

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE CITY ATTORNEY TO INITIATE EMINENT DOMAIN PROCEEDINGS AGAINST A CERTAIN PARCEL OF PROPERTY LOCATED NORTH OF U.S. HWY. 165 (ENGLAND HIGHWAY) PARALLEL AND ADJACENT TO A RAILROAD RIGHT-OF-WAY IN THE CITY OF NORTH LITTLE ROCK, ARKANSAS; AND FOR OTHER PURPOSES.

WHEREAS, the City of North Little Rock, Arkansas (“City”) requires certain property located north of U. S. Hwy. 165 (England Highway), parallel and adjacent to the northerly right-of-way line of a railroad, more particularly described herein, to extend electric service from the Faulkner Lake Substation to the Marion Berry Pump Station owned by the Bayou Meto Water Management District; and

WHEREAS, the City may be required to avail itself of the powers of condemnation and eminent domain in order to obtain the above-mentioned property.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the City requires certain property rights, as described in this Resolution, to extend electric service from the Faulkner Lake Substation to the Marion Berry Pump Station owned by the Bayou Meto Water Management District as contemplated by Ordinance No. 8502 and Resolution No. 8410 (“Bayou Meto Service Line”).

SECTION 2: That the City has negotiated in good faith to acquire the needed property rights but has been unable to reach agreement with the owner.

SECTION 3: That the City Attorney is hereby authorized to initiate condemnation proceedings against certain property generally running along U.S. Hwy. 165 (England Highway), parallel and adjacent to the northerly right-of-way line of a railroad, and more particularly described as follows:

**Electric Utility Easement Description –
(Located in Parcel No. 24E0010006100)**

An electric utility easement being the southerly 15 feet of the following described property lying parallel and adjacent to the northerly railroad right-of-way line and containing 6,145 square feet, more or less:

Part of Spanish Grant 2417 of Pulaski County, Arkansas, more particularly described as follows: Begin at a point on the North line 1831.81 feet East of the Northwest Corner of said Spanish Grant 2417; thence continue East along said North line 391.8 feet; thence by a deflection angle to the right of 90 degrees and 3 minutes 1396.5 feet to a point on the North line of St. Louis Southwestern

Railroad right-of-way; thence in a northwesterly direction along said North right-of-way line 400 feet; thence by a deflection angle to the right 78 degrees and 24 minutes for 1315.7 feet North to the Point of Beginning.

SECTION 4: That the City Attorney is hereby authorized to correct minor errors that may be present in the legal descriptions found in Section 3 in order to cause the legal description to substantially conform to the maps attached hereto as Exhibits "A" and "B".

SECTION 5: That the City hereby finds that the fair market value of the easement property described hereinabove is \$4,950.00 (see appraisal attached hereto as Exhibit "C"), and authorizes deposit of this amount into the registry of the court. Alternatively, if possession may be transferred extra-judicially, the City hereby authorizes payment to the owner in the amount of \$5,445.00. Payment shall be paid from the operational funds of the Electric Department committed to the construction of the Bayou Meto Service Line.

SECTION 6: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Joe A. Smith

SPONSOR:

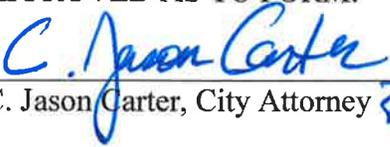
ATTEST:



Mayor Joe A. Smith

Diane Whitbey, City Clerk

APPROVED AS TO FORM:



C. Jason Carter, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/b

FILED <u>10:57</u> A.M. _____ P.M.
By <u>Deputy City Atty Fleming</u>
DATE <u>2-3-15</u>
Diane Whitbey, City Clerk and Collector North Little Rock, Arkansas
RECEIVED BY <u>J. Marshall</u>



MEMBER NATIONAL SOCIETY
PROFESSIONAL ENGINEERS

THOMAS ENGINEERING COMPANY

3810 LOOKOUT ROAD
NORTH LITTLE ROCK, ARKANSAS 72116
TELE. No. 501-753-4463 FAX. 501-753-8814

CIVIL ENGINEERS—LAND SURVEYORS
LAND PLANNING & DEVELOPMENT
RESIDENTIAL—COMMERCIAL—INDUSTRIAL



SNOWDEN TRACT

AN ELECTRIC UTILITY EASEMENT BEING THE SOUTHERLY 15 FEET OF THE FOLLING DESCRIBED PROPERTY LYING PARRALLEL AND ADJACENT TO THE NORTHERLY RAILROAD RIGHT OF WAY LINE AND CONTAINING 6,145 SQUARE FEET, MORE OR LESS:

