



APPRAISAL OF REAL ESTATE

ROBERTS LAND

**2802 BAHAMA ROAD, 2620 ROBERTS ROAD, AND 2902 ROBERTS ROAD
BAHAMA, NORTH CAROLINA 27503**

FOR

Ms. Amy Sears
Real Estate Officer
City of Durham
101 City Hall Plaza
Durham, North Carolina 27701

BY

SUSAN H. COPELAND, MAI
HAY ∴ SCHNEIDER ∴ COPELAND
SUITE B-120 DUKE FOREST PLACE
3326 CHAPEL HILL BOULEVARD
DURHAM, NORTH CAROLINA 27707

DATE OF VALUATION
August 21, 2015

HAY :: SCHNEIDER :: COPELAND

REAL ESTATE APPRAISERS & CONSULTANTS

NORTH CAROLINA STATE-CERTIFIED
GENERAL REAL ESTATE APPRAISERS

September 11, 2015

Thomas T. Hay, MAI 1917-1998
Susan Hay Copeland, MAI
Susanne Z. Schneider, MAI

Ms. Amy Sears
Real Estate Officer
City of Durham
101 City Hall Plaza
Durham, North Carolina 27701

Subject: Appraisal of Real Estate - 2338
Roberts Land
2802 Bahama Road, 2620 Roberts Road, And 2902 Roberts Road
Bahama, North Carolina 27503

Dear Ms. Sears;

In fulfillment of the agreement outlined in the letter of engagement dated July 17, 2015, we are pleased to present the attached report of our appraisal of the fee simple in the referenced parcel of real estate. The report sets forth our opinion of market value "As Is" along with supporting data and reasoning which form the basis of our opinion.

The subject consists of three vacant or agricultural parcels of land containing a total of 318.39 acres on the north side of Lake Michie. The subject property is located east of the Town of Bahama on both sides of Roberts Road south of its intersection with Ellis Chapel Road Mangum Bahama Township, northern Durham County, North Carolina.

The attached summary appraisal report contains a more detailed description of the property, as well as relevant information about the area and its relation to the subject, comparable data, a summary of our investigations and data analysis, and a summary of our value conclusions.

Based on this information, it is our opinion that as of August 21, 2015, which is the effective date of the appraisal and subject to the Assumptions and Limiting Conditions included with this report, the subject property has a market value in the **Fee Simple Estate** is in the range of:

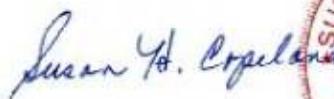
TWO MILLION FOUR HUNDRED FORTY THOUSAND (\$2,440,000.00) DOLLARS.

THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS 35 PAGES PLUS RELATED EXHIBITS, IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

Thank you for the opportunity of serving you in this capacity.

Sincerely,

HAY :: SCHNEIDER :: COPELAND


Susan H. Copeland, MAI



SUMMARY OF SALIENT FACTS AND CONCLUSIONS

SUBJECT PROPERTY: Roberts Land
2802 Bahama Road, 2620 Roberts Road, And 2902 Roberts Road
Bahama, North Carolina 27503

PROPERTY TYPE: Vacant or agricultural land

TAX CARD LEGAL DESCRIPTION: Being known as parcels 191879, 191886 & 191888 as shown on Durham County Tax map containing a total of 318.39 acres, described in Deed Book 6665, Page 63 of the Durham County Registry and shown in Plat Book 9, Page 88 dated April 1030 and recorded in the Durham County Office of the Register of Deeds.

PROPERTY RIGHTS APPRAISED: Fee Simple

MARKET VALUES: Market Value – “As is”

LOCATION: The subject property is located east of the Town of Bahama on both sides of Roberts Road south of its intersection with Ellis Chapel Road Mangum Bahama Township, northern Durham County, North Carolina

TAX MAP REFERENCES #: REID 191879, 191886 & 191888; PIN# 848-03-31-1228, 0847-01-48-2740 & 0847-02-69-3058

DATE OF INSPECTION: August 21, 2015

EFFECTIVE DATE OF THE APPRAISAL: August 21, 2015

EFFECTIVE DATE OF THE REPORT: September 11, 2015

INTENDED USE OF THE REPORT: The intended user of this appraisal analysis is City of Durham and Ms. Amy Sears. The intended use of the appraisal is to establish fair market value for the potential Lake Michie Future Expansion, subject to the agreed upon “*Purpose of the Appraisal*”, “*Definition of Market Value*” and “*Scope of Work*” stated and explained immediately following this intended user designation. *No additional Intended Users or uses are known, identified, anticipated or intended by the appraisers..*

LAND SIZE: 318.39 acres

ZONING: The subject is zoned **RR, Rural Residential District** subject to the **M/LR-A Lake Michie/Little River Critical Watershed Area** under the jurisdiction of the Durham City/County Planning Department.

HIGHEST AND BEST USE: Residential Development

CURRENT USE: Vacant or agricultural land

VALUES INDICATED:

VALUE "AS IS" OF THE RAW LAND

318.39 acres

318.39 acres @ \$7,660 per acre = \$2,440,000

Parcel 191879

42.695 acres @ \$7,660 per acre = \$327,000

Parcel 191886

141.55 acres @ \$7,660 per acre = \$1,028,500

Parcel 191888

134.143 acres @ \$7,660 per acre = \$1,027,500

TABLE OF CONTENTS

Summary of Salient Facts and Conclusions

PART I: INTRODUCTION

Appraiser's Certification	1
Assumptions and Limiting Conditions	2
Intended Use and Intended User of the Appraisal	4
Extraordinary Assumption and Hypothetical Condition Statement	4
Purpose of the Appraisal	4
Definition of Market Value	4
Property Rights Appraised	5
Definition of Replacement Cost - New	5
Definition of Disposition Value	5
Scope of the Appraisal	6
Identification of the Property	7
Inspection of the Property/Date of Appraisal	8
Exposure/Marketing Time	8

PART II: DESCRIPTIVE INFORMATION

Description of Durham County/City of Durham	9
Description of the Neighborhood	15
Description of the Subject Land	17
Description of the Subject Improvements	19
Zoning	21
Transfer History of the Property	22
Tax Information	22

PART III: ANALYSES AND CONCLUSIONS

Highest and Best Use Analysis	23
Method of Appraisal	26
Sales Comparison Approach	27
Reconciliation	33
180 Day Disposition Value Analysis	34
Replacement Cost – New Analysis	35

PART IV: ADDENDA

Photographs of the Subject Property
Deeds
Tax Cards
Letter of Engagement

PART V: MARKET DATA

PART VI: QUALIFICATIONS OF THE APPRAISER & E AND O COVER SHEET

PART I:

INTRODUCTION

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- We have not performed no (or the specified) services, as an appraiser or any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions.
- The assignment conditions agreed upon did not limit the scope of work to such a degree that the assignment results are not credible in context of the intended use.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice including competency in the specific type of property, market, geographic area and analytical methods used from past experience and formal education. The report contains sufficient information to enable the intended users of the appraisal to properly understand the report.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification except as specified in this report.
- Our analyses, opinions, and conclusions were developed and this report was prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Susan H. Copeland has completed the continuing education program of the Appraisal Institute.
- This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount which would result in approval of a credit transaction.

This 11 Day of September, 2015


Susan H. Copeland, MAI
State Certified General Real Estate Appraiser
NC Certificate No. A225




John O. Copeland
State Certified General Real Estate Appraiser
NC Certificate No. A7234



GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions.

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable but, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances, such as asbestos, urea formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

The cost to cure any negative conditions is typically deducted from the contract price, dollar for dollar.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS—Continued

This appraisal report has been made with the following general limiting conditions.

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraisers, by reason of this appraisal, are not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. 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 the appraisers are connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.
5. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
6. The Americans with Disabilities Act, ADA, became effective January 26, 1992. The appraisers have not made a specific compliance survey or analysis of the property to determine whether it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

The basic limitation of an appraisal of real estate is that it is an opinion of value and is not the product of an exact science. There is, therefore, no guarantee that a property will sell at exactly the appraised value. The value reported herein is our opinion of the probable price obtainable in a market free of abnormal influences.

INTENDED USE and INTENDED USER OF THE APPRAISAL

The intended user of this appraisal analysis is City of Durham and Ms. Amy Sears. The intended use of the appraisal is to establish fair market value for the potential Lake Michie Future Expansion, subject to the agreed upon "Purpose of the Appraisal", "Definition of Market Value" and "Scope of Work" stated and explained immediately following this intended user designation. *No additional Intended Users or uses are known, identified, anticipated or intended by the appraisers.*

This report is not intended for any other use. The appraiser is not responsible for unauthorized use of this report.

EXTRAORDINARY ASSUMPTIONS and HYPOTHETICAL CONDITIONS

Extraordinary Assumption: *An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.¹*

The Durham County GIS clearly shows a City recreational park on Tax Parcel 191879, 2802 Bahama Road, in the northwestern portion of the subject land. This area of the GIS maps has apparently never been redrawn to reflect the December 6, 1924 conveyance of 66.21 acres of land from D.B. Roberts et al, to the City of Durham. This granted the land from the center of the Flat River, which was being dammed to provide a water reservoir for the City, primarily up to the 340' contour. Also included was land along the lake, accessed by Bahama Road, to be used for recreational purposes.

The remaining land of that parcel, 42.69 acres has been described in deeds recorded in deeds drawn since 1951.

The recreational center is considered to have been conveyed to the City, and parcel 191879 does contain 42.69 acres.

Hypothetical Condition: *a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purposes of analysis.¹*

The subject land has been farmed by the Roberts family since before Lake Michie was completed in 1926. The low-lying areas along the Flat River were acquired by the City of Durham prior to completion of the dam. The higher land was retained by the Roberts family, and is still in use for crop farming.

The areas around Lake Michie are in the Critical Watershed Areas which limit development around the lake. Farming is allowed, but residential development has been limited to a minimum of three acres per lot, and with wide buffers along stream beds and of course, the lake itself.

Sales of farmland were gathered, then compared with raw land sold for residential use, and sales of developed lots. In the analysis of the Highest and Best Use, it was found that farming the 318.39 acres no longer brings the highest return to the land, and the highest and best use of the land, which is surrounded by lake frontage, is for very low density residential use.

A subdivision analysis was developed, analyzing the costs to develop a number of lots around the lake front and interior, that should meet all of the requirements of the zoning. In this case, 39 lots with an average size of 8 acres were adopted. An average price per lot was estimated, based on lake front lots on other lakes as well as interior lakes. The lot sales are discounted over a time period.

This method provides a good indication of what the current market value of the property should bring on the open market.

This is a hypothetical condition in that it is known that the land is to be acquired will not be developed or farmed, but will help maintain the water quality of the lake.

No other **Extraordinary Assumptions** or **Hypothetical Conditions** were identified or relied upon by the appraisers to determine results, value opinions or conclusions in this report.

¹DEFINITIONS FROM: *Uniform Standards of Professional Appraisal Practice, 2014-2015 Edition*

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide an opinion of the current market value of the **Fee Simple** interest **As-Is** of the subject property.

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

buyer and seller are typically motivated;

both parties are well informed or well advised, and each acting in what they consider their own best interests;

a reasonable time is allowed for exposure in the open market;

payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

DEFINITION FROM: *The Dictionary of Real Estate Appraisal, 5th edition, Appraisal Institute*

SCOPE OF THE APPRAISAL

For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must: identify the problem to be solved; determine and perform the scope of work necessary to develop credible assignment results; and disclose the scope of work in the report. An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results.

In order to prepare this appraisal, we have conducted a number of independent investigations and analyses, which are summarized in this section. We have gathered and analyzed information about assignment elements that are necessary to properly identify and resolve the appraisal problem to be solved

- ❖ Inspected the site of the subject property located at 2802 Bahama Road, 2620 Roberts Road, and 2902 Roberts Road, Durham, North Carolina.
- ❖ The subject property's neighborhood has been researched for demographic data, growth trends, economic influences, and employment information, all focused toward value influence on the subject. The subject was inspected and photographed; deed and tax information was obtained from the Durham County Web Site, zoning information was obtained from the merged Durham City/County Planning Department and Web Site.
- ❖ Gathered information on comparable raw land sales as appropriate for the values requested.
- ❖ Recent property transfers and listings of similar properties have been researched, analyzed, and related to the subject for value indications. Experts in their fields, such as commercial real estate brokers, have been consulted with regard to both comparable properties and specific information on the subject. I have confirmed sales with at least one of the parties to the transaction; if this was not possible; little reliance was placed on that sale.
- ❖ Analyzed the data and applied the sale comparison, cost, and income capitalization approaches *where indicated*.

This report is a Narrative Appraisal Report in accordance with Standard Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice 2014 - 2015*. It presents sufficient information to produce credible results and to enable the client and other intended users, as, identified, to understand it properly.

Appraisal reports may be presented in two formats: appraisal report and restricted use reports. An appraisal report summarizes the data and analyses used in the assignment. . All appropriate information is contained in the report and not referenced to the appraiser's files.

PROPERTY RIGHTS APPRAISED

Property rights to be appraised are the leased fee and fee simple interest.

