflect a distress related sale or significant buyer expenditures immediately after purchase. Sale 4 was purchased by Spirit of Texas Bank for a branch building. The buyer was considered to be highly motivated to purchase this site and a 20% downward adjustment was applied for this factor to this sale. The other sales had no unusual seller/buyer motivations; therefore, no adjustment was required to these sales for this factor.

*Tasador, Inc.*

**Date of Sale/Time-Market Conditions**

Real estate values normally change over time. The rate of change fluctuates due to investors' perceptions of prevailing market conditions. This adjustment category attempts to reflect market differences occurring between the effective date of the appraisal and the sales dates of the comparable sales. Growth in the Corpus Christi area is evidenced by the gradual increase in economic indicators over the years. Sale 1 occurred in July 2020; Sale 2 in November 2020; and Sale 3 in January 2021. These are three recent sales and were not adjusted for date of sale. Sales 4 and 5 are listings. Sale 4 is a fairly new listing and was adjusted downward 10% for this factor as properties tend to sell less than list price. Sale 5 has been on the market in excess of three years. A downward adjustment of 25% was applied to this sale for this factor.

**Size:** The general rule indicated in the marketplace is that the larger tract will generally sell for less per unit than a similar, but smaller tract. This is primarily because the smaller amount of land can be developed or utilized more quickly and also, the holding cost on the land held in reserve will limit the amount that the typical investor/developer will be willing to invest. A subjective unit of measure of +/-10% for doubling or halving will be applied. Sales 1, 2, 3, and 4 are smaller than the subject and were adjusted downward 10%, 10%, 20%, and 10%, respectively for size. Sale 5 is larger and was adjusted upward 20%.

**Location:** This factor involves the surrounding Market Area of each of the comparable in comparison to the subject site in terms of development and the traffic flow throughout the Market Area in terms of exposure. All of the sales have good locations with good visibility along major thoroughfares.

Sales 1, 2 and 4 are similar in location being located on the east side of U.S. Highway 181, similar to the subject. No adjustment was applied for this factor. Sales 3 and 5 are located just to the west of U. S. Highway 181 in an area deemed slightly inferior to the subject and a downward adjustment of 10% was made for this factor.

**Zoning**

The subject property is zoned RM-AT. Multi-Family Residential - Tourist Area. Sales 1, 2 and 4 are also zoned RM-AT and were not adjusted for this factor. Sales 3 and 5 are zoned CG-2, General Commercial District, which is less restrictive zoning ordinance. However, the highest and best use of these sales is considered similar to the subject. A downward adjustment of 5% was applied for the difference in zoning.

**Beach Frontage**

The subject has direct frontage along Corpus Christi Bay. Sales 1 and 4 do not have any frontage along the bay and an upward adjustment of 50% was applied to these two sales for this factor. Sale 2 has frontage/access along the beach and no adjustment was made to this sale for this factor. Sale 3 has frontage along two canals and an upward adjustment of 10% was made to this sale. Sale 5 has ample frontage along two canals and no adjustment was applied to this sale for this factor.

**Conclusion of Sales Comparison Approach - Vacant Land**

After adjustments, the comparables indicated a value range of \$11.28 to \$24.47 per square foot. The average is \$17.09 per square foot. Without Sales 1 and 4 which are more out of pattern, the average is \$20.503 per square foot. Sale 2 is the most similar to the subject since it also has beach frontage and the adjusted unit price for this sale is \$18.33 per square foot. Most emphasis was placed on sale 3.

<b>Land Value Conclusion - Tract I</b>		
Size	Unit Value	Conclusion
46,522	\$18.00	\$837,396
Rounded		\$840,000

Tract II has limited marketability due to its location, size and configuration. Adjustment applied to the value indication for Tract I include a 10% downward adjustment for size (0.20 Acre); a 50% downward adjustment for no beach frontage; and a 10% downward adjustment for its triangular configuration. The net total downward adjustment is 70%. The resulting indicated unit value for Tract II with this adjustment is as follows.