PART OF SPANISH GRANT 2417 OF PULASKI COUNTY, ARKANSAS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGIN AT A POINT ON NORTH LINE 1831.81 FEET EAST OF THE NORTHWEST CORNER OF SAID SPANISH GRANT 2417; THENCE CONTINUE EAST ALONG SAID NORTH LINE 391.8 FEET; THENCE BY A DEFLECTION ANGLE TO THE RIGHT OF 90 DEGREES AND 3 MINUTES 1396.5 FEET TO A POINT ON THE NORTH LINE OF ST. LOUIS SOUTHWESTERN RAILROAD RIGHT-OF-WAY; THENCE IN A NORTHWESTERLY DIRECTION ALONG SAID NORTH RIGHT-OF-WAY LINE 400 FEET; THENCE BY A DEFLECTION ANGLE TO THE RIGHT 78 DEGREES AND 24 MINUTES FOR 1315.7 FEET NORTH TO THE POINT OF BEGINNING.

DATE: 12/04/2014
SCALE: 1" = 200'

EXHIBIT

"A"

tabbles

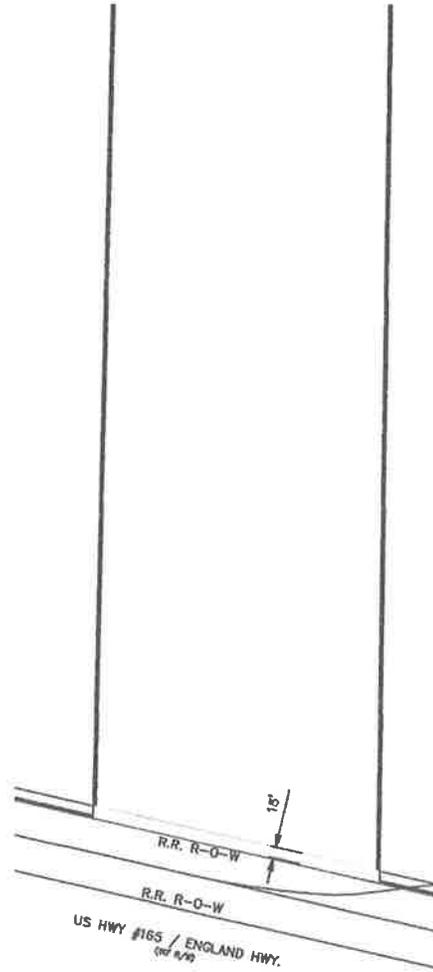


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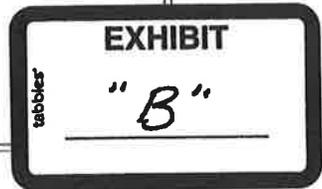


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DATE: 12/04/2014
SCALE: 1" = 200'



Pearce-Stephens Associates, Inc.

Reese M. Pearce, IFAS
Arkansas Certified General
Appraiser No. CG 0018

Lee Stephens, IFA
Arkansas Certified General
Appraiser No. CG 0021



December 15, 2014

Mr. Eric Heinrichs, System Electrical Engineer
North Little Rock Electric Department
1400 W Maryland Ave
North Little Rock, Arkansas 72120

Re: Electric Utility Easement
HWY 165
North Little Rock, AR 72117
Pulaski County, Arkansas

Dear Mr. Heinrichs:

Pursuant to your request, we have made a personal inspection of the above referenced property. It is our opinion, based upon that inspection and the data discovered in the market that the property which is the subject of this appraisal report has a market value as of December 8, 2014, the date of our initial inspection and prior to the imposition of the utility easement, of:

ONE HUNDRED NINETY THOUSAND, THREE HUNDRED FIFTY DOLLARS

(\$190,350.00)

and a value immediately after imposition of the easement of:

ONE HUNDRED, EIGHTY-FIVE THOUSAND, FOUR HUNDRED DOLLARS

(\$185,400.00)

Indicating a value for the easement of:

FOUR THOUSAND, NINE HUNDRED FIFTY DOLLARS

(\$4,950.00)

A summary of the data considered in arriving at this opinion is presented later in this report.