Fee Simple ownership interest is defined as "absolute ownership unencumbered by any other interest or estate. A fee simple estate is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."²

The "fee simple" is defined as "absolute ownership unencumbered by any other interest or estate. A fee simple estate is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."² Property rights to the owner are restricted by typical easements for electrical, telephone service, etc. There are no easements or other restrictions of note.

² *Dictionary of Real Estate Appraisal, 5th Edition*

EXPOSURE/MARKETING TIME

Market value (*see above definition*) as estimated and the costs and other estimates used in arriving at the estimate of value are as of the date of the appraisal. The markets upon which these estimates and conclusions are based upon are dynamic in nature and are subject to change over time. Furthermore, the report and value estimates are subject to change if physical, financial or other conditions differ from conditions as of the date of the appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time is estimated of 250 to 270 days which is the range of Days on Market for agricultural land in Durham County, North Carolina.. Exposure time is the estimated length of time the property interest being appraised would have been offered to the market prior to the hypothetical consummation of a sale at market value on the effective date on the appraisal. Exposure time is always presumed to precede the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the estimated market value during the period after the effective date of the appraisal. An estimate of market time is not intended to be a prediction of a date of sale. It is appropriate to assume that the value as of the effective date of the appraisal remains stable during a marketing period. The appraisers have concluded that a reasonable marketing time for the property is something less than 270 days if priced within the ranges as indicated.

PART II:

DESCRIPTIVE INFORMATION

DURHAM CITY/COUNTY DESCRIPTION

Durham is centrally located in the piedmont region of North Carolina, 23 miles from the Virginia border, 140 miles from the Appalachian highlands and 130 miles from the coast. Durham has one major city, the City of Durham, which is the fourth largest city in the state. As of January 2013, the population for Durham County is 277,819. The land area is 299 square miles.

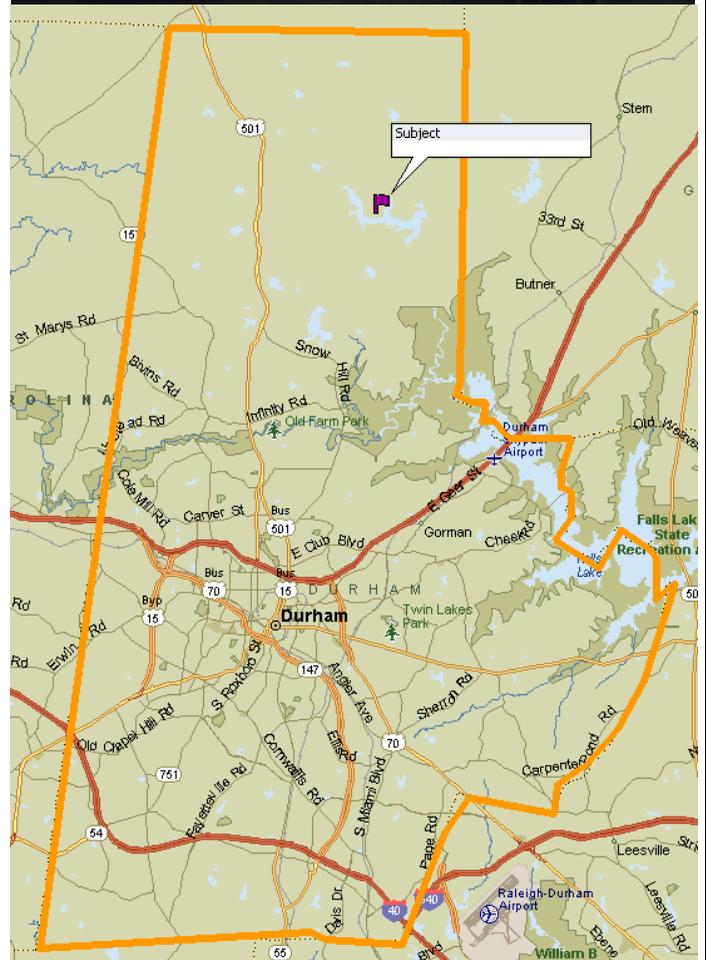
The Durham Board of County Commissioners oversees the County and appoints the county manager to serve as the chief administrator of the County. Durham is home to two major universities, Duke University and North Carolina Central University. Durham is known as the County of MERIT, which is the acronym for the main areas of trade for the county: *Medicine, Education, Research, Industry and Technology*. Durham is also known as the City of Medicine due to the major presence of the healthcare industry including more than 300 medical and health-related companies.

Durham County Community Profile

Date Established:	April 17, 1881
Population:	267,593
Registered Voters:	182,102
Location:	North Central North Carolina, equidistant from Philadelphia and Atlanta
Land Area:	299 square miles
County Seat:	Durham
Townships:	Durham, Carr, Oak Grove, Mangum, Lebanon & Triangle
Main County Office:	220 E. Main Street, Durham, NC 27701

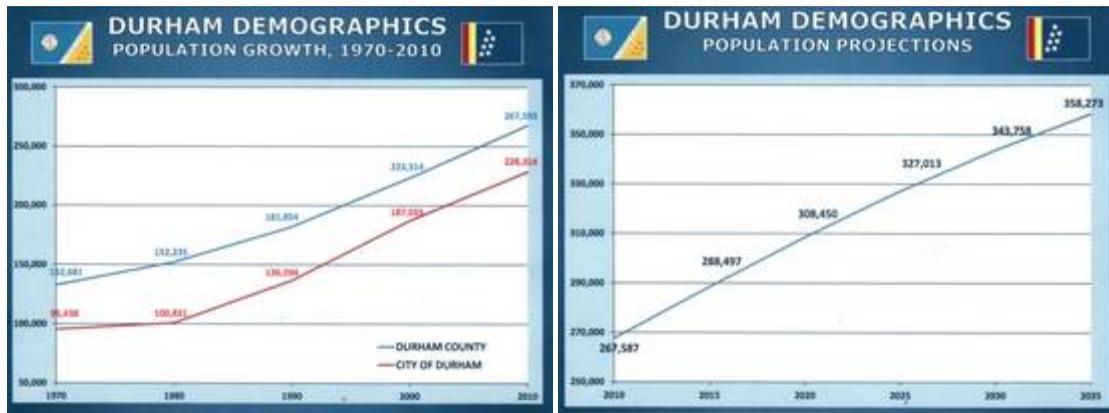
The Raleigh-Durham area has received a tremendous amount of national publicity in recent years. In July 2013 the Raleigh-Durham Metropolitan Statistical Area (MSA) was ranked # 3 as the Best Metro Area for Business and Careers by **Forbes Magazine**. Both Raleigh and Durham excelled in the categories of cost of doing business, job growth and educational attainment of the work force. In terms of cost of doing business, Durham was 13.3 percent below the national average.

In June, 2012, **US News and World Report** ranked Durham in the top 10 of best places to live.



Population

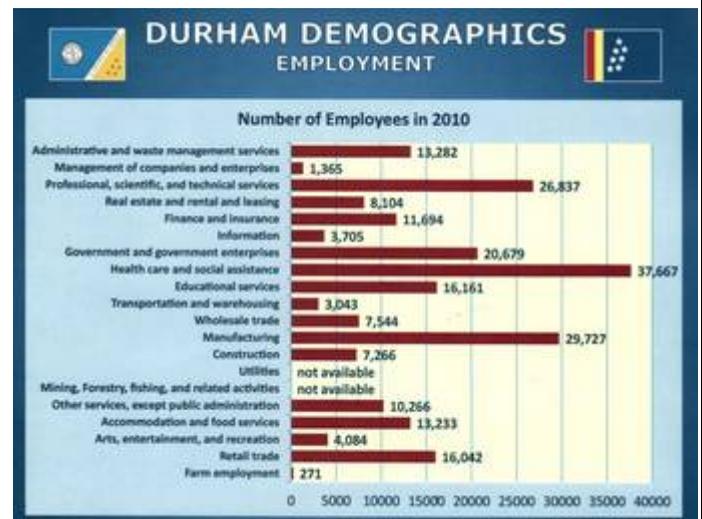
As per Census 2010, 267,593 persons consider Durham, NC, their home. Since 1950, the population has steadily increased, making the biggest jump between 2000 and 2010. In 2000, the population was 223,314. By 2010, the population was 267,593. According to the Census Bureau, the 2011 Durham County population was 281,300. This represents a 34% increase in the City's population since 2006, or an annual average rate of 7%. Durham is the fifth largest city in North Carolina. The Triangle Metro area, which includes Durham, Raleigh, and Chapel Hill, has an estimated population in excess of 1,248,676,000. The Raleigh Durham Chapel Hill MSA is the 42nd Largest MSA in the country and 12th Fastest Growing Market. The population of Durham County will exceed 300,000 in 2020.



Economy

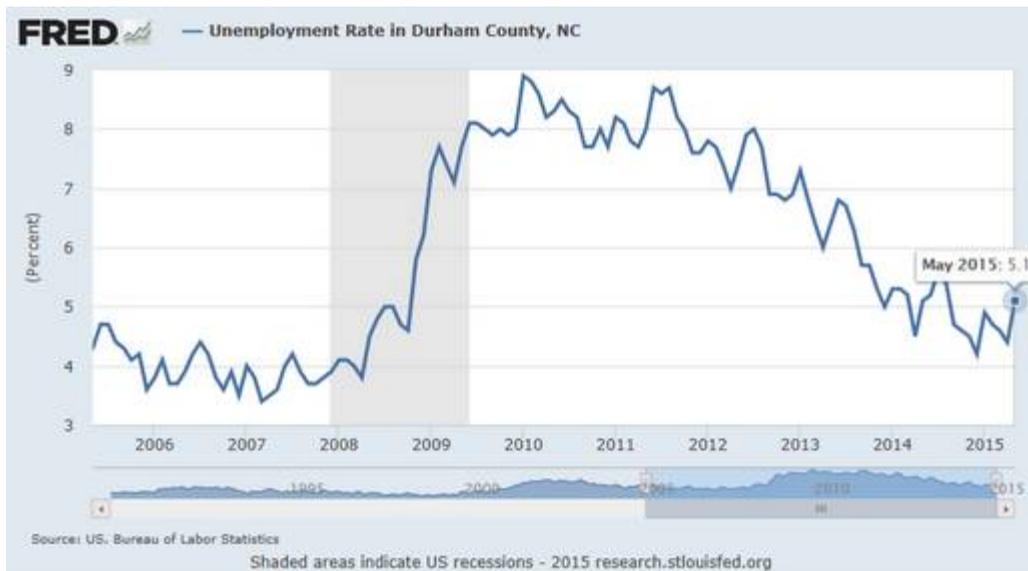
Durham County has an expanding, diversified economy with a strong foundation in telecommunications, financial services, healthcare, medical related industries, manufacturing, pharmacological research and development, a growing life sciences cluster, service industries, general manufacturing, and education.

Durham County has evolved from an agricultural and manufacturing economy to attain world-class status in the areas of medicine and high technology. In the process, it has become one of the country's most desirable places to live. The internationally known Research Triangle Park is home to more than 170 major research and development organizations including IBM, GlaxoSmithKline, BASF, CREE, Cisco, RTI International and Sumitomo Electric Lightwave. These companies and others in the park employ approximately 42,000 people. Other major research and development organizations, including BD, Boramed, Cormetech, Organon, Technika, Freudenberg Nonwovens and AW North Carolina are located in the northern section of the county.



According to the North Carolina Employment Security Commission Office of Economic and Workforce Development, the number of Durham County residents employed 2006-2008 steadily increased from 130,000 to approximately 135,000. From 2008-2009, employment rates took a deep nose dive to nearly 128,000. Since 2009, the employment rate has slowly worked its way to 155,974. The unemployment rate for 2009 was 7.9% and in 2010 the rate was 8%. As of May 2015, the unemployment percentage for Durham County was 5.1% with work force participation of 155,974.

DURHAM UNEMPLOYMENT RATE



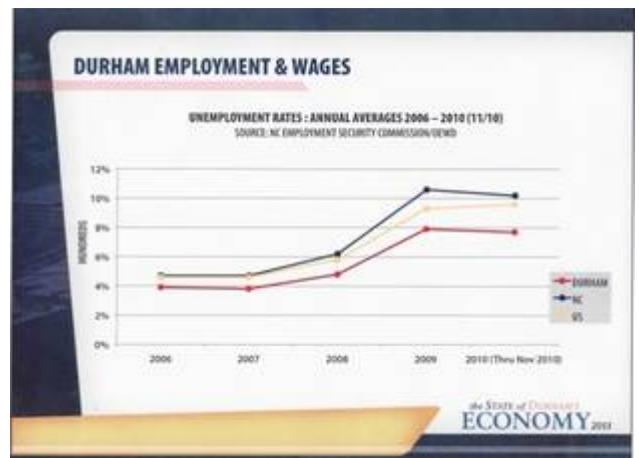
Like many counties across the country, Durham County's residents have been impacted by the economic downturn. Despite the downswing in the economy, Durham continues to be one of few places that have fared well in comparison to other places with similar demographics.

Since 2001, nearly 125 businesses have opened or relocated to Durham, including IEM, a Louisiana-based company that advises federal agencies on how to manage threats to public safety and property, which relocated its headquarters from Baton Rouge to the Research Triangle Park in 2010. The move created approximately 430 jobs. More than four times the amount of businesses that opened or relocated to Durham have closed since 2001.