<b>Land Value Conclusion - Tract II</b>		
Size	Unit Value	Conclusion
8,712	\$5.40	\$47,045
Rounded		\$50,000

Adjustment Grid Summary - Vacant Land

Land Value Adjustment Grid

Sale No.	Subject	% Adj.	Sale	% Adj.	Sale	% Adj.	Sale	% Adj.	Sale	% Adj.	Sale
		1		2		3		4		5	
	Unadjusted Price/Sq. Ft.		\$9.74	\$20.37	\$19.69	\$12.05	\$26.10				
1. Real Property Rights Conveyed	Fee	0%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$0.00	0%	
Adjusted Price			\$9.74	\$20.37	\$19.69	\$12.05	\$26.10				
2. Financing/Conditions of Sale		0%	\$0.00	\$0.00	\$0.00	0%	\$0.00	-20%	-\$2.41	0%	
Adjusted Price			\$9.74	\$20.37	\$19.69	\$9.64	\$26.10				
3. Date of Value/Sale	7/2021	7/2020	11/2020	1/2021	Listing	Listing	Listing				
Market Conditions		0%	\$0.00	\$0.00	\$0.00	-10%	-\$0.96	-25%	-\$6.53		
Adjusted Price			\$9.74	\$20.37	\$19.69	\$8.68	\$19.58				
4. Size - Sq. Ft.	46,572	20,525	27,000	7,566	19,497	187,744					
Size - Acres	(1.068)	(0.47)	(0.62)	(0.17)	(0.45)	(4.31)					
		-10%	-\$0.97	-\$2.04	-\$3.94	-\$0.87	20%	\$3.92			
5. Additional Adjustments		0%	\$0.00	\$0.00	10%	\$1.97	0%	\$0.00	10%	\$1.96	
Locational Characteristics	Timon/Hull	-10%	-\$0.97	\$0.00	0%	\$0.00	-10%	-\$0.87	0%	\$0.00	
Corner	Interior	0%	\$0.00	\$0.00	-5%	-\$0.98	0%	\$0.00	-5%	-\$0.98	
Zoning	RM-AT	50%	\$4.87	\$0.00	10%	\$1.97	50%	\$4.34	0%	\$0.00	
Beach Frontage	Yes	30%	\$2.92	-\$2.04	-5%	-\$0.98	30%	\$2.60	25%	\$4.89	
Net Adjustment After Date of Sale		30%	\$12.66	\$18.33	-\$6.71	\$11.28	-\$6.71	\$11.28	-\$6.71	\$24.47	
Total Net Adjusted Price (%)											
Adjusted Price/Sq. Ft.											

Average Adjusted Value/Sq. Ft.:	\$17.09
Average W/O Sales 1 & 4:	\$20.50
Adopted/Indicated Value/Sq. Ft.:	\$18.00
Total Value:	\$837,396
Rounded To:	\$840,000

0

Note: Some totals may differ slightly due to computer rounding.

## ESTIMATED LEASE RATE

The client has requested an opinion of a market derived ground lease rate for the subject property.

**Ground lease** – *“A lease structure where a real estate investor rents the land (i.e. ground) only. In the case of a ground lease, generally one party owns the land (i.e. fee simple interest) while a separate party owns the improvements (i.e. leasehold interest). In most cases, the owner of the land leases the land to the owner of the improvements for an extended period of time (20 – 100 years).”*

**Leasehold Interest** – *“In real estate, a leasehold interest refers to a structure where an individual or entity (lessee) leases the land (i.e. ground lease) from the fee simple owner (lessor) of the land for an extended period of time. The lessee of a leasehold estate will generally own the improvements on the land and use the land and improvements as if the lessee were the owner of the land. During the term of the ground lease, the lessee will pay rent to the lessor for use of the land. At the end of the ground lease term, the lessee must return use of the land, and any improvements thereon, to the land owner.*

Ground leases are common to prime locations, where landowners don't necessarily want to sell but where they may not have the expertise (or desire) to operate the business on the property. Thus, they lease the land to someone who owns the improvements.

Most land leases are basically structured in such a way that rent is determined by a market ground lease rental rate percentage being applied to the market value of the land. The problem is that while sufficient data typically exist to establish the market value of the fee interest in land, sufficient actual transaction data seldom exist to establish the appropriate rental rate and corresponding rates of return. This is because land leases are generally infrequent compared with outright sales of property. While we are aware of several ground leased parcels in the market area, the data that can be extracted from these ground leases are only market rents to the extent the ground leased transactions were recently entered into.

The terms of a ground lease and the relative risks to a lessee or a lessor definitely influence the appropriate ground-lease rental rate.

Land lease transactions are relatively infrequent compared to outright fee purchase and ownership. Ground leases are relatively more frequent where property is limited, and for this reason landlords have relatively greater control in the negotiating process. In fact, the majority of land leases occur in four areas.