Please note that this report consists of a complete appraisal presented in a restricted report format prepared in accordance with the Uniform Standards of Professional Appraisal Practice. This report may not be fully understood by any unintended user without additional information contained in the appraiser's files.

The undersigned appraisers have explained to the client how the Uniform Standards of Professional Appraisal Practice (USPAP) relate to this estimate of value. By accepting this report, the client has chosen to have this estimate of value conform to USPAP, and the report format conform to USPAP requirements for Restricted Reports, and acknowledges that this estimate of value may be rejected for use in a federally related transaction.

This report is made for the sole use and benefit of the North Little Rock Electric Department and not for any bank, mortgage lending institution, taxing entity or any party other than the named client. The client has requested this format and understands its limited utility.

The appraisal problem to be solved in this report consists of estimating the market value of the described easement over the land which is the subject of this report and any damages to the remainder caused by the easement taking.

The scope of work to be performed consists of making an estimate of the value of the subject property before and after the taking as of the effective date. An appraisal analysis is completed in several distinct phases; general data collection and analysis. Neighborhood data collection and analysis, subject property data collection and analysis, highest and best use analysis, market data collection, verification and analysis, valuation, and report preparation. Each phase will be applied as deemed appropriate by the appraisers.

A series of specific steps are undertaken in order to complete each phase, described below.

1) General Data Collection and Analysis

The general data collection and analysis phase involves collection of data relating to regional, and local trends, and identification and analysis of the social, governmental, and environmental forces affecting the market value of the subject property.

2) Neighborhood Data Collection and Analysis

The neighborhood data collection and analysis phase entails inspecting the subject neighborhood, collection of data related to growth trends, demographics, physical characteristics, available utilities, public improvements and services, etc.; and analyzing the collected data focusing on its effect on the subject property.

3) Subject Property Data Collection and Analysis

In the subject property data collection and analysis phase, we inspected and photographed the subject property as well as making exterior inspections and photographs of the sale in the immediate area, obtained real estate taxes, zoning, and other information from public sources; and analyzed the functionality, condition, etc. of the subject property.

4) Market Data Collection and Analysis

In the market data collection and analysis phase, we obtained and verified comparable sales data from public records; personally inspected the comparable sales; and collected market data related to construction costs, depreciated, etc. from a variety of sources, if deemed appropriate.

5) Highest and Best Use Analysis

In highest and best use analysis, we analyzed all previously obtained data within the framework of supply and demand, legal use, physically possible use, feasibility use and that use which is normally productive both for the site as if vacant, and the use of the property as improved.

6) Valuation

In the valuation phase, we applied the sales comparison approach to estimate the property value. To estimate the market value of the subject property, we applied the Sales Comparison Approach. The Cost and Income Approaches were not used since the taking would not affect use of improvements on the land. These indications of value were then reconciled into a final value estimate.

7) Report Preparation

The final phase of the appraisal process is the report preparation, in which we prepared a narrative appraisal report in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the National Association of Independent Fee Appraisers. This report is presented in a Summary Report Format and is considered to be presented in sufficient detail to enable the client to read and understand the conclusions and reach similar conclusions from the data presented.

The subject property is legally described as:

Part of Spanish Grant 2417 of Pulaski County, Arkansas, more particularly described as follows: Begin at a point on North line 1831.81 feet East of the Northwest corner of said Spanish Grant 2417; thence continue East along said North Line 391.8 feet; thence by a deflection angle to the right of 90 degrees and 3 minutes 1396.5 feet to a point on the North line of St. Louis Southwestern Railroad right-of-way; thence in a Northwesterly direction along said North right-of-way line 400 feet; thence by a deflection angle to the right 78 degrees and 24 minutes for 1315.7 feet North to the Point of Beginning.