Employment

Durham's major employer is Duke University and Medical Center with 36,771 employees in 2008 and an annual operating budget of \$3.7 Billion. Duke University is also a major office tenant leasing an estimated 270,000 SF of office space in the Durham market. According to published statistics by the North Carolina Employment Security Commission as of May 2015, Durham County's civilian labor force numbers 156,000 with an unemployment rate of 5.1%. The average annual 2014 wage in Durham County was \$50,992 or approximately 50% higher than the state as a whole.

The following is a list of other major employers:



Workforce

Durham County was designated the 3rd "brainiest" county in the county in 2012 by Forbes Magazine. This is due to the local universities and Duke Medical Center. In 2013 45% of the workforce of Durham County, 25 years and over, had a university Bachelor Degree or higher. In 2011, 31% of the workforce was engaged in Education and Health Service occupations while an additional 22% were employed in Financial, Professional and Business Services.

DURHAM DEMOGRAPHICS EDUCATION ATTAINMENT				
Educational Attainment				
	STATE OF NORTH CAROLINA	DURHAM-CHAPEL HILL MSA	DURHAM COUNTY	CITY OF DURHAM
Population 25 years and over				
Less than 9th grade	5.9%	5.2%	5.9%	6.8%
9th to 12th grade, no diploma	9.7%	7.9%	8.2%	8.0%
High school graduate (includes equivalency)	27.3%	18.7%	17.6%	15.4%
Some college, no degree	22.0%	18.1%	17.5%	17.6%
Associate's degree	8.5%	5.8%	5.7%	5.4%
Bachelor's degree	17.7%	22.5%	24.2%	24.9%
Graduate or professional degree	8.8%	21.8%	20.8%	21.8%

Source: U.S. Census Bureau, 2009 American Community Survey

Transportation

Interstate Highways 40 and 85, by US Highways 15-501 and 70 serve the area. I-40 was opened from Raleigh to Research Triangle Park in about 1973, connecting with the Durham Expressway, and was completed in July 1990, connecting Wilmington, North Carolina with Barstow, California. The highest traffic count along I-40, 128,600 cars per day, is near the Durham-Wake County line between Research Triangle Park and Raleigh-Durham International Airport.

Highways proposed for the area include an outer loop around Raleigh, which extends into the southern portion of Research Triangle Park and an outer loop around Durham. Portions of the Raleigh outer loop are built from I-40 east to Strickland Road. The Durham Expressway is also proposed to be extended south through Research Triangle Park.

Medicine

Known as the City of Medicine, Durham has five hospitals: Duke University Medical Center, Durham Regional Hospital, Veterans Administration Medical Center, North Carolina Eye and Ear Hospital, formerly McPherson Hospital, and Lenox Baker Children's Hospital. These facilities plus numerous medical clinics and individual practices provide a physician per capita ratio that is four times the national average.

DURHAM COUNTY HAS:

- **4X THE NATIONAL AVERAGE OF PHYSICIANS;**
- **3X THE NATIONAL AVERAGE OF NURSES;**
- **HOSPITALS CARING FOR MORE THAN 70,000 ANNUALLY;**
- **3RD LARGEST MEDICAL SCHOOL IN THE NATION;**

According to **US News & World Report's Best Business Schools 2006 Edition**, Duke University is ranked #11. Additionally, Duke University Medical Center was rated in the top 10 in **US News & World Report's 2006 Annual Survey of the Nation's Best Hospitals**.

Best in Medicine surveyed 300 medical experts and ranked Duke among the 10 best hospitals in the United States. The hospital was listed among the top 10 in 10 specialties: heart surgery, urology, cancer care, digestive disorders, ophthalmology, kidney disease, psychiatry, gynecology, orthopedics, and respiratory disorders. Over 30% of the work force is engaged in health-related occupations.

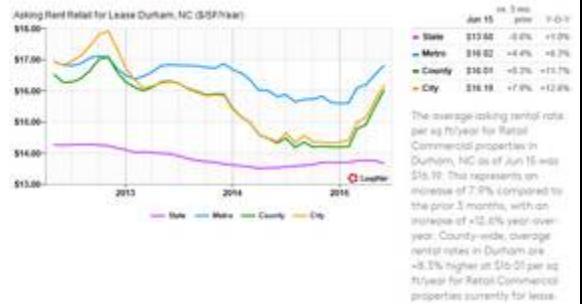
Education

The Durham Public School System is accredited by the Southern Association of Colleges and Schools. Other educational institutions include Duke University, North Carolina Central University, Durham Technical Community College, and the North Carolina School of Science and Mathematics.

Duke University, known for its academic and research programs, is regarded as one of the Research Triangle area's most valuable assets. Duke's size—1,667 faculty, 6,200 full-time undergraduates and over 6,600 full-time graduate and professional students—enables it to offer the atmosphere of a small college with the educational resources of a major research university. Duke offers 60 degree programs—40 undergraduate majors, graduate degrees in 44 fields, and graduate or professional degrees in business, divinity, environmental studies, law, medicine, and nursing. **U.S. News and World Report** ranked Duke as 6th among national universities in August 2012.

Durham Real Estate Market Analysis

Asking retail rents have been increasing since the beginning of 2015. The average asking rental rate per sq ft/year for retail properties in Durham, NC as of June 2015 for full service leases was \$16.19. Vacancies remained constant at 7% in the 1st Quarter of 2015 in central Durham. The outlook for holding or improving on \$16.16 is good.



The average asking price for retail space in Durham have increased since the beginning of the year from 115.75 to 118.93 per sq ft/year. This represents an increase of 3.8% year over year. The Metro which is the Research Triangle Park has higher asking prices at \$121 per SF as would be expected.



Sale prices have also been declining in the Durham market during the period running at 97% of asking prices at about \$114.59 per SF. The lack of new construction would imply that the selling prices would level off at some point.



According to **Triangle Business Journal**, the 2015 1st quarter vacancy rates are in the range of 15.46% for commercial properties and are summarized as follows.

CATEGORY	LOCATION	TOTAL-SF	AVAILABLE-SF	% VACANCY
OFFICE: CLASS A	CENTRAL DURHAM	2,378,193	63,782	2.68%
	NORTH DURHAM	0	0	0.00%
	SOUTH DURHAM	1,040,987	114,837	11.03%
	RTP/I-40 CORRIDOR	6,890,579	499,699	7.25%
OFFICE: CLASS B	CENTRAL DURHAM	787,157	82,446	10.47%
	NORTH DURHAM	1,189,436	617,384	51.91%
	SOUTH DURHAM	651,005	156,536	24.05%
	RTP/I-40 CORRIDOR	4,606,288	1,656,330	35.96%
OFFICE: CLASS C	CENTRAL DURHAM	267,211	60,173	22.52%
	NORTH DURHAM	213,783	24,018	11.23%
	SOUTH DURHAM	79,044	2,857	3.61%
	RTP/I-40 CORRIDOR	30,000	9,750	32.50%
OFFICE TOTAL	CENTRAL DURHAM	3,432,561	206,401	6.01%
	NORTH DURHAM	1,403,219	641,402	45.71%
	SOUTH DURHAM	1,771,036	274,230	15.48%
	RTP/I-40 CORRIDOR	11,527,343	2,165,779	18.79%
FLEX SPACE:	CENTRAL DURHAM	97,150	17,681	18.20%
	NORTH DURHAM	469,868	172,536	36.72%
	SOUTH DURHAM	180,656	40,000	22.14%
	RTP/I-40 CORRIDOR	6,104,709	760,106	12.45%
WAREHOUSE:	CENTRAL DURHAM	407,037	48,609	11.94%
	NORTH DURHAM	1,092,739	188,476	17.25%
	SOUTH DURHAM	1,934,492	1,216,052	62.86%
	RTP/I-40 CORRIDOR	10,905,152	712,294	6.53%
RETAIL	CENTRAL DURHAM	430,516	36,645	8.51%
	NORTH DURHAM	3,814,541	269,449	7.06%
	SOUTH DURHAM	4,883,487	222,713	4.56%
	RTP/I-40 CORRIDOR	1,201,805	222,294	18.50%
TOTALS		67,789,994	10,482,479	15.46%

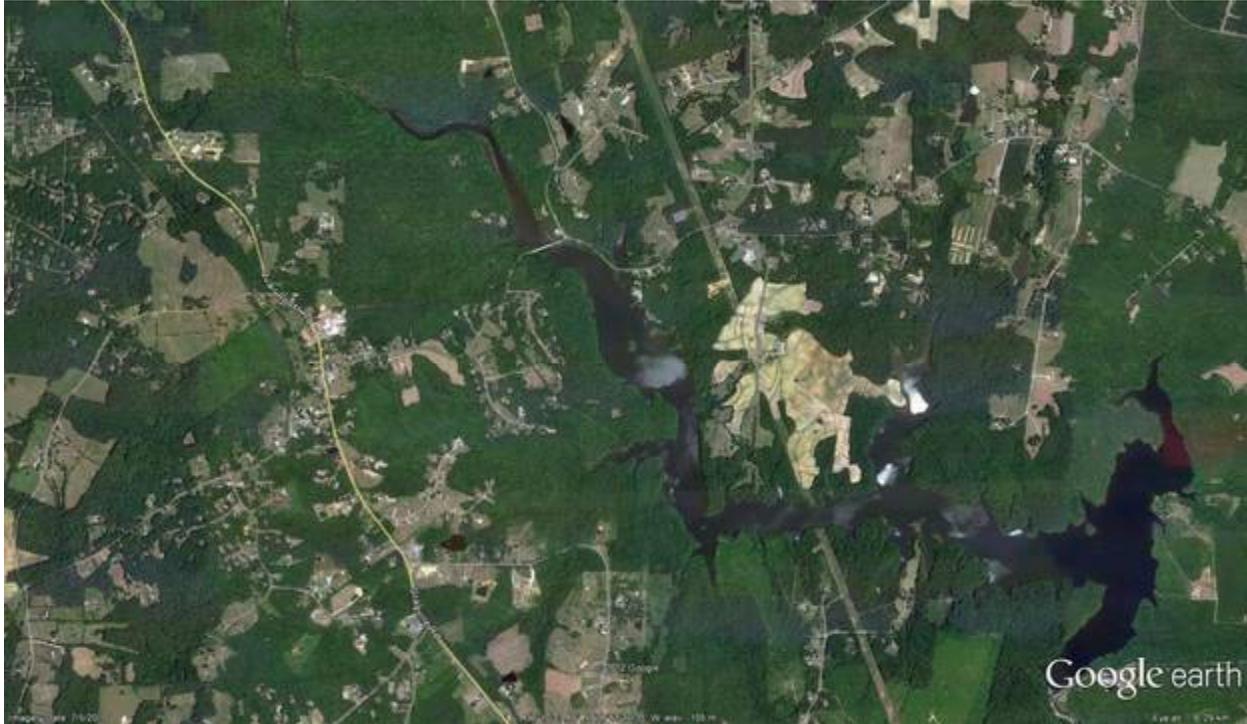
Although overall vacancy is in the range of 15.46%, the vacancy rate for central Durham is 7.1%.

Conclusion

The Triangle area economy is based on a far more stable and diverse base than many areas of the country. The preeminence of governmental, education and medical employment provides a stable underpinning of the local economy. The private industry attracted to the area tends to be research oriented or dependant on the local highly educated workforce as opposed to low skilled manufacturing which could easily move off shore. The governmental and institutional nature of the local economy should provide the basis for continuing future growth of the Raleigh Durham area.

DESCRIPTION OF THE NEIGHBORHOOD

Located in northern Durham County east of Roxboro Road aka US Highway 501, the subject neighborhood may be generally described as the area in the rural area of Durham County surrounding Lake Michie. It is also known as Bahama, an unincorporated area named for the original families who settled there.



Major Roads

US Highway 501 runs north – south through central Durham County. The urban highway is paved to a width of 4 lanes – two in each direction with grassed center median, gravel shoulders and grassed drainage ditches.

Bahama Road runs east west through the neighborhood intersecting with US Highway 501, passing through the center of Bahama; an unincorporated community in Durham County, crossing the northern end of Lake Michie. The road is paved to a width of 2 lanes – one in each direction with gravel shoulder and grassed drainage ditches on both sides of the road.

Neighborhood Usage

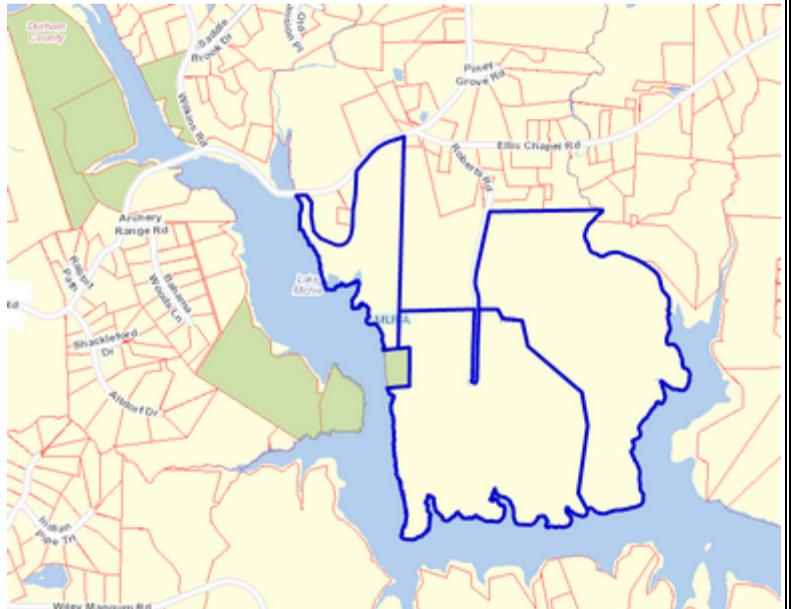
Predominant usage in the neighborhood is agricultural, low density residential, recreation related to the lake, or vacant land. Development in the area is influenced by its proximity to the Lake Michie watershed which restricts development to 6% impervious surface, the lack of qualified perc sites and its distance from the cities of Durham and Roxboro.