There are two basic clauses used in ground leases by a lessor in an attempt to keep the rent current with market. The first and most common is a CPI clause. There are many variations on a CPI adjustment. The adjustment can be made annually or, more often in the current environment, can be made periodically; for example, every five years. The adjustment can be cumulative or simple interest. The adjustment can have a cap and a floor or be unlimited. The adjustment may also be only a portion of the CPI change, such as 50% or 75%.

The basic purpose of a reappraisal clause is to bring the ground rent back to market. A reappraisal can be done as often as the parties wish, but usually, because of the expense, it is done at a maximum of once every 10 years, and sometimes only once every 20 years. Variations on this clause include reappraising the land value but leaving the land-lease rate fixed; reappraising the land value and the land-lease rate to market; reappraising one or the other but not allowing the rent to be less than the most recent amount paid; and having the reappraisal clause only at the option of the lessor or the lessee.

The term of a lease is also an important influence on the land lease rate. The longer the term of a lease the more favorable it is for the lessee, in that there is a longer period of time to pay back the investment in the improvements. It is generally accepted that the longest possible term for a land lease, including options, is 99 years, although the exact legal basis for this is uncertain. Ground leases of less than 50 years are increasingly difficult to finance because there is not sufficient time to amortize building investment with a margin for changing market conditions. It stands to reason that because a longer land-lease term favors the lessee, a 99 year lease might carry a marginally higher rate than a 50 year land lease.

In determining an appropriate land-lease rate for any particular property, site specific considerations need to be weighed. Within the broader range of ground rental rates, it is the site specific factors that influence the opinion of a land lease rate for a particular property.

We are aware of three properties located along South Padre Island Drive which contain ground leases. The owner has requested that the specific information regarding these leases remain confidential. The three tracts are summarized below:

<u>Size -SF</u>	<u>Size-Acres</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Rate of Return</u>
111,581 Sq. Ft.	2.56 Acres	March 2011	50 Yrs	10% with CPI annual increases
88,390 Sq. Ft.	2.03 Acres	January 2016	50 Yrs	12% with CPI annual increases
92,740 Sq. Ft.	2.13 Acres	August 2015	30 Yrs	10% with CPI annual increases

Establishing an appropriate land lease rate involves a higher than normal degree of subjectivity. Initial ground leases are fairly infrequent in most markets. Based on market comparable ground lease data available, the multiplier for establishing ground rent in the immediate area usually ranged from 8% to 12%. A ground lease functions more like an interest rate instrument than like a real estate discount rate. The subject property comprises only land, which is the safest portion of a real estate investment. For most ground leased property, landlords have no management responsibility, no maintenance costs, and no market risk, given a typical long term, triple-net ground lease. Relative to a landlord's investment, there are no physical depreciation concerns as the landlord is not paying for any building improvements. For all of these reasons, a typical ground leased property cannot be reasonably compared to an internal rate of return from an alternative real estate investment such as an office building or a shopping center. Rather, a ground lease is often much like a bank certificate of deposit or a corporate bond. As interest rates have decreased fairly substantially over the past two years, most ground-lease rates should also have decreased commensurately.

In determining an appropriate market based land lease rate, all of the factors discussed need to be weighed as to the influence on a particular subject property. The subject's location and access is inferior to the three comparables listed above. While North Beach is a desirable area, construction of the new Harbor Bridge has hampered access into and out of the area. After the bridge is complete there will still be issues with access to the North Beach and the subject specifically. For these reasons, we believe a rate lower than the above range is deemed appropriate for the subject tracts.

For Tract I we have determined a rate of 8% to be appropriate based primarily on location. Our fee simple value conclusion was \$18.00 per square foot. Applying the 8% rate results in an annual lease rate of \$1.44 per square foot or \$1.45 rounded. The annual amount is \$67,457 or \$5,621 per month.

**Conclusion of Estimated Lease Rate - Vacant Land**

Land Value Conclusion		
Size	Unit Lease Rate/Year	Conclusion
46,522	\$1.45	\$67,457

For Tract II we have also applied a rate of 8% to be appropriate based primarily on location. Our fee simple value conclusion was \$5.40 per square foot. Applying the 8% rate results in an annual lease rate of \$0.43 per square foot or \$0.45 rounded. The annual amount is \$3,920 or \$327 per month.