The Easement to be acquired is legally described as:

An electric utility easement being the southerly 15 feet of the above described property lying parallel and adjacent to the northerly railroad right of way line and containing 6,145 square feet, more or less:

The location of the utility easement on subject property can be described as a rectangular shaped portion of the subject property which is approximately 400 +/- feet in length at its longest point and 15 feet deep at its widest point, totaling approximately 6,145 square feet. The easement is located along the southern property line of the subject property. Should this estimated size be determined to be incorrect, we reserve the right to amend our reported value accordingly.

The effective date of this value is December 8, 2014, the date of our inspection. The date of this report is December 15, 2014. The owner of record of this property, as of the effective date of this report, is:

Kelley Christ Snowden/ETAL
1 Information Way, Suite 225
Little Rock, AR 72202

In Arkansas, real estate is assessed by the County Tax Assessor and the tax collected by the County Collector for the city and county. There is no state real property tax.

Assessment is based on 20% of the appraised valuation and the current assessment rate is established by the County Quorum Court and public vote. A rate of 59.2 mills is applicable for property located in the City of North Little Rock. The subject property is designated Parcel #24E-001.00-061.00, and has been appraised and assessed by Pulaski County as follows:

	Appraised Value	Assessed Value
Land:	\$2,800	\$560
Total	\$2,800	\$560

Taxes for 2013, payable in 2014 are approximately \$33.15. A copy of the Pulaski County Assessor's Property Record Card is included in the Addendum section of this report.

According to the Pulaski County Tax Collector, the subject property is not located in any special improvement district.

A search of the records indicates no transfers of the property within the five years immediately preceding the effective date of this report.

The purpose of this study was to form an opinion of an appropriate "Market Value" of the proposed utility easement on the subject property. This letter is an indication of that value. This report has been prepared in conformance with the provisions of USPAP, for Restricted Use Appraisal Reports and data not included in the report has been retained in the appraiser's file for your perusal, should you require it.

This report consists of a written estimate of the Market Value of the property described herein, both before and after the acquisition of the proposed easement. The intended use of this report is to aid the client, North Little Rock Electric Department, in negotiating with the property owner regarding acquisition of the subject property. This report has been prepared for Mr. Eric Heinrichs, System Electrical Engineer, North Little Rock Electric Department; at his request, and not for any party other than the named client.

December 15, 2014

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This estimated value applies as of December 8, 2014, the date of inspection. The date of this report is December 15, 2014. The field inspection was performed December 8, 2014, by R. M. Pearce, IFAS, Arkansas Certified General Appraiser No. CG 0018, Lee Stephens, IFA, Arkansas Certified General Appraiser No. CG 0021, and Andrew Stephens, Arkansas Registered Appraiser No. SR 3739. No one else was present at time of inspections of subject property.

The value estimated is considered to be the most probable price in terms of cash in U. S. Dollars, or in terms of financial arrangements equivalent to cash.

A neighborhood is loosely defined as a portion of a larger community, or an entire region, in which there is a homogenous grouping of inhabitants, buildings or business enterprises. Inhabitants of a neighborhood usually have more than casual concerns or interests in common and a similarity of economic or cultural backgrounds. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less well-defined by a distinct change in land use or character of the inhabitants.

The property is bounded by Arkansas Highway 161 to the north, Arkansas Highway 391 to the east, the Arkansas River to the South, and on the west by Campbell Road. The neighborhood is composed of a mixture of primarily light industrial and commercial uses with a small amount of residential development in the area. For the most part, those areas immediately surrounding the subject property are industrial properties. Similar properties in the area primarily range in size from two to ten acres. In addition, there are several vacant sites that are ready for development.

The highest and best use for the subject property, as if it were unimproved, is for a compatible use with the surrounding light industrial and commercial type properties. The typical values for properties in this area are considered to be stable to slightly increasing.

In arriving at an estimate of market value for a given property, it is customary appraisal practice to assemble as much information as considered pertinent in three different areas as they apply to the approaches to the value estimate: the Sales Comparison Approach, the Income Approach, and the Cost Approach.

The Sales Comparison Approach utilizes the sales of similar properties as the basis for an indication of value for the subject. Direct comparisons are made between the sales properties and the subject on an item by item basis in such areas as location, time of sale, conditions of sale, terms of financing, as well as for physical characteristics. Adjustments are made to the sales price of the comparative property to arrive at an indication of what that property would have sold for had it been essentially similar to the subject property. These adjusted sale prices are correlated into an indication of value by this approach. In the case at hand, the value of the land is based on the Sales Comparison Approach.