These restrictions to development also entice residents who wish to have privacy on large lots in the rolling hills of the area. Many large homes and mini-estates are located throughout the area, along with older, and smaller homes.

Topography of the neighborhood is naturally rolling, which is typical of the North Carolina Piedmont.

Zoning through the neighborhood includes residential and low intensity commercial classifications. The main residential classification is RS-10 Medium Density single family residential with RS 20 Low Density single family Residential in Bahama. The main commercial district in Bahama is on both sides of Bahama Road near the intersection of Quail Roost Road. The bulk of the remaining area is RR Rural Residential. The RR district is designed for low intensity residential, agricultural and vacant land uses.

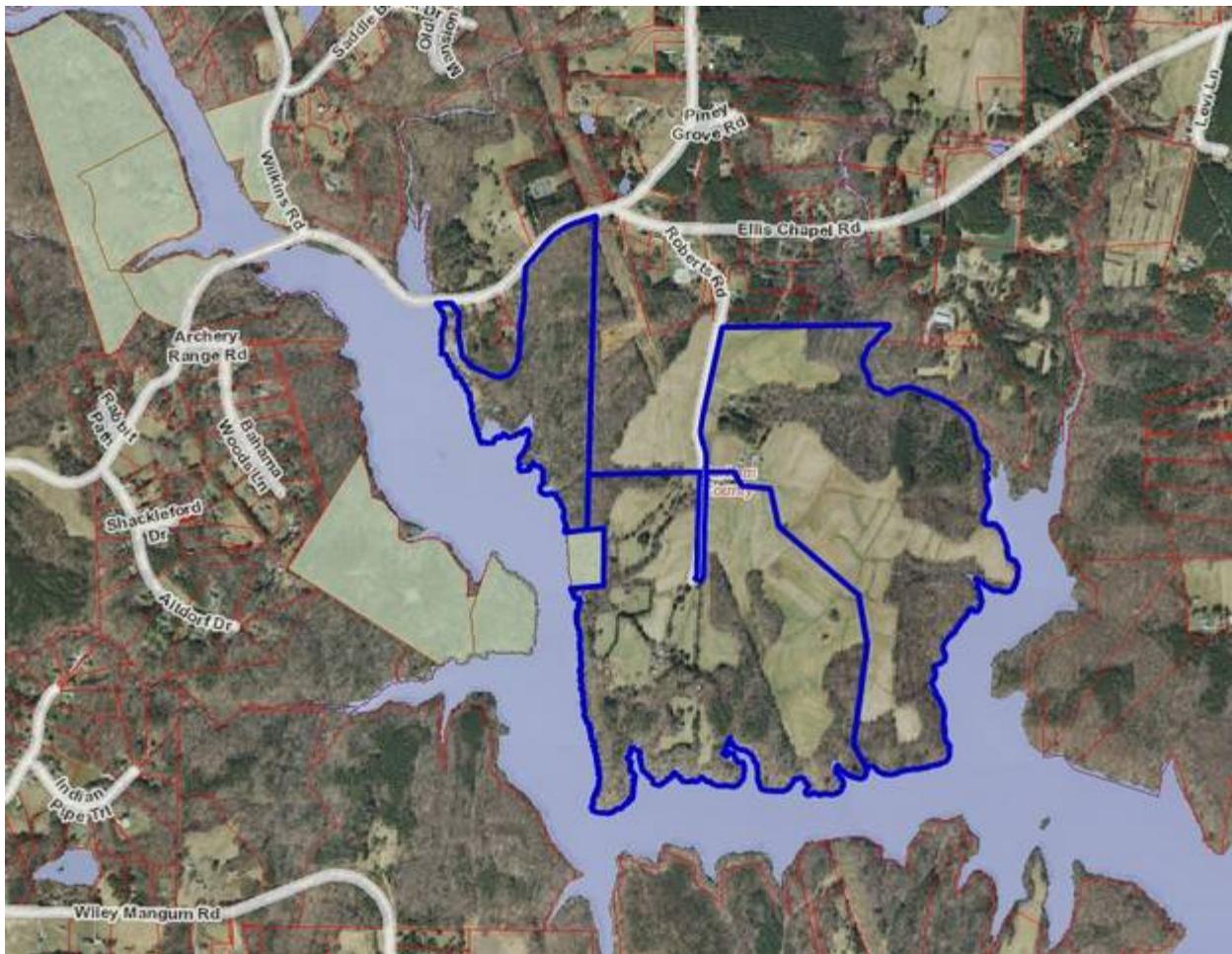
Utilities: Electric and phone utilities are available in the neighborhood. The area requires well and septic sewer.



Summary

The subject property is located east of the unincorporated Town of Bahama in northern Durham County. Commercial uses run along both sides of Bahama Road in the small Bahama commercial district. The neighborhood is greatly influenced by the presence of Lake Michie and the attendant restrictions related to its watershed. The neighborhood will not see any intensive development as a result of its proximity to Lake Michie. Overall the area should be stable for the foreseeable future.

DESCRIPTION OF THE SUBJECT LAND



Property of: James F Roberts and wife, Lila Kay Roberts, and Rebekah Roberts Fields.

Property/Address: 2802 Bahama Road, 2620 Roberts Road, and 2902 Roberts Road, Mangum Bahama Township, Durham County, Bahama, North Carolina 27503

Location: The subject property is located east of the Town of Bahama on both sides of Roberts Road south of its intersection with Ellis Chapel Road Mangum Bahama Township, northern Durham County, North Carolina

Tax Map References: REID 191879, 191886 & 191888; PIN# 848-03-31-1228, 0847-01-48-2740 & 0847-02-69-3058

Legal Description: Being known as parcels 191879, 191886 & 191888 as shown on Durham County Tax map copied above, containing a total of 318.39 acres.

	<i>Parcel</i>	<i>Acres</i>
1	191879	42.695
2	191886	141.550
3	191888	134.140
	Total	318.388

Shape and Size

Irregular in shape, the site is comprised of three parcels containing 318.39 acres.

Parcel 1, PIN 191879 contains 42.695 acres. It is located in the northwestern section of the subject land, and has frontage on the south side of Bahama Road at two points. This parcel has the sharpest topography in its interior, with a high of 470' above sea level at the north eastern corner, sloping down to about 360' in the central portion of the property, and containing two probable creeks. The slope to the waterfront is gently sloping.

Parcel 2, PIN 191886 contains 141.55 acres of land. It is located to the southeast of Parcel 1, and encompasses the majority of the western and southern frontages along the lake. The interior is more gently rolling than Parcel 1, particularly within the interior of the acreage. Topography along the water frontage is primarily along the western side of the property. Roberts Road extends southerly from Ellis Chapel Road into this parcel.

Parcel 3, Pin 191888 contains 134.143 acres of land. Its western border is Roberts Road, where it is at the highest topography. It then rolls down towards the lake. The highest levels are fairly level, with the northern portion of the water frontage a gentle slope to the water, but with the southern east-side frontage having steeper slopes.

Frontage and Street Access

The parcel has frontage on Bahama and Roberts Roads. Access is available along these frontages. Roberts Road leads to Ellis Chapel Rd, with leads back to Bahama Road, a main access point to Lake Michie.

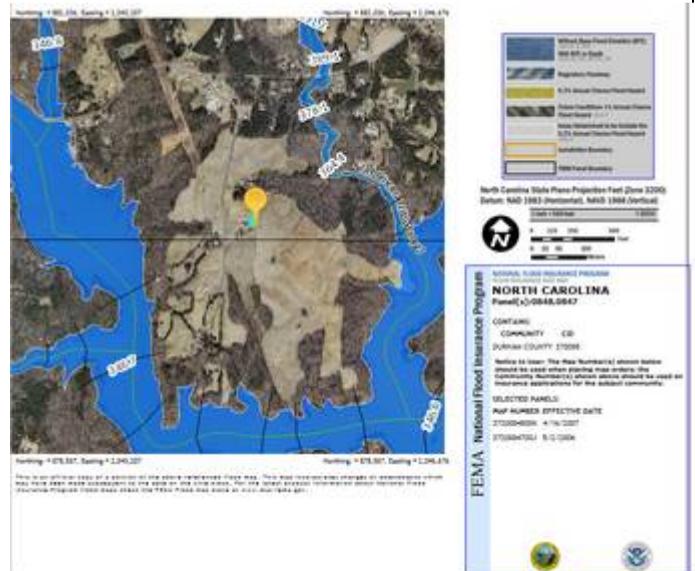
Topography

The topography of the subject is rolling generally downward sloping to Lake Michie from the knoll in the middle of the parcels. Although there are sharp drops to the water, particularly along a portion of the west side, much of the lake frontage has more gentle slopes down to the water. The water level is at 340' above sea level.

Small creeks are shown on some maps, but are evident on the topographical maps as the creeks drain into the water.

Flood Hazard

The subject property *does not appear* to lie within a Special Flood Plain Hazard Area as described on the Flood Insurance Rate Map for the community in which the subject property is located. The subject property lies within Zone X (other areas)(Area Determined to be outside the 0.2% Annual Chance and Future Conditions 1% Annual Chance Floodplain) of the Flood Insurance Rate Map identified as Community Panel No. 372 84800K effective April 16, 2007 & Panel No. 3720084700J effective May 2, 2006.



Confirmation, if needed, would come from an engineer expert in flood plain situations

Soil Conditions

No Phase I environmental study has been provided for this appraisal, and the environmental conditions of the subject land are unknown. Please note "General Limiting Condition" No. 1 on Page 3 of this report.

Utilities

Electric power and telephone services are available to the property. Wells and septic tanks serve the farm houses that are currently on the property, inhabited by the tenant farmers.

Easements, Encroachments and encumbrances

The property is crossed by a high tension power line that is approximately 135' wide. Although road ways can cross the easements, no improvements can be placed within the easement. The width of the easement was not found on the maps, but could be 200' wide. It measures about 3,130 LF through the subject.

Landscaping

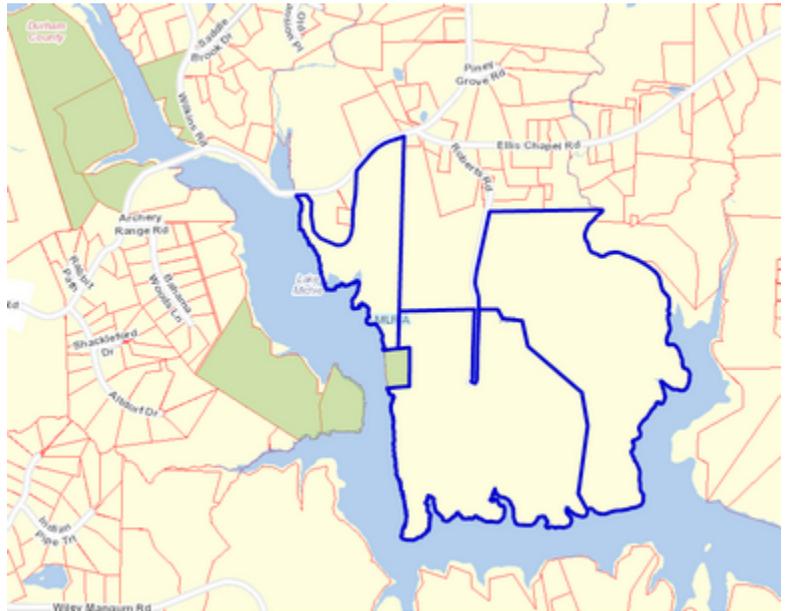
Vegetation is either cleared for crops and pastures or is in its natural state.

ZONING

The subject is zoned **RR, Rural Residential District** subject to the **M/LR-A Lake Michie/Little River Critical Watershed Area** under the jurisdiction of the Durham City/County Planning Department.

The **RR, Rural Residential District** is established to provide for agricultural activities and residential development on lots of one acre or greater and in conservation subdivisions. Commercial and industrial development is generally prohibited.

This district is used to implement the Comprehensive Plan within those areas shown as the Rural Tier. Lands within other Tiers that have existing **RR, Rural Residential District** zoning are acknowledged; however, such lands may be rezoned to more intensive zoning districts consistent with the Comprehensive Plan. The regulations of this district are designed to discourage the development of urban services and to encourage the maintenance of an open and rural character.