**Conclusion of Estimated Lease Rate - Vacant Land**

Land Value Conclusion		
Size	Unit Lease Rate/Year	Conclusion
8,712	\$0.45	\$3,920



**ADDENDA**



## NOTICE TO PROCEED

CITY OF CORPUS CHRISTI – ENGINEERING SERVICES  
1201 Leopard St., 3rd Floor  
Corpus Christi, Texas 78401

June 23, 2021

Tasador, Inc.  
Attn: Carl Bob Hellums  
P.O. Box 81492  
Corpus Christi, Tx 78468-1492

Project: Project 90015, North Beach

Dear Mr. Hellums,

Please consider this your official Notice to Proceed on Project 90015, North Beach appraisal services. You are hereby authorized to proceed with the services, in accordance with the proposal.

Sincerely,

Hilda Mihalco  
Finance Resource & Management  
Superintendent

Enclosures  
Fully Executed Agreement

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*Tasador, Inc.*

Department of Engineering  
Property & Land Acquisition Division

**Real Estate Appraisal Contract**  
North Beach - Puerto Del Sol

This contract is between the **City of Christi, Texas**, a Texas home-rule municipal corporation ("City"), acting through its duly authorized City Manager or designee and **Tasador, Inc.** ("Appraiser") of P.O. Box 81492, Corpus Christi, Texas 78468-1492 for the preparation of a Real Estate Appraisal report, including market rental value, for two parcels on North Beach.

NOW THEREFORE, the City and the Appraiser agrees as follows:

**A.** The Appraiser agrees to the following:

(1) Prepare two complete, summary appraisal reports in narrative format containing the market value (as defined in USPAP) for fee simple rights and estimated lease value to the tracts of land shown in **Exhibit A**, attached to the Appraiser's proposal:

- a) Tract 1 – 1.068 acres as identified in **Exhibit A**, in Corpus Christi, Nueces County, Texas.
- b) Tract 2 - 0.20 acres as identified in **Exhibit A**, in Corpus Christi, Nueces County, Texas, also known as BROOKLYN LT 7 BK 414.

In developing and reporting the appraisals, the appraiser must abide by the most current edition of the Uniform Standards of Professional Appraisal Practice (USPAP). The report must include the Highest and Best Use, all applicable approaches to value and any hypothetical conditions or extraordinary assumptions. Include all comparable sales and provide a map showing the comparable sales. Do not include sales data of land acquired under the threat of eminent domain.

(2) Submit the appraisal reports to the City of Corpus Christi along with Appraiser's invoice. The appraisals will contain a summary letter indicating the market value determined in the report. Include in the addendum all maps, photographs, market data and other pertinent data which affect the final market value.

(3) The Appraiser will submit appraisal reports to the City no later than July 16, 2021. The City reserves the right to add, amend and revise the amount of the parcels, if necessary, at additional fee agreed upon between the City and the Appraiser.

(4) The Appraiser agrees to share information on comparable sales in the area in a cooperative manner with other appraisers appraising in the area for the City.

(5) The Appraiser agrees to consult with the City Property and Land Acquisition Division Manager to discuss the appraisal prior to completion and shall submit the report to Property and Land Acquisition Division, [bobbyh2@cctexas.com](mailto:bobbyh2@cctexas.com), P. O. Box 9277, (City Hall - 1201 Leopard Street), Corpus Christi, Texas 78469-9277 upon completion.

(6) SCOPE OF WORK: See the Appraisers Fee proposal attached as **Exhibit A** for Scope of Work. It is further agreed that appraisal information concerning the property assigned for appraisal services, whether contained in or within the appraisal report to the City or not, is to be treated as

confidential and a breach of such confidence by the Appraiser, except on written authorization by the City Manager or upon proper order of the Court, is a material breach of this contract.

(7) If there are separately held interests in any parcel of real property to be acquired (such as leasehold estates, tenant-owned improvements, agricultural crops, life estates, etc.) the appraisal must include an apportionment of the total just compensation to each separately held interest to be acquired. **Acquisition will not include mineral rights.**

(8) The Appraiser will comply with all Federal, State and Local laws and ordinances applicable to the work.

(9) In the appraisal reports, the Appraiser will include the Appraiser's technical qualifications, general appraisal experience, specific experience in appraising properties of the type involved in this project, the courts in which Appraiser has testified as an expert witness and any other information relating to professional qualifications.