In the Income Approach, an estimate is made of the market rent which the subject property might command based on the rental of competitive space. Estimates are also made of the appropriate vacancy and expense ratios for the subject based on information developed from similar properties in the market. Thus, an indication of the net income which the subject property is capable of producing is developed. This is the basis for any of the capitalization techniques, regardless of which one is indicated by the type of property or investor. The rate of return on investments in similar type properties is derived from the market, and this rate of return is used to capitalize the indicated net income into an indication of value by this approach. Due to the subject property being used for commercial in nature and there are no demonstrable damages to remainder of the taking, the Income Approach has not been considered an appropriate measure of value for this property.

In the Cost Approach, an estimate is made of the cost of replacing any existing improvements with a facility having the same utility as the subject, at today's prices. From this is deducted the estimated loss in value through diminished utility from all causes. The indicated value from this approach is then the sum of the site value plus the net depreciated value of the improvements. Because the subject property is commercial in nature and there are no demonstrable damages to the remainder from the taking, the Cost Approach has not been considered an appropriate measure of value for this property. For this reason, we have not given the Cost Approach weight in the final reconciliation.

The subject property consists of an unimproved tract of commercial land, however, there is no reliable data supporting rental rates for businesses this area. Therefore, the Income Approach has no basis for the formation of a value estimate and has not been considered a valid method of valuation. The Sales Comparison Approach was the only method with significant reliable data upon which to base an opinion of value for the property both before and after the taking of the easement. For that reason, we gave the full weight of that approach to the estimated value.

The Uniform Standards of Professional Appraisal Practice, 2014-2015 Edition, defines "Market Value" as:

A type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a 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.¹

The following definition of Market Value is the most widely accepted version and is the one used by most federal financial institutions and most courts of jurisdiction:

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 are 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 each acting in what they consider their best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. 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 sale²

Numerous definitions of Market Value have been devised over the years by professional organizations, government bodies, courts etcetera. The Supreme Courts of most states have handed down definitions of Market Value for use in the state courts. These definitions are subject to frequent change.

It is our opinion the improvements to the subject property are not affected by this taking and we have not made an interior inspection of any of the improvements located in this project. We have included a property record card from the Pulaski County Assessor's Office and consider the improvement value shown on that card to be reasonable.

1 Appraisal Standards Board, The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2012-2013 Edition, Page U3

2 Appraisal Standards Board, The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2003 Edition, Page 224

December 15, 2014

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The Sales Comparison Approach or Market Data Approach is used to determine the value of the subject site as if vacant. This is accomplished by comparison to similar sites that have sold or are offered for sale. These comparisons are generally made on the basis of price per square foot, or in some cases, price per front foot, or price per acre.

A search through various real estate information services revealed the vacant land sales in the area as shown below:

Vacant Sale Number One:

Grantor: D & B Commercial Park
Grantee: HCG LLLP
Legal Description: Proposed Lot 19 D & B Commercial Park MPDA PT NW1/4 SECTION 12-1N-11 Beg NE COR Lot 21 D & B Commercial Park TH N89*33'59"W559.64' AL NLN Lot 21 To E R/W Smitty DR TH AL R/W TO a Curve Chord Direction N20*00'34"E158.07' N00*47'03"E308.86' To SW COR LOT 18 TH S89*13'16"E504.76' S00*25'50"W454.375' TO POB of North Little Rock, Arkansas
Size: 5.403 Acres or 235,354 +/- SQ FT
Sale Date: January 3, 2014
Sale Price: \$168,000
Price Per Unit: \$31,093.84 per acre or \$0.714 per square foot
Book/Page Number: 2014/000916
Comments: This sale consists of unimproved land.

Vacant Sale Number Two:

Grantor: D& B Commercial Park LLC
Grantee: LDG 1031 Holdings LLC
Legal Description: Lot 21 of D & B Commercial Park of North Little Rock, Arkansas
Size: 10.740 Acres OR 467,834 +/- SQ FT
Sale Date: October 15, 2013
Sale Price: \$335,000
Price Per Unit: \$31,191.81 per acre or \$0.716 per square foot
Book/Page Number: 2013/075367
Comments: This sale consists of unimproved land.