The subject is zoned **Residential Rural**, within the Rural Tier. The RR District is established to provide for agricultural activities and residential development on lots of one acre or greater and in conservation subdivisions. Commercial and industrial development is generally prohibited.

This district is used to implement the Comprehensive Plan within those areas shown as the Rural Tier. Lands within other Tiers that have existing RR zoning are acknowledged; however, such lands may be rezoned to more intensive zoning districts consistent with the Comprehensive Plan. The regulations of this district are designed to discourage the development of urban services and to encourage the maintenance of an open and rural character

Dimensional Standard	RR	
	Min.	Max.
Units per Acre		1.4
% Open Space	50%	
Lot Area (SF)	30,000	
Lot Width (feet)	100	
Street Yard	50	
Side Yard (feet)	12/30	
Rear Yard (feet)	25 ²	
Building Coverage (%)		60 ³
Height (feet)		35

Uses

Permitted Uses: All agricultural, All Community Service, Day Care Home, Cemetery

Limited Uses = Forestry, Single Family Detached, Family Care Home, Manufactured Home, Day Care Facility, Schools, All Government Facilities, Parks, Places of Worship, Major Utilities, Minor Utilities, Broadcast Antennae, Wireless Facility, All outdoor Recreation, Firing Range, Golf/Swim Club, Paintball, Bed & Breakfast, Antique Shop, Veterinary, Conference Center,

M/LR-A, Lake Michie/Little River – Critical Residential Watershed District

The following standards apply in the residential watershed districts unless otherwise expressly stated. Special standards apply, for example, to approved cluster or open space developments, attached houses and lot line houses. See Part 3 of this article [p. 5-11] for rules governing measurement of and exceptions to these standards.

All industrial uses in Sec. 5.2.7, Industrial Use categories, and the sale of fuel for motor vehicles shall be prohibited.

Rural Tier	M/LR-A
Minimum Lot Area per Dwelling Unit [1](Acres)	3
Minimum Lot Width (feet)	150
Minimum Lot Frontage (feet)	30
Minimum Required Setbacks (feet)	
Front and Corner	40
Side	20
Rear	30
Maximum Impervious Coverage (% of lot)	
Residential Development [1] [2] [3]	6
Nonresidential Development [1] [2] [3]	6
High Density Option Impervious Surface Limit	Not Permitted
Maximum Building Height (feet)	35
M/LR-A Rural Tier Riparian Buffer Width (ft)	
Perennial	150
Intermittent	50

Subject appears to conform to all zoning requirements.

TRANSFER HISTORY OF THE PROPERTY

The most recent conveyance is as follows:

Conveyance – North Carolina Special Warranty Deed

GRANTOR: Wells Fargo Bank, NA as Trustee Under Agreement dated March 26, 1998, Amended and Restated on September 4, 2002 and Amended and Restated on January 22, 2003, with David Bullock Roberts

GRANTEE: Jeanette Kaye Roberts, Lisa Gale Roberts and Betsy Roberts Miller

RECORDED: Deed Book 6665 Page 63 Durham County Registry

STAMPS: \$0.00 business convenience

DATE: February 8, 2011

PROPERTY ADDRESS: 318.39 acres located at 2802 Bahama Road, 2620 Roberts Road, and 2902 Roberts Road, Mangum Bahama Township, Durham County, Bahama, North Carolina 27503

The property is under contract to the City of Durham for \$2,400,000.

TAX INFORMATION

The property is listed to James F Roberts and Lila Kay Roberts; dated August 29, 2015 and is subject to ad valorem taxes of Durham County in the Bahama Fire District. Real estate in North Carolina is assessed for taxation on the basis of 100% of market value.

Real Estate in North Carolina is assessed at least every eight years. Taxation is on the basis of 100% of market value. The most recent revaluation became effective on January 1, 2008. The next revaluation will be January 1, 2016.

The 2015-16 tax rates for Durham County is \$ 0.7931 per \$100 valuation and \$ 0.0987 for 20115-16 Bahama Fire District. The subject property's area is \$0.8918 per \$100 valuation.

The valuations and tax computations are as follows:

Parcel ID	PIN	SIZE	TAX VALUE LAND (Market Value)	TAX VALUE LAND (Present Use)	TAX VALUE IMPR'MNTS	TOTAL TAX VALUE	TOTAL TAX
191879	0848-03-31-1228	42.70	\$322,241	\$46,813	\$0.00	\$46,813	\$417.48
191888	0847-02-69-3058	134.14	\$668,286	\$114,080	\$55,276	\$169,356	\$1,510.32
191886	0847-01-48-2740	141.55	\$683,100	\$149,349	\$102,951	\$252,300	\$2,250.01
		318.39	\$1,673,627	\$310,242	\$158,227	\$468,469	\$4,177.81

ESTIMATED TAX RATE \$0.8918 PER \$100, FD-BAHAMA/DURHAM COUNTY 2015-16:

$$\mathbf{\$468,469 \div 100 \times 0.8918 = \$4,177.81}$$

Real Estate in North Carolina is assessed at least every eight years. Taxation is on the basis of 100% of market value. The most recent revaluation became effective on January 1, 2008. The next revaluation will be effective January 1, 2016.

PART III:

ANALYSES & CONCLUSIONS

HIGHEST AND BEST USE ANALYSIS

The highest and best use is an appraisal concept which addresses the actual/and or hypothetical utilization of a site in relation to the physical, social, governmental and economic constraints affecting it. Highest and best use analysis is primarily determined based on the net benefits, which incur to the property as a result of a specified program of utilization. Highest and best use is defined as follows:

DEFINITION OF HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, 3rd edition

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.

The concept of highest and best use is distinguished in the following two categories.

- 1) The highest and best use of the land as though vacant and available for development,
- 2) The highest and best use of the property as presently improved.

LEGALLY PERMISSIBLE USES:

The use considered must be one that is lawful. Private restrictions, zoning, building codes, historic district controls, and environmental regulations may preclude many potential highest and best uses.

The parcel is subject to the Durham County Planning Department zoning regulations. It is zoned RR, Rural Residential District, and is also within the M/LR-A overlay. This overlay extends one mile from the 341' MSL of Lake Michie. In this area, single family lots are limited to 3 acres in size. They must have 150' in width, and setback is 40' at the front, and 20' to the sides.

Maximum Impervious Coverage is 6%. This includes driveways, patios, pools and walkways, as well as the homes. For a 3-acre lot, no more than 7,841 SF could be impervious. That would be sufficient for a driveway, house of about 2,500 SF on the main level, and walkways. It may not be sufficient for the roads to get to the property.

The M/LT-A Rural Tier Riparian Buffer Width for perennial creeks or waterways is 150' on each side. Intermittent creeks are required only a 50' buffer on each side. Total buffers are 300' or 100'.

PHYSICALLY POSSIBLE USES:

The subject consists of 318.388 acres in three parcels under the same ownership on a peninsula that extends into Lake Michie.

The topography of the land is rolling, which is typical of the area. There are wide frontages on the lake, many with gentle slopes down to the water and others with sharp drops over a relatively narrow span. Both perennial and intermittent streams flow through, or originate near the central portions of the land. The perennial streams require a 150' buffer on either side, or 300' wide buffers than cannot be disturbed. Intermittent streams require 50' on either side, or 100' wide buffers.

Access to the land is from Roberts Rd to Ellis Chapel Rd or Bahama Road. Roberts Rd extends southerly into the southern portions of the site.

Use of the land is limited to agriculture or very low density residential development. Lots would be developed to provide the maximum number of homes along the waterfront. Non-waterfront lots are much more common around this lake than in many others, as there is little land remaining that could be developed as waterfront lots.

Each lot must contain at least 3 acres of land, but with the required buffers from all sources of water, larger lots could absorb these buffers within the lots more efficiently than the minimally sized lots.

The land has been farmed since the family purchased the sites in about 1930. Electricity and telephone service has been extended into the site to serve the homes formerly occupied either by the family members who have moved away, or the tenant farmers who still tend to the crops. Wells provide water and septic tanks provide sewer. No soil surveys have been performed that would locate fields for septic tanks if the land were to be developed into acreage lots.

FINANCIALLY FEASIBLE:

Uses that are expected to produce a positive income are considered financially feasible. This involves analysis of the potential income streams generated by such uses.

As discussed, the subject is located on a peninsula of Lake Michie. The Little River was dammed in 1926 by the City of Durham as a source of water. The Roberts Family purchased the subject soon after, in 1930, and have farmed it ever since.

A survey of sales of high acreage farmland across the state was performed for this analysis. Sales of farmland over the past two years has been generally in the range of \$2,500 to \$4,000 per acre, often less, but not more.

Sales of land for residential subdivision, or for mini-estates for single family homes have been much higher on a per-acre basis. This will be discussed later.

Residential development is considered financially feasible. It is noted that the southern part of Durham County that is not in the critical watersheds of the various lakes is nearly completely developed with residential developments. Development of the northern half of the county is restricted to large lots and acreage tracts due to the critical watershed requirements. As the population of Durham and the surrounding areas continues to grow, density of the downtown areas will provide housing for many, but many others will desire acreage lots.

Farmland will always be needed, but in this area, very low density residential development is considered to be financially feasible.

MAXIMALLY PRODUCTIVE:

Of the feasible uses, the use that produces the highest value, consistent with the rate of return warranted by the market, is considered the highest and best use.

It is our opinion that the development of low density residential meets the criteria for maximum production for this site.

SUMMARY:

The subjects' land area, at a total of 318.388 acres, is sufficient in size for residential development. Development of the subject's land area into a residential neighborhood of large lots is physically possible on the site. This would include as many lots on the lake frontages as possible, which would sell at the highest prices, but would not preclude interior lots. In the general neighborhood, the residential neighborhoods are, by necessity, not on the lake. These lots would sell for less than the lake front lots, but with the number of recreational sites around the lake for lake access, they would sell.

Each lot would require a well and septic tank, and it is assumed that these would allow reasonable development of the land. A community well and sewer system could also be installed to serve over 300 acres.

Roadways would also need to be built into the site. Typically, configuration of roadways, the location of perc sites, and consideration of the topography can take 30% or more of the land area. Level, regularly shaped sites typically lose a minimum of 20% of the land area. In this case, shape, topography, lake frontage, access roads and perc sites could all serve to reduce the number of lots that can be developed. For this analysis, large acreage lots are assumed. With the exception of the roadways, other buffer areas can be absorbed into the lots, which can also be configured more efficiently for access. These lots could range in size upwards from three acres, but are calculated at 8 acres per lot.

For analysis purposes, Roberts Rd is extended southerly, and two other roads are built to access the land areas to the east and west. A total of 8,750 LF was drawn as a reasonable length for state-maintained roads of 20' width. This computes to 4.02 acres, leaving 314.37 acres.

318.39	Acres total
- 4.02	Roads
314.37	acres for lots
8	acres average for lots
39.30	potential lots
39	Lots adopted for further analysis.

A total of 39 lots are estimated for the subject acreage, each containing at least three acres of land, but most typically larger, and averaging 8 acres per lot. This number of lots is adopted for this analysis.

It is our opinion that development of the subject land into a residential neighborhood is physically possible although the number of lots is limited by the zoning, topography and lack of utilities.

METHOD OF APPRAISAL

In the valuation process of the appraisal typically three approaches are used: the Income Approach, the Sales Comparison Approach, and the Cost Approach. With these approaches, the appraiser attempts to consider the property from differing points of view. These are briefly described as follows.

In the **Sales Comparison Technique**, the subject property is compared to similar properties that have been sold or for which listing prices or offering figures are known. Data for generally comparable properties are used, and comparisons are made to indicate a probable price at which the subject property would sell if offered on the open market.

The lots that can be developed on the subject parcels are compared with large residential lots, as well as other lake front lots on other lakes to estimate the projected value of the lots.

The **Income Approach** is based on the assumption that a relationship exists between a property's value and the income it can generate; value is created by the expectation of future benefits.

The land has been farmed for the past 85 years, which has brought in income from the land. This is no longer considered to meet the maximum production of the land. In this analysis, the land is considered to be undeveloped acreage and as such, does not provide income. On development of lots, income is available through the sale of the individual lots.

The **Cost Approach** is based on the theory that the value of a property is the same as the cost of creating an equally desirable substitute.

The cost to develop the lots is estimated by comparison with other similar projects, discussions with developers, and through nationally recognized cost services. In this case, development costs are limited to the construction of the roadways to access the property. Electricity is available for the houses and barns currently on the site, and are assumed to be able to be extended to serve the hypothetical lots. Extension of power and phone lines are assumed to be a cost to be incurred by the buyers of each lot, as are wells and septic tanks.

Discounted Cash Flow

All of the factors of the proposed sale prices of waterfront and interior lots, the costs to get them developed and accessible, and the timing for construction and sale are analyzed. The result of the discounting process provides the current value of the land at its highest and best use.

SALES COMPARISON APPROACH

Hypothetical Subdivision into Lots

In the Sales Comparison Approach, the subject is compared to similar properties, which are also current sales.

Lake Front Lots

The Market Approach's main weakness is lack of truly comparable properties. Adjustments that are made should be minor, and the estimation of a direct reflection of the market.

A search of all land listings and sales advertised as having water frontage and were located in Durham and surrounding counties. The current listings are separated from the sales. The averages of each group of lots are shown. The sales have all closed since January 1, 2014.