(10) In agreeing to the terms of this contract, the Appraiser hereby certifies that Appraiser does not have any interest (including that of real estate broker or agent), direct or indirect, present or prospective, in any parcel(s) described in this contract or any other interest, whether or not in connection with said parcel(s), which would conflict in any manner or degree with the performance of the services and submission of impartial reports, and has not employed and will not employ, in connection with the services to be furnished hereunder, any person having any such interest, and until such parcel(s) is (are) acquired by the City or excluded from its project. The Appraiser and any employees of the Appraiser, so long as they are employed by the Appraiser, will not acquire any such interest and will not, for their own account or for other than the City, negotiate for any of said parcel(s), perform services in connection with said parcel(s), or testify voluntarily as a witness in a condemnation or other proceeding with respect to such parcel(s).

(11) The Appraiser shall not assign, transfer or delegate any of Appraiser's obligations or duties of this contract to any other person without prior written consent of the City Manager or designee except for routine duties delegated to personnel of the Appraiser's staff.

**(12) INDEMNIFICATION**

**Appraiser agrees to indemnify, save harmless and defend the City of Corpus Christi, its agents and employees against and hold it harmless from any and all lawsuits, claims, demands, liabilities, losses and expenses, including court costs and attorneys' fees, due to activities of Appraiser, its agents or employees, including without limitation, any injury to any person, any death at any time resulting from such injury or any damage to any property, which may arise or which may be alleged to have arisen out of or in connection with the work covered by this contract. The foregoing indemnity shall apply except if such injury, death or damage is caused by the sole negligence of the City of Corpus Christi, its agents or employees.**

B. The City agrees to provide the following to the Appraiser:

- (1) Furnish copies of any available survey data for the parcel.
- (2) Furnish copies of any available title reports for the parcel.
- (3) Provide information on comparables, if any, available to the City.
- (4) Other data as indicated in the appraiser's proposal letter (**Exhibit A**).

**C. Fee:**

In consideration of work to be performed by the Appraiser as written in Section A, subsections 1-12 herein and in accordance with the appraiser's written proposal attached as **Exhibit A**, the City agrees to pay Appraiser the total sum of **\$2,900.00 for the appraisal reports.**

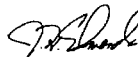
**D. Payment:**

Payment for the appraisal reports are to be made upon completion of the total assignment, submittal of invoice and correction of any errors.

**E. Termination:**

The City Manager or designee reserves the right to terminate this contract with or without cause at anytime. Termination may include the entire contract or may include only selected parcels that the City desires to delete. In either case, the City agrees to pay Appraiser only for the work completed at the time of termination.

**CITY OF CORPUS CHRISTI:**



Digitally signed by Jeff Edmonds  
Date: 2021.06.21 10:57:04 -05'00'

Jeff H. Edmonds, P.E. (Date)  
Director of Engineering Services

City of Corpus Christi  
1201 Leopard St, 3<sup>rd</sup> Floor  
Corpus Christi, Texas 78401  
Phone No. 361-826-3500  
Fax No. 361-826-3501

**APPRAISER:**



Digitally signed by Carl Bob Hellums  
Date: 2021.06.21 09:59:12 -05'00'

6/21/21

Carl Bob Hellums (Date)

Tasador, Inc.  
P. O. Box 81492  
Corpus Christi, TX 78468-1492  
Phone No. 361-852-3246  
Fax No. 361-852-3595

**APPROVED AS TO FORM:**



2021.06.21  
10:19:29 -05'00'

Legal Department (Date)

**Tasador, Inc.**  
P. O. Box 81492  
Corpus Christi, Texas 78468-1492  
(361) 852-3246 • FAX (361) 852-3595

June 17, 2021



City of Corpus Christi  
Mr. Bobby C. Harraid, Jr.  
Property & Land Acquisition Manager  
1201 Leopard  
Corpus Christi, TX 78401

RE: Project 90015, North Beach

Mr. Harraid,

Tasador, Inc. can complete appraisals on tracts numbers one and two from the attached map exhibit. Tract One is 1.068 acres and Tract Two is 0.2 Acres.

Each of these would be vacant land appraisals and our cost would be \$2,900. Included in this price is estimating an amount these tracts could be leased. We could deliver this appraisal no later than 7/16/21. This time frame is applicable for five days from today.

Should you need further information in regards to this real estate appraisal bid please do not hesitate to call, email or mail. Thank you for the opportunity to bid on this appraisal

Sincerely,

  
Carl Bob Helms

CBH:wes

*Tasador, Inc.*

## QUALIFICATIONS

CARL BOB HELLUMS

Tasador, Inc.