Vacant Sale Number Three:

Grantor: James S. Jones
Grantee: Keen Transport Inc
Legal Description: Lot 1, Phase IV, North Little Rock I-440 Industrial Park, in the City of North Little Rock, Pulaski County, Arkansas
Size: 7.98 Acres OR 347,601 +/- SQ FT
Sale Date: December 16, 2011
Sale Price: \$380,000
Price Per Unit: \$47,619.05 per acre or \$1.093 per square foot
Book/Page Number: 2011/075830
Comments: This sale consists of unimproved land.

Vacant Sale Number Four:

Grantor: Wilcox Investment Limited Partnership
 Grantee: Highway 165 Development LLC
 Legal Description: A Tract of Land in Spanish Grant 2417 & Section 12-1N-11W MPDA COM at the CTR of SECT 12 TH S0*21'14"E871.20' S88*08'38"W639.37' TO POB TH CONT S88*08'38"W471.77' S73*54'58"W909' MOL TO ELN Lot 172 Cypress Crossing Subdivision TH in a N'LY Direction ALG ELN of Cypress Crossing Subdivision to SLN Tract B1 Cypress Crossing TH S80*E343.5' to SE COR of Tract B1 TH N10*E321' MOL TO SLN HWY 165 TH S80*E980' MOL AL SLN HWY TH S03*23'54"W120.12' N77*51'17"W494.26' S47*09'16"W40.95' S14*48'26"E41.26' S21*46'42"E101.76' S06*33'06"E120.81' S77*51'17"E455.06' TH S03*23'54"W779' MOL TO POB
 Size: 43.29 Acres OR 1,885,712 +/- Square Feet
 Sale Date: May 1, 2006
 Sale Price: \$869,000
 Price Per Unit: \$20,073.92 per acre or \$0.461 per square foot
 Book/Page Number: 2006/036072
 Comments: This sale consists of unimproved land.

COMPARABLE LAND SALE SUMMARY

SALE NO.	SALE DATE	SIZE (SQ. FT.)	SALES PRICE	SALES PRICE / SQ. FT.	TIME	LOCATION	ADJ. VALUE
1	01/03/2014	235,534	\$168,000.00	\$0.71	+\$0.01	0	\$0.72
2	10/15/2013	467,834	\$335,000.00	\$0.71	+\$0.02	0	\$0.73
3	12/16/2011	347,601	\$380,000.00	\$1.09	+\$0.08	0	\$1.17
4	05/01/2006	1,885,712	\$869,000.00	\$0.46	+\$0.14	0	\$0.60

The above listed comparable sales are judged to be the best market value indicators available for the subject property at the present time. The subject is located in light industrial and commercial area. We have made adjustments to these sales for time based on current economic conditions. The sales are considered indicative of the value of unimproved property in this area. The mean adjusted sales price for comparable land sales in the area is approximately \$0.80 per square foot. The median value is \$0.72 per square foot and the mode is also \$0.72 per square foot.

Based on our analysis of these and other unimproved land sales and their effect on the market, we believe unimproved land in this area of the county has a market value at its highest and best use between \$0.72 per square foot and \$0.80 per square foot. We have opted to use the higher limit of \$0.80 per square foot to value the land that has frontage on Highway 165. The remainder of land was valued at \$0.10 per square foot.

There are no sales in this part of the county which would indicate a value diminution based on power line locations or easements. Therefore we have opted to base our value estimate on the value per square foot of the land actually acquired.

December 15, 2014

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When these estimated values are applied to the land, the indicated land value prior to the taking is estimated as follows:

Unimproved land site:

196,020 +/- Square Feet of frontage @ \$0.80 per Square Foot \$156,816.60

335,412 +/- Square Feet of remainder @ \$0.10 per Square Foot \$33,541.20

Total estimate of the land value: \$190,357.80

We have rounded this estimate of the land value to: \$190,350.00

Total Estimated Value of Subject Property: \$190,350.00

Therefore, it is our opinion that the Market Value of the subject property, prior to the taking, as of December 8, 2014, the date of final inspection is:

ONE HUNDRED NINETY THOUSAND, THREE HUNDRED FIFTY DOLLARS

(\$190,350.00)

The indicated land value after imposition of the taking is estimated as follows:

Unimproved land site:

189,875 +/- Square Feet of frontage @ \$0.80 per Square Foot \$151,900.00

335,412 +/- Square Feet of remainder @ \$0.10 per Square Foot \$33,541.20

Total estimate of the land value: \$185,441.20

We have rounded this estimate of the land value to: \$185,400.00

Total Estimated Value of Subject Property: \$185,400.00

Therefore, it is our opinion that the Market Value of the subject property, after imposition of the taking, as of December 8, 2014, the date of final inspection is:

ONE HUNDRED, EIGHTY-FIVE THOUSAND, FOUR HUNDRED DOLLARS

(\$185,400.00)

Based on the values estimated above, it is our opinion the value of the proposed electric utility easement located on the southerly portion of subject property as of December 8, 2014, the date of our final inspection, is:

FOUR THOUSAND, NINE HUNDRED FIFTY DOLLARS

(\$4,950.00)

This value of the Utility Easement is subject to change if any changes are made to the size or location of the proposed easement.

We have retained our research and conclusions on file in our office and a formal narrative report can be completed upon your request for an additional fee.

Thank you for allowing us to be of service in this matter. If we may be of further assistance, or if you have any questions, please do hesitate to call.

Respectfully Submitted,



STATE
CERTIFIED
GENERAL
CG0018
Reese M. Pearce, IFA
Arkansas Certified General Appraiser
No. CG 0018



Lee Stephens, IFA
Arkansas Certified General Appraiser
No. CG 0021



STATE
REGISTERED
SR3739
Andrew Stephens
Arkansas Registered Appraiser
No. SR 3739
ANDREW STEPHENS

Assumptions and Limiting Conditions

This Appraisal Report, the Letter of Transmittal and the Certificate of Value are hereby made expressly subject to the following Assumptions and Limiting Conditions; and also, any special Limiting Conditions which may be contained elsewhere in the Report incorporated herein by reference.

1. That the legal description, as furnished, is correct; and that the title to the property is good and merchantable. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though fee and clear, under responsible ownership and reasonably competent management.
2. This appraisal is subject to whatever may be revealed by a current competent survey. It has been assumed that those visible and apparent monuments are correct, and that there are no encroachments.
3. That the present zoning of the property was verified with local planning officials, but the appraiser cannot be responsible for any error reported by the city officials and/or city staff. Since the Zoning Ordinance is lengthy, the appraiser cannot be responsible for a complete description of the zoning regulations. Zoning Ordinance rules should be obtained by all interested parties for review of restrictions and limitations of use.
4. That no adverse soil conditions exist except as noted herein; and therefore, no representations regarding such are made herein unless specifically stated; and, that the value estimated is subject to any such conditions becoming manifest.
5. That certain opinion, estimates, data and statistics, furnished by others in the course of this investigation, are correct; all such having been obtained from sources thought to be reliable, but we assume no responsibility for their accuracy.
6. The appraisers are not responsible for any matters considered legal in nature, and no opinion is rendered as to the quality of title, which is assumed to be good and merchantable.
7. This appraisal is to be used in whole and not in part. The distribution of total value between land and improvements, if any, applies only under the program of utilization outlined in this report. The separate valuations for land and any improvements must not be used in conjunction with any other appraisal, nor taken out of context, and are invalid if so used.