They are summarized as follows:

Summary of all Waterfront Lots

Lot Size	Average List Price	Average Sale Price	Average Price per Acre
1 – 3 acres	\$197,443		\$144,397
3 – 10 acres	125,322		23,690
10 – 15 acres	224,960		21,615
15 acres and up	608,472		17,031
1 – 3 acres	195,350	\$178,393	111,338
3 – 10 acres	202,000	180,450	27,480
20 acres and up	1,445,000	1,923,449	16,702

These sales included every lot with water access, including rivers and ponds. Many of these were in high end neighborhoods, where there were other amenities.

For consistency of lakes versus ponds or rivers, sales and listings on the three true lakes were picked out. Two were listed as being on Jordan Lake, but with the Corps of Engineers land between the sale property and the lake, they were then also omitted from further analysis.

It is noted that lot sales around the lakes have been slow since 2008. Mayo and Hyco Lakes are mostly recreational lakes, with some permanent residents, but mostly are the second homes. This market sector was hit much harder by the Great Recession than the primary home markets. For this reason there have been few sales, but many listings for sales.

Those sales and listings are as follows:

Summary of Lake Front Lots

Address	Lake	Lot Size	Average List Price	Average Sale Price	Average Price per Acre
Lot 9 Pinesborough Estate Road	Hyco Lake	1	\$150,000	\$117,500	117,500
A Crawley McGee Road	Hyco Lake	1.57	\$100,000	\$75,000	47,771
Bowmantown Road	Mayo Lake	1.7	\$100,000	\$85,000	50,000
Bowmantown Road	Mayo Lake	1.7	\$80,000	\$75,000	44,118
Lot 2 Pinesborough Estate Road	Hyco Lake	5.28	\$259,000	\$225,000	42,614
			\$137,800	\$115,500	\$60,400
1A Canterbury Cove	Hyco Lake	1	\$77,000		77,000
Lot # 3 Anglers Way	Mayo Lake	1	\$79,900		79,900
Lot 1 Bluebill Drive	Hyco Lake	1	\$149,900		149,900
156 Heron Cove Lane	Hyco Lake	1.02	\$269,000		263,725
Lot 5 Phifer Lane	Hyco Lake	1.13	\$199,000		176,106
18 Ferncrest Court	Hyco Lake	1.36	\$165,000		121,324
Lot 6 Deer Meadow Road	Hyco Lake	1.41	\$248,500		176,241
Lot 11 Clearwater Drive	Hyco Lake	2.22	\$269,000		121,171
Lot 7 Clearwater Drive	Hyco Lake	2.39	\$249,000		104,184
Lot 3D Deer Meadow Drive	Hyco Lake	2.55	\$119,000		46,667
Lot 5 Pinesborough Estate Road	Hyco Lake	2.91	\$199,000		68,385
			\$184,027		125,873
Buttonwood Road	City Lake	3.72	\$40,000		10,753
Buttonwood Road	City Lake	4.5	\$50,000		11,111
Lot 13 Clearwater Drive	Hyco Lake	4.56	\$159,900		35,066
Wild Turkey Drive	Hyco Lake	10.2	\$350,000		34,314
			\$149,975		22,811

No lakefront lots greater than 5.28 acres has sold during the time period covered. That sale closed at \$225,000, or \$42,614 per acre, which was within a close range of the three other sales. The smallest lot, also on Pinesborough Estate Road, sold for \$117,500. A lot is a lot, and within a range, all else depends on the water frontage and topography. It is noted that Lot 5 on Pinesborough Estate Road is listed for \$199,000, or \$68,385 per acre.

The City Lake in Roxboro is most similar to Lake Michie in that it is also a small lake built as a Roxboro water source. There are no private docks around the lake, but there are some homes set back from the lake. Overall, density remains low.

Hyco and Mayo Lakes are larger, and were built for water and/or power. One acre lots are allowed along the water fronts, although homes need to be set back from the water. Power boats are allowed on both lakes, although permanent docks are not allowed for private use on Mayo Lake. Pontoon boats are often purchased, and docked just off-shore, and moveable ramps are stored close by. Prices have increased at a much greater pace over the years than Mayo Lake.

At Hyco Lake, you are either on the lake, or you are not. Lots and homes off the lake sell at up to a 90% discount to lots and homes on the lake, if they sell.

Many homes are around Mayo Lake that are not on the water front.

For the purposes of this analysis, lots around the perimeter of the subject’s water frontage are estimated to be in the range of \$25,000 per acre.

Waterfront Lots
8 acre lots at \$25,000 per acre - \$200,000 per lot

Interior Lots

A search was also performed for acreage residential or farm land in the general area. A total of 191 sales of vacant parcels for either residential use or farm land were gathered. The sales have all closed since January 1, 2014. Several anomalies were removed. These included a farm just north of a new interstate bypass interchange, another farm that is in the growth pattern of southern Wake County, and others that were also destined for high density use. Of the 191 sales, 182 were included in this analysis. The sales were divided into sizes; each size was analyzed separately. This analysis is charted as follows.

Acreage Lot and Land Sales

# acres	# sales	\$/acre
3	24	14,501
4	18	14,589
5	19	16,774
6	13	15,481
7	9	12,491
8	9	15,703
9	2	6,975
10	30	11,740
11	11	10,763
12	10	6,705
13	8	11,547
14	8	6,901
15	7	12,168
16 - 19	10	5,445
20	4	4,219
	182	

As is typical of size differentials, the smaller sized lots sold for the higher prices per acre. From 3 acres up to 9 acres, the average lot sold in the range of \$12,500 up to about \$17,000 per acre. There were 74 sales included in that range.

There were 30 sales of 10-acre lots that averaged \$11,740 per acre. The actual sales ranged from \$1,980 per acre up to \$35,000, but overall, 10-acre lots do sell for less per acre than the smaller lots.

For this analysis, the interior lots of the subject are estimated at 50% of the waterfront lots, or \$12,500 per acre. This is within the range of the non-waterfront lots found.

Interior Lots
8 acre lots at \$12,500 per acre - \$100,000 per lot

Again, for the purposes of this analysis, it is assumed that 20 waterfront lots could be developed from the wide areas of frontage around the peninsula of the subject. The other 19 lots would have no lake frontage.

Projected lots

20	lots @.	200,000	Per lot =	4,000,000
<u>19</u>	lots @.	<u>100,000</u>	Per lot =	<u>1,900,000</u>
39	lots @.	151,282	Per lot =	5,900,000

For the purposes of this analysis, and without surveys or perc tests, the average lot prices are adopted at \$150,000 each.

Indicated Value of Subject Lots:

39 lots @ \$150,000 per lot = \$5,850,000
\$18,374 per acre.

These lots do not exist at this time. The cost to develop the lots is analyzed next.

COST APPROACH

The Cost Approach theory includes all factors that bring a property into creation. The Cost Approach to value, like the Sales Comparison and Income Approaches, is based on comparison. In this approach, the cost to construct the improvements and the value of existing improvements are compared. The Cost Approach thus reflects market thinking in the recognition that value is related to cost.

Typically, the first step of this approach is to estimate the value of land. In this case, it is the current value of the land that is sought.

The costs to hold the land until development, the costs to develop, then the costs to sell the lots are charted, then discounted at a rate that includes the risks of this type development.

DEVELOPMENT COSTS

In a typical city neighborhood, the development costs of a new subdivision include the hard costs of grading for the streets, grading for lots where necessary, preparing for water run-off, extending utilities from the main street, or wherever they need to be extended from, up to the final paving.

The soft costs include engineering and surveying the lots, permits, fees, legal fees, loan fees and interest – when loans are available – and management. These costs are often 50% or more of the hard costs to develop.

Developing the lots at Lake Michie will require a survey to lay out the lots around the buffer zones and interior roadways. Utilities to be brought in are power and telephone. Water and sewer are provided by wells and septic tanks, which are typically installed by the buyers of the lots. In some cases, there may not be sufficient per sites, and a community system needs to be provided. The community systems are very expensive to build, and could require smaller lots and more of them to be financially feasible. On-site development costs are limited to the surveying, legal and municipal fees, and extension of power and phone lines and of course, the interior roadways. According to a spokesman at DOT, the minimum width for these roads is now 20'.

Accessibility to the land from Ellis Chapel Road is along Roberts Rd, a gravel road that extends south into the subject. This gravel road is assumed to be the primary route into the neighborhood, extending to the south further than the current length. Another two roadways would be extended to the east and to the west to provide access to other lots. A total of 8,750 LF is estimated to bring Roberts Rd to state standards, and to build the other two roads.

Total roadways required to access the lots are summarized:

Roberts Rd +	5,000	LF
Eastern Rd	2,400	LF
Western	1,350	LF
Total LF	8,750	LF
x 20' width	175,000	SF

- DEVELOPMENT COSTS -

Hard costs are considered to be the actual costs of labor and materials. Infrastructure costs vary from one project to another and depend on factors, such as soil type, rock, topography and access. Costs of the improvements does not imply only the hard costs but also includes all other costs to create the project, such as architectural fees, interest on construction, marketing, legal services, appraisal fees, etc. These soft costs are typically based on the relationship to the project. In some cases, such as appraisal fees, the cost is not based on a percentage of the cost but does reflect a fee commensurate with the complexity of the project.

The costs to develop the lots on the subject land are estimated through Marshall and Swift, a nationally recognized cost manual. The reported costs for subdivisions include the typical soft costs, as well as the hard costs. The subdivision costs are found in Section 66, page 1.

For this analysis it is assumed that all roads are 20' wide. According to DOT, an 8" gravel base, rolled, and covered with 2" of asphalt would set their minimum standards. The base costs are adjusted by current and local multipliers.

It is noted that an entrepreneurial profit margin is added to the construction costs. **Entrepreneurial profit** is the margin between the hard and soft costs and the actual market value of the development project. It is typically defined as that figure that a developer might expect to receive in addition to the total costs that have been expended on a particular project. It is the developer's incentive to take the risk involved in the purchase of land, building the improvement, and the carrying costs until sale. Without such incentive, it is doubtful that the subject would be built.

Roberts Land
318.39 acres on Lake Michie
Development Costs

Street Improvements - MS 66-1 12/13	8,750 LF	20' Road	Cost per SF	Multipliers		Adjusted Cost per SF	Total
				Current	Local		
Grading and surplus disposal	8,750	175,000	SF @ 0.29	1.04	0.94	0.28	49,613
8" gravel base	8,750	175,000	SF @ 1.20	1.04	0.94	1.17	205,296
2" Asphalt	8,750	175,000	SF @ 1.23	1.04	0.94	1.20	210,428
Electricity	8,750		18.82	1.04	0.94	18.40	160,986
Total Hard Costs	8,750					71.58	626,324
Per Lot	39	Lots @	15,93	Per lot			
Soft Costs: Surveying, soil testing, Municipal Fees, Engineering etc.-					2,000	per lot	78,000
Costs before Profit	39	Lots @	\$18,060	Per lot			704,324
Entrepreneurial Profit						15%	105,649
Total Costs	39	Lots @	20,612	per lot			809,972

DEVELOPMENT COSTS

39 lots @ \$20,612 per lot = \$809,972

INCOME APPROACH, DISCOUNTED CASH FLOW

In this method, the anticipated income and the expenses necessary to achieve this income is estimated in accordance with the highest and best use of the land. A length of time to develop the land and sell out all of the lots is estimated, and then discounted at an appropriate rate to convert the cash flows to a present value.

This method draws from techniques of the Income Approach and the Sales Comparison Approach.

Income Analysis

Income is available from the sale of the developed lots.

The average price per lot was discussed earlier in the Sales Comparison Approach. With no surveys or site plans, it is assumed that there will be excellent lots, as well as good and cliff side. The lots will likely be larger than three acres in size, but that is the minimum. For the purposes of this analysis, and attributable to the wide buffers required for both perennial and intermittent streams present, the average lot size is adopted at 8 acres in size.

As stated previously, for the purposes of this analysis, the average lot price is adopted at \$150,000 per lot. This considers the premium lots having lake frontage and the interior lots at about 50% of the lake front lots.

39 lots @ \$150,000 per lot = \$5,850,000

Lot Value Increases

The projection of the timing of the economy, coming out of the worst recession since the Great Depression leaves much to speculation. It also assumes periods of increase as well as decrease, and also with the potential of inflation. For this analysis, the lots are increased at the rate of 3% per year starting at this point. This will cover decreases as well as increases, and also assumes less increase over the next few years, then greater increases thereafter.

This rate of increase is considered reasonable, and is adopted.

Absorption Rate

It is not reasonable to assume that all lots will sell immediately or even over a year or two. The total estimate of current market value is discounted over a projection period at a rate commensurate with the risk of an indefinite holding period, assuming sales of lots throughout the period. The absorption period is analyzed in order to estimate the time required selling the subject lots.

Assuming the economy will continue to recover over the next year or so, it is likely that the economy will heat up by 2017. This analysis assumes construction of new homes with a wide potential range in value at a faster pace than has been seen over the past seven years or so.

The analysis assumes two lots purchased within the next year, assuming construction is complete, and increasing in sales over the next several years until all lots have sold.

EXPENSES

The expenses to hold the lots until their sale include marketing costs, taxes, administrative, overhead and contingencies.