P. O. Box 81492

Corpus Christi, Texas 78468-1492

(361) 852-3246

### *Educational Background*

1. Graduate of Uvalde High School, Uvalde Texas, May 1981
2. Graduate of Texas A&M University, Bachelor of Science Degree in Agricultural Economics, College Station, Texas, May 1985
3. Graduate of Texas A&M University, Master of Agriculture Degree in Land Economics and Real Estate, College Station, Texas, December 1986
4. Texas Real Estate Broker License #384778
5. Successfully challenged the American Institute of Real Estate Appraisers Exam 1A1, Real Estate Appraisal Principals, Exam 1A2, Basic Valuation Procedures, Exam 1BB, Capitalization Theory and Techniques, Part B.
6. Attended courses, Exam 2-1, Case Studies in Real Estate and Exam SPP, Standards of Professional Practice
7. Attended Seminars, American Institute of Real Estate Appraisers R-41c, Cash Equivalency, etc.
8. Attended Seminars, International Right of Way Association, Course 214 Expert Testimony, Course 403 Easement Valuation.
9. Mandatory Continuing Education for Real Estate Brokers License, October, 2012.
10. Attended Appraisal Course, National Uniform Standards of Professional Appraisal Practice, October, 2008.
11. Attended Appraisal Institute Course 420, Standards of Professional Practice, January, 1999.
12. Attended Capital Gains Taxes, January, 1999.
13. Income Valuation, March 2003.
14. Income Valuation, March 2005.
15. Technology for Today's Appraiser October, 2008.
16. Appraising Factory Built Housing October, 2008.
17. Appraisal Trends October, 2008.
18. Texas Real Estate Legal Update, August, 2010.
19. Property Management, August, 2010.
20. Short Sales, August, 2010.
21. Texas Real Estate Ethics, August, 2010.
22. Risky Business: Ways to Minimize Your Liability, February, 2011.
23. Mortgage Fraud, February, 2011.
24. Land and Site Valuation, February, 2011.
25. National USPAP Update Course, 2015.
26. Appraising FHA Today, 2015.
27. Construction Details and Trends, 2015.
28. Residential Appraisal Review, 2015.
29. Better to be Safe Than Sorry, 2017.
30. Property and Valuation Analysis, 2017.
31. Defensible Appraising, 2017.
32. 2018-2019 USPAP Update 2019.
33. Covering All the Bases in Residential Reporting, 2019.
34. Green in Residences and Appraisals, 2019.
35. Methodology and Application of Sales Comparison, 2019.
36. TREC Legal Update, 2019.
37. TREC Legal Update II, 2019.
38. Texas Common Legal Issues of Real Estate, 2019.
39. Income Approach Review, 2020.
40. Mortgages, Appraisers and Foreclosures, 2020.
41. USPAP Update Course, 2020,
42. Appraising Small Residential Income Properties, 2020.
43. Real Estate Trends and Disputers, 2020.
44. Legal Update I, 2020.
45. Legal Update II, 2020.
46. Technology Updates, 2020.

### *Experience*

1. Graduate Internship, Sidney H. Smith III, Real Estate Appraisers and Consultants, Inc., May 1986 thru August 1986.
2. Independent Fee Appraisers, Sidney H. Smith III, Real Estate Appraisers and Consultants, Inc., December 1986 thru December 1989.

*Tasador, Inc.*

3. Independent Fee Appraiser, American Appraisers, Inc., January 1990 to October 1991.
4. President, Tasador, Inc., November 1991 to Present.
5. President, Tasador Laredo, Inc. May 1994 to Present.
6. President, TWOSAAM, Inc. August 1999 to Present.

***Type of Property***

Commercial, Industrial, Vacant Land and Farm and Ranch. Experience with industrial parks, apartments, cemeteries, funeral homes, condemnation (whole and partial takings and damages), restaurants, fast food restaurants, leased fee and leasehold interests, golf courses and country clubs, marinas, light and heavy industry, mini-warehouses and boat storage, motel and hotels, shopping centers, general, professional, medical and dental office buildings, subdivisions, special-use properties, townhouse and condominium projects, warehouse, municipal utility districts, etc.

***Geographic Areas Served***

South Texas

***Professional Memberships***

Past Member General Accredited Appraiser, National Association of Realtors  
State Certified General Real Estate Appraiser. License Number TX-1320362-G; Expires March 31, 2023  
National Association of Realtors  
Past Member of Corpus Christi Builders Association  
Texas Licensed Real Estate Broker; Expires 10/31/2022