Assumptions and Limiting Conditions, Continued

8. This analysis and estimate of value is made for the exclusive use and benefit of the person, persons or firm to whom it is addressed and payment therefor is due and payable upon delivery. Possession of this report or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose or function other than that herein outlined as such purpose, nor by any other than the client(s) for whom it is prepared, without the prior written consent of the appraiser and/or the client(s), and in any event only the entire appraisal report may be used, and no part shall be taken or used out context with the whole. However, the appraisal report represents the opinion, only, of the appraiser, and no statement or figure therein is to be considered otherwise.
9. No feasibility or land study has been made by, nor furnished to, the appraisers.
10. The appraisers have made no inspection nor caused to be made any study to determine the presence or absence of any toxic, radioactive or carcinogenic material or other substance considered harmful or environmentally undesirable. No liability is assumed by the appraiser for the discovery, neutralization or removal of such substances if they are, in fact, determined to be present on or near the subject property.
11. Maps, plats, sketches, photographs, and the like, are included in this report for the sole purpose of aiding the reader to visualize the property and accuracy is not warranted.
12. If this appraisal is made on proposed construction from plans and specifications, any deviation from those plans and specifications in the completed structure invalidates this report.
13. The appraisers have made a physical inspection of the subject property and noted visible physical defects, if any, in this report. The observations were made by individuals generally familiar with real estate and building construction. However, we are not architectural or structural engineers who would have detailed knowledge building design and structural integrity. Accordingly, we do not opine on, nor are we responsible for the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake and occupancy, or any physical defects which were not readily apparent during our inspection. We routinely inspected the buildings, if any, involved in this report and any visible damage by termites, dry or wet rot, or other infestations, was reported as a matter of information and there is no guarantee as to the amount, or degree, of damage, if any.
14. This report does not contemplate any court action, nor does it obligate the appraisers whose name is affixed hereto, to give any testimony or make any appearance in Court, nor before any Commissioner, Arbitrator, or other individual body or agency.
15. The value estimate reported is valid only under the current program of utilization, and under the laws, regulations, restrictions, ordinances, statutes, codes, tax codes, etc., in effect as of the date of this report. Should any government entity alter any of its current regulations as they apply to the subject property, this report is voidable.

Assumptions and Limiting Conditions, Continued

16. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the National Association of Independent Fee Appraisers. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or firm with which they are connected, or any reference to the National Association of Independent Fee Appraisers and/or the several professional designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication with the prior written consent of the authors.
17. The appraisers are not building inspectors or engineers. Although a walk-through inspection has been performed, the appraisers are not experts in the field of building inspection and/or engineering. As a part of the walk-through examination, the appraisers made no inspection of inaccessible areas. If inspections of these or other similar areas are desired, an expert building inspector or engineer should be consulted.
18. This appraisal was prepared for the express purpose stated in the body of the report and does not constitute an expert inspection of the property and it should not be relied upon to disclose conditions of the property. Unless expressly noted elsewhere in this report, it is assumed there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition, and that all electrical components and roofing are in good condition.
19. The appraisers are not seismologists. This appraisal report should not be relied upon to determine whether a seismic problem does or does not actually exist on the property.
20. It is assumed that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition; and that all electrical and plumbing components as well as the roofing are in good condition, unless otherwise noted.
21. This report is made for the sole use and benefit of The North Little Rock Electric Department, at the request of Eric Heinrichs, North Little Rock Electric Company, System Electrical Engineer for the North Little Rock Electric Department. This report may not be used for mortgage or tax abatement purposes and is voidable if so used.

Certification of the Appraisers

The undersigned do hereby certify that to the best of our knowledge and belief:

1. The statements of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based, 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, unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, nor do we have any personal interest or bias with respect to the parties involved.
4. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
6. We have made a personal inspection of the exterior only of the property that is the subject of this report.
7. Aside from the undersigned appraisers, those professionals which prepared the estimates and engineering studies included in this report, either in fact or by reference provided significant professional assistance to the person or persons signing this report.
8. The appraisal assignment was not contingent upon reporting a predetermined opinion, conclusion, or recommendation or upon any result, value, or subsequent transaction or loan approval.
9. The estimate of market value in this appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
10. This appraisal conforms with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the National Association of Independent Fee Appraisers.
11. This appraisal report sets forth all the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.
12. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the undersigned.
13. The National Association of Independent Fee Appraisers has a mandatory program of continuing education for designated members. Those who meet the standards of this program are considered to have re-certified. Reese M. Pearce and Lee Stephens are certified under this program through December 31, 2015.

Certification of Appraisers, Continued

14. It is our opinion that, as of December 8, 2014 the market value of the proposed utility easement on the subject property is

FOUR THOUSAND, NINE HUNDRED FIFTY DOLLARS

(\$4,950.00)

Date: December 8, 2014/ December 15, 2014



STATE
CERTIFIED
GENERAL
CG0018
Reese M. Pearce, IFA
Arkansas Certified General Appraiser
No. CG 0018



Lee Stephens, IFA
Arkansas Certified General Appraiser
No. CG 0021



STATE
REGISTERED
SR3739
Andrew Stephens
Arkansas Registered Appraiser
No. SR 3739
ANDREW STEPHENS