Development Costs”

The actual costs of development are an expense when the value sought is the current market value of the raw land.

In this case, it is assumed that the costs to extend the road through the three acreage parcels, which are the subject of this appraisal, and that all is developed at the same time.

The costs to develop the land are incurred in the first period.

Marketing costs (or Selling Costs) advertise the neighborhood to the buying public through the use of brochures, signs, and other advertising. The listing broker handles this marketing, and charges a commission based on the selling price of the lot. A 39-lot subdivision may or may not require an on-site agent, and most agents charge a commission in the range of 6% for land and lots. This marketing cost is adopted.

The property administrator would coordinate the sales agent, accounting, and management of the physical property. A charge of 1% of the gross revenue is projected to cover the costs of **administration**.

Contingencies include such items as property insurance, landscaping, and other miscellaneous expenses. It is calculated at 7% of the gross sales. This amount should be sufficient to maintain the development throughout the marketing and sell-out period.

Property Taxes: The current assessed value of the land and existing improvements on all three tracts is currently \$468,469, and the total tax for this year is \$4,177.81.

Once developed and the plats recorded, the lots will be assessed based on the typical sale prices in the neighborhood. Assuming an average lot price of \$150,000, the new tax, based on the current tax rate of \$0.8918 per hundred, will be \$1,338 per year. The improvements would be assessed as of January 1 or their completion.

Taxes are paid on an annual basis, and it is assumed that an appropriate amount is escrowed. In the cash flow analysis, this expense is listed as a holding cost, and is calculated for those lots remaining in inventory.

At the proposed take-down of the lots per year, it will take 7 years to sell the 39 lots.

The cash flows are shown on the next page.

DISCOUNTED CASH FLOW Roberts Land

DISCOUNTED CASH FLOW		2016	2017	2018	2019	2020	2021	2022	Total
INCOME									
Sale of Lots	103%	2	4	6	7	8	8	4	39
\$/Lot	150,000	150,000	154,500	159,135	163,909	168,826	173,891	179,108	
Total Sales		300,000	618,000	954,810	1,147,363	1,350,611	1,391,129	716,431	6,478,344
EXPENSES/HOLDING COSTS									
Taxes,	2015	52,170	46,820	38,793	29,429	18,728	8,026	2,675	196,642
per lot	1,338								
Development Costs		809,972				-			
Admin.& Marketing	7%	21,000	43,260	66,837	80,315	94,543	97,379	50,150	453,484
Contingencies	21,000	3,277	2,716	2,060	1,311	562	187		31,113
TOTAL EXPENSES/ HOLDING COSTS		904,143	93,357	108,346	111,805	114,581	105,967	53,013	1,41,211
CASH FLOW BEFORE DEBT SERVICE		(604,143)	524,643	846,464	1,035,558	1,236,029	1,285,162	663,419	4,987,133

Discount Rate

A discount rate is a rate of return on capital used to discount future payments or receipts to present value. This procedure presumes that the investor will receive a satisfactory rate of return on the investment plus a complete recovery of the capital investment. The discount rate is a combination of risk-free rates with risk rates commensurate with the risk of the individual property.

The cash flow is discounted at rates ranging from 20% up to 30%. This includes the rate to the mortgage and an entrepreneurial rate to the developer.

39 lots	10%	\$3,060,986	318.39	ACRES @	\$9,614	39	lots @	\$78,487
Discount @	15%	\$2,439,552	318.39	ACRES @	\$7,662	39	lots @	\$62,553
	20%	\$1,962,415	318.39	ACRES @	\$6,164	39	lots @	\$50,318

Value of the subject land as estimated by Discounted Cash Flow:

318.39 acres @ \$7,660 per acre = \$2,438,852
 ROUND TO
\$2,440,000

RECONCILIATION

The value of the raw land of the subject parcel is estimated to be in the range of \$7,660 per acre.

The subject land has been in family ownership since about 1930, soon after Lake Michie was built by the City of Durham as a reservoir for water for the residents. Land surrounding the new lake was purchased, but over the years, the City of Durham has been active acquiring the land that surrounds the lake. As requested, when the Roberts family was ready to sell, the City was contacted.

In the first analysis attempted, land sales of farmland were gathered. The search for farmland included anything upwards from 50 acres. For many reasons, farmland, although very necessary, does not sell for high rates per acre. The most typical prices paid were in the \$3,000 to \$4,000 per acre range in the more populated areas, and \$1,000 or even less in the rural areas, where most of the crops are grown. No farms were found that were located on over 300 acres of a peninsula into a lake.

Because Lake Michie is one of our water sources, development of all the land that drains into the river that feeds the lake is restricted to very low density. The areas within a mile of the lake are within the critical residential watershed district, with even more restrictions. Development around the lake has been thwarted also by the City's desire to control the land by purchasing it. Only a few parcels will remain in private ownership once this land is acquired. This is good for our water sources, but the highest and best use of the land remains as residential development, even though that is not in the offering.

The subject is raw land, and would be compared with other similar large acreage tracts on a lake. None were found. As the highest and best use, if not for the City acquiring it, would be for development of a residential neighborhood that meets all the requirements of the Critical Watershed District. Every attempt was made to provide a reasonable plan for development of large mini-estate lots that would well exceed the three-acre minimum, and also allow sufficient building areas outside of the water protection buffer areas. It may be possible to develop more lots that are smaller, or fewer larger lots. The sizes and lot prices are considered to be a mid-range wherever possible. For obvious reasons, this will not happen, but the procedure does lend itself to developing a valid estimate of the current market value of the land, if sold at this time.

After analysis of this approach to value and considering the type and reliability of the data upon which it was based, as well as the general strength of the local market for the subject's type of property, it is our opinion that as of August 21, 2015, the current market value of the **fee simple estate** of the subject is in the range of:

VALUE "AS IS" OF THE RAW LAND

318.39 acres

318.39 acres @ \$7,660 per acre = \$2,440,000

Parcel 191879

42.695 acres @ \$7,660 per acre = \$327,000

Parcel 191886

141.55 acres @ \$7,660 per acre = \$1,028,500

Parcel 191888

134.143 acres @ \$7,660 per acre = \$1,027,500

PART IV:

ADDENDA

PHOTOGRAPHS OF THE SUBJECT

August 21, 2015



Looking at the open soybean fields on the west side of the Roberts property



Looking at the open soybean fields on the west side of the Roberts property



View of the wooded area near the lake on the south west side of the Roberts land.



PHOTOGRAPHS OF THE SUBJECT

August 21, 2015

The topography down to the lake on the south west side of the property has a fairly severe down slope to the lakeshore.



View of the lake from the southwest side of the subject property.



Cleared soybean field on the southeast side of the subject property.

**PHOTOGRAPHS OF THE
SUBJECT**

August 21, 2015



Looking down to the lake on the eastern side of the subject property . This area has the most gentle slope down to lakeside.



Soybean field on the eastern side of the property.



Soybean field on the eastern side of the property.



FOR REGISTRATION REGISTER OF DEEDS
Willie L. Covington
DURHAM COUNTY, NC
2011 FEB 08 03:41:46 PM
BK:6665 PG:63-69 FEE:\$34.00

INSTRUMENT # 2011004306

Prepared by: Charles A. Reinhardt, Jr., Reinhardt Milam Fisher & Idol, PLLC,
Attorneys, Durham, NC
Mail to: Grantees, c/o Lisa G. Roberts, 5510 Farmbrook Drive, Charlotte,
NC 28210

NORTH CAROLINA
DURHAM COUNTY

SPECIAL WARRANTY DEED

This Special Warranty Deed, made and entered into this the 4th day of February, 2011, by and between WELLS FARGO BANK, N.A., Successor by Merger to Wachovia Bank, N.A., a national banking association organized and existing under the laws of the United States, as Trustee Under Agreement dated March 26, 1998, Amended and Restated on September 4, 2002, and Amended and Restated on January 22, 2003, with David Bullock Roberts, Grantor, and JEANETTE KAYE ROBERTS, LISA GALE ROBERTS and BETSY ROBERTS MILLER, Grantees, as tenants in common of a one-third undivided interest in and to the parcels described below, and whose address is c/o Lisa G. Roberts, 5510 Farmbrook Drive, Charlotte, NC 28210

Page 1 Special Warranty Deed
Wells Fargo Bank, NA. Trustee, Distribution of Interest in Three Tracts to
Jeanette Kay Roberts, Lisa Gale Roberts and Betsy Roberts Miller

W-I-T-N-E-S-S-E-T-H

THAT Phyllis H. Roberts died testate on June 25, 2006 (Estate File 06-E-904, Durham County Clerk), survived by David Bullock Roberts; and

THAT WHEREAS, David Bullock Roberts died testate on May 19, 2007, and his will, probated in Estate File 07-E-650, Durham County Clerk, devised all of this right, title and interest in and to the property described below (this being a one-third undivided interest) to Grantor as Trustee; and

THAT WHEREAS, the Trust Instrument under which Trustee serves provided for the distribution of the property described below to Grantees, which said distribution was confirmed by order entered in Estate File 10-E-214, Durham County Clerk; and

THAT WHEREAS, the purpose of this Deed is to carry out the distribution of the Trust's interest in the property described below from Grantor as Trustee to Grantees herein.

NOW THEREFORE, in compliance with and in consideration of the Trust instrument and the order, referred to below, Grantor hereby grants and conveys unto the Grantees, their heirs, successors and assigns, as tenants in common, all of Grantor's right, title and interest (believed to be a one-third undivided interest) in and to the parcels of land situated in Durham County, North Carolina, more particularly described as follows:

TRACT ONE

2802 Bahama Road

Durham County Tax Parcel ID 191879, (former Tax Parcel ID 936-01-005)

Durham County GIS PIN No. 0848-03-31-1228

BEGINNING at a stake in the south side of Bahama Road (formerly Bahama-Moriah Road), the northwest corner on said road of the property of the Bud Ellis Estate; running thence with the west line of the Bud Ellis Estate South 04• 00' West 2,316 feet to a stake, the northwest corner of the Western Division of Tract No. 2, Plat Book 9 at page 88; thence with the western line of said Western Division of Tract No. 2, South 03• 00' West 1,060 feet to a stake in the high-water mark of Lake Michie; thence along and with the high-water mark of Lake Michie as the same meanders in a general northerly and

Page 2 Special Warranty Deed

*Wells Fargo Bank, NA. Trustee, Distribution of Interest in Three Tracts to
Jeanette Kay Roberts, Lisa Gale Roberts and Betsy Roberts Miller*

northwesterly direction 3,356 feet to a stake on the northeast side of an abandoned road in the southwest line of Robert Tilley, which stake lies a distance of 538.30 feet, measured along the northeast and east side of said abandoned road, from its intersection with the south side of Bahama Road; thence with said abandoned road as the same meanders in a southeasterly and northerly direction, a distance of 1,502.10 feet to a stake, the intersection of the west side of said abandoned road with the southeast side of Bahama Road; thence crossing said abandoned road, and with the southeast said of Bahama Road as the same meanders in a general northeasterly direction, 799 feet to a stake, the point and place of BEGINNING, containing 40 acres (current DMD calculation 42.695 acres), more or less, as shown on an unrecorded survey entitled "Property of Fred Roberts," dated March 21, 1951, and drawn by S.M. Credle, SE. This property is the same identical property as that conveyed by four deeds to David B. Roberts, et als, recorded in Book 1331 at page 574, Book 1337 at page 434, Book 1444 at page 57 and Book 1504 at page 378, Durham County Registry, and described in each said four deeds as Tract Two therein.

TRACT TWO

2620 Roberts Road

Durham County Tax Parcel ID 191886, (former Tax Parcel ID 936-01-007)

Durham County GIS PIN No. 0847-01-48-2740

LYING on both sides of, and at the terminus of, Roberts Road, containing 139.45 acres, more or less, and being all of Tract No. 3 (77.75 acres) and the Western Division of Tract No. 2 (61.7 acres) as shown on a plat prepared for D.B. Roberts and recorded in Plat Book 9 at page 88 in the Office of the Register of Deeds of Durham County, and to which plat reference is hereby expressly made for a more particular description of same, BUT SAVE, RESERVE AND EXCEPTING THEREFROM a 3.855 acre tract which is shown and described in plat recorded in Plat Book 106 at page 38, Durham County Registry. This property is the same identical property as that conveyed by four deeds to David B. Roberts, et als, recorded in Book 1331 at page 574, Book 1337 at page 434, Book 1444 at page 57 and Book 1504 at page 378, Durham County Registry, and described in each said four deeds as Tract One therein.

The current DMD acreage calculation for this property is 141.551 acres.

TRACT THREE

2902 Bahama Road

Durham County Tax Parcel ID 191888, (former Tax Parcel ID 936-01-008)

Durham County GIS PIN No. 0847-02-69-3058

LYING on the eastern side of Roberts Road, containing 130.7 acres, more or less, and being all of Tract No. 1 (71.7 acres) and the Eastern Division of Tract No. 2 (59 acres) as shown on a plat prepared for D.B. Roberts and recorded in Plat Book 9 at page 88 in the Office of the Register of Deeds of Durham County, and to which plat reference is hereby expressly made for a more particular description of same. This property was devised under the will of David B. Roberts, probated in Will Book 6 at page 56, Durham County Registry, to Herbert B. Roberts for life, remainder to his children. Herbert B. Roberts died on September 26, 1960, a resident of Moore County, North Carolina, survived by his four children, to wit: Hilda Roberts Marley, David Bullock Roberts, Rebekah R. Fields and James Franklin Roberts. By quitclaim deed recorded in Book 319 at page 389, Durham County Registry, the interest of Hilda Roberts Marley was conveyed to David B. Roberts, Rebecca Roberts Fields and James F. Roberts.

The current DMD acreage calculation for this property is 134.143 acres.

Draftsman has not examined title to the above-described property, and makes no representation or warranty of any kind as to the status of title hereby conveyed by this Special Warranty Deed.

TO HAVE AND TO HOLD the aforesaid parcel of land and privileges and appurtenances thereunto belonging to the said Grantees, their heirs, successors and assigns forever, as tenants in common.

WELLS FARGO BANK, N.A., Successor by Merger to Wachovia Bank, N.A., a national banking association organized and existing under the laws of the United States, as Trustee Under Agreement dated March 26, 1998, Amended and Restated on September 4, 2002, and Amended and Restated on January 22, 2003, with David Bullock Roberts, does hereby covenant that it has not placed or suffered to be placed any presently existing liens or encumbrances on said premises, and that it will warrant and defend title to same against the lawful claims of all persons claiming by, through, under or on account of Wells Fargo Bank, N.A., insofar as its duty to do so by virtue of its office as Trustee, but no further.

Page 4 Special Warranty Deed

*Wells Fargo Bank, NA. Trustee, Distribution of Interest in Three Tracts to
Jeanette Kay Roberts, Lisa Gale Roberts and Betsy Roberts Miller*

This conveyance is made expressly subject to the exact locations of the boundaries of the City of Durham Lake Michie, to the exact locations of the rights-of-way for Bahama Road (formerly Bahama-Moriah Road) and for Roberts Road, to transmission line easements of record, to all other easements, restrictions and encumbrances of record or actually in place, to all governmental regulation and zoning, and to ad valorem taxes for the year 2011 and for subsequent years.

IN TESTIMONY WHEREOF, the said Grantor has executed this instrument by and through its duly authorized officers and affixed its corporate seal hereto, the day and year first above written.

WELLS FARGO BANK, N.A., Successor by Merger to Wachovia Bank, N.A., a national banking association organized and existing under the laws of the United States, as Trustee Under Agreement dated March 26, 1998, Amended and Restated on September 4, 2002, and Amended and Restated on January 22, 2003, with David Bullock Roberts

By:  _____ L.B.
Asst. Vice President

NORTH CAROLINA
DURHAM COUNTY

I, a Notary Public, certify that Lorraine Bullock
personally came before me this day and acknowledged that S he is
ASST VP of WELLS FARGO BANK, N.A., Successor by Merger
to Wachovia Bank, N.A., a national banking association organized and existing under
the laws of the United States, as Trustee Under Agreement dated March 26, 1998,
Amended and Restated on September 4, 2002, and Amended and Restated on January
22, 2003, with David Bullock Roberts, and that S he, as
ASST VP, being authorized to do so, executed the
foregoing instrument, on behalf of the corporation.

Witness my hand and official stamp or seal this 4th day of February, 2011.

Johnnetta O. Wilson
Notary Public
Wake County, NC
My Commission Expires

Johnnetta O Wilson
Notary Public

My commission expires: MAY 5, 2014.

Durham County, NC
Assessor of Property

Property Record Card

Owner Name

ROBERTS JAMES F
ROBERTS LILA KAY

Owner Address

P O BOX 205
CAMERON , NC
28326

Location Address

2802 BAHAMA RD

GENERAL PROPERTY INFORMATION

Parcel Ref No: 191879
PIN: 0848-03-31-1228
Account No: 8567348
Tax District: CNTY-DRHM/FD-BAHAMA
Land Use Code: 99020
Land Use Desc: PRESENT-
USE/FORESTRY
Subdiv Code: 0000
Subdiv Desc: N/A - NO SUBDIVISION
Neighborhood: 006UK

Legal Description: 6ROP-ROBERTS
FRED
Deed Book & Page: 6665 / 63
Plat Book & Page: 000000 / 000000
Last Sale Date:
Last Sale Price: \$-
Property Tax Appraisal: \$46,813 *

* The appraised value is the
estimated value as of the last
general reappraisal, effective
January 1, 2008



Year Built: 0
Built Use / Style:

Land Market Value: \$322,241
Land Present Use Value: \$46,813

Appraised Improvement

Current Use:

***Percent Complete:** 0%

Heated Area (S/F): 0

**** Bathroom(s):** 0 Full Bath(s) 0 Half Bath(s)

**** Bedroom(s):** 0

Fireplace (Y/N): N

Basement (Y/N): N

Attached Garage (Y/N): N

Multiple Improvements: 0

Land Total Assessed Value: \$46,813

Building Value: \$-

Map Acres: 42.695

Values
\$-
Appraised Value as of January 1, 2008

* Note - As of January 1

** Note - Bathroom(s), Bedroom(s), shown for description only

Data Disclaimer: All data shown here is from other primary data sources and is public information. Users of the data are hereby notified that the aforementioned public information sources should be consulted for verification of the information contained on this website. While efforts have been made to use the most current and accurate data, Durham County, NC and data providers assume no legal responsibility for the use of the data contained herein.

Please direct any questions or comments about the data displayed here to tax_assessor@dconc.gov (mailto:tax_assessor@dconc.gov)

THIS IS A GENERATED TAX BILL. NOT THE ORIGINAL! - FOR DISPLAY PURPOSES ONLY

**COUNTY OF DURHAM
OFFICE OF THE TAX ADMINISTRATOR** 
PO BOX 3397
DURHAM NC 27702-3397



DURHAM COUNTY PROPERTY TAX NOTICE

Office Location: 200 East Main Street
Administrative Complex, First Floor
Durham, NC 27701

Office Hours: Monday-Friday 8:30am - 5:00pm
Tax Department 560-0300
Solid Waste 560-0430
Fax 560-0360

Website Address: tax.durhamcountync.gov

ROBERTS JAMES F
P O BOX 205
CAMERON, NC 28326

Durham County E-Services

Electronic Check: tax.DCONC.gov
go to on-line payments

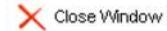
Year	Due Date	Account Number	Bill Number
2015	1-05-2016	8567348	7218708



Rec #	Description	Parcel ID	Value	District	Amount Assessed
7995614	2802 BAHAMA RD	191879	\$46,813.00	024	\$417.47

Year	Due Date	Account Number	Bill Number	Pay This Amount
2015	1-05-2016	8567348	7218708	\$417.47

Add This Bill to My Payment Cart



Durham County, NC
Assessor of Property

Property Record Card

Owner Name

ROBERTS JAMES F
FIELDS REBEKAH ROBERTS

Owner Address

P O BOX 205
CAMERON , NC
28326

Location Address

2902 BAHAMA RD

GENERAL PROPERTY INFORMATION

Parcel Ref No: 191888
PIN: 0847-02-69-3058
Account No: 8567350
Tax District: CNTY-DRHM/FD-BAHAMA
Land Use Code: 99010
Land Use Desc: PRESENT-
USE/AGRICULTURAL
Subdiv Code: 0000
Subdiv Desc: N/A - NO SUBDIVISION
Neighborhood: 006UM

Legal Description: PROP-ROBERTS D
B/TR#01 & TR#02 E PT
Deed Book & Page: 6665 / 63
Plat Book & Page: 000009 / 000088
Last Sale Date:
Last Sale Price: \$-
Property Tax Appraisal: \$169,356 *

* The appraised value is the estimated value as of the last general reappraisal, effective January 1, 2008



Year Built: 1923
Built Use / Style: CONVENTIONAL

Land Market Value: \$668,286
Land Present Use Value: \$114,080

Appraised Improvement

Current Use: RESIDENTIAL
***Percent Complete:** 100%
Heated Area (S/F): 1,539
**** Bathroom(s):** 1 Full Bath(s) 0 Half Bath(s)
**** Bedroom(s):** 2
Fireplace (Y/N): Y
Basement (Y/N): N
Attached Garage (Y/N): N
Multiple Improvements: 2

Land Total Assessed Value: \$114,080
Building Value: \$55,276
Map Acres: 134.143

Values
\$55,276 Appraised Value as of January 1, 2008

* Note - As of January 1
* * Note - Bathroom(s), Bedroom(s), shown for description only

Data Disclaimer: All data shown here is from other primary data sources and is public information. Users of the data are hereby notified that the aforementioned public information sources should be consulted for verification of the information contained on this website. While efforts have been made to use the most current and accurate data, Durham County, NC and data providers assume no legal responsibility for the use of the data contained herein.

Please direct any questions or comments about the data displayed here to tax_assessor@dconc.gov (mailto:tax_assessor@dconc.gov)

THIS IS A GENERATED TAX BILL. NOT THE ORIGINAL! - FOR DISPLAY PURPOSES ONLY

**COUNTY OF DURHAM
OFFICE OF THE TAX ADMINISTRATOR** 
PO BOX 3397
DURHAM NC 27702-3397



DURHAM COUNTY PROPERTY TAX NOTICE

Office Location: 200 East Main Street
Administrative Complex, First Floor
Durham, NC 27701

Office Hours: Monday-Friday 8:30am - 5:00pm
Tax Department 560-0300
Solid Waste 560-0430
Fax 560-0360

Website Address: tax.durhamcountync.gov

ROBERTS JAMES F
P O BOX 205
CAMERON, NC 28326

Durham County E-Services

Electronic Check: tax.DCONC.gov
go to on-line payments

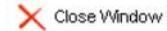
Year	Due Date	Account Number	Bill Number
2015	1-05-2016	8567350	7218710



Rec #	Description	Parcel ID	Value	District	Amount Assessed
7995617	2902 BAHAMA RD	191888	\$169,356.00	024	\$1,649.31

Year	Due Date	Account Number	Bill Number	Pay This Amount
2015	1-05-2016	8567350	7218710	\$1,649.31

Add This Bill to My Payment Cart



Durham County, NC
Assessor of Property

Property Record Card

Owner Name

ROBERTS JAMES F
ROBERTS LILA KAY

Owner Address

P O BOX 205
CAMERON , NC
28326

Location Address

2620 ROBERTS RD

GENERAL PROPERTY INFORMATION

Parcel Ref No: 191886
PIN: 0847-01-48-2740
Account No: 8567348
Tax District: CNTY-DRHM/FD-BAHAMA
Land Use Code: 99010
Land Use Desc: PRESENT-
USE/AGRICULTURAL
Subdiv Code: 0000
Subdiv Desc: N/A - NO SUBDIVISION
Neighborhood: 006UM

Legal Description: PROP-ROBERTS D
B/TR#02 W PT & TR#03
Deed Book & Page: 6665 / 63
Plat Book & Page: 000009 / 000088
Last Sale Date:
Last Sale Price: \$-
Property Tax Appraisal: \$252,300 *

* The appraised value is the estimated value as of the last general reappraisal, effective January 1, 2008



Year Built: 1960
Built Use / Style: CONVENTIONAL

Land Market Value: \$683,100
Land Present Use Value: \$149,349

Appraised Improvement

Current Use: RESIDENTIAL
***Percent Complete:** 100%
Heated Area (S/F): 940
**** Bathroom(s):** 1 Full Bath(s) 0 Half Bath(s)
**** Bedroom(s):** 3
Fireplace (Y/N): Y
Basement (Y/N): N
Attached Garage (Y/N): N
Multiple Improvements: 3

Land Total Assessed Value: \$149,349
Building Value: \$102,951
Map Acres: 141.55

Values
\$102,951 Appraised Value as of January 1, 2008

* Note - As of January 1
* * Note - Bathroom(s), Bedroom(s), shown for description only

Data Disclaimer: All data shown here is from other primary data sources and is public information. Users of the data are hereby notified that the aforementioned public information sources should be consulted for verification of the information contained on this website. While efforts have been made to use the most current and accurate data, Durham County, NC and data providers assume no legal responsibility for the use of the data contained herein.

Please direct any questions or comments about the data displayed here to tax_assessor@dconc.gov (mailto:tax_assessor@dconc.gov)

THIS IS A GENERATED TAX BILL. NOT THE ORIGINAL! - FOR DISPLAY PURPOSES ONLY

COUNTY OF DURHAM
OFFICE OF THE TAX ADMINISTRATOR
PO BOX 3397
DURHAM NC 27702-3397



DURHAM COUNTY PROPERTY TAX NOTICE

Office Location: 200 East Main Street
Administrative Complex, First Floor
Durham, NC 27701

Office Hours: Monday-Friday 8:30am - 5:00pm
Tax Department 560-0300
Solid Waste 560-0430
Fax 560-0360

Website Address: tax.durhamcountync.gov

ROBERTS JAMES F
P O BOX 205
CAMERON, NC 28326

Durham County E-Services

Electronic Check: tax.DCONC.gov
go to on-line payments

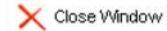
Year	Due Date	Account Number	Bill Number
2015	1-05-2016	8567348	7218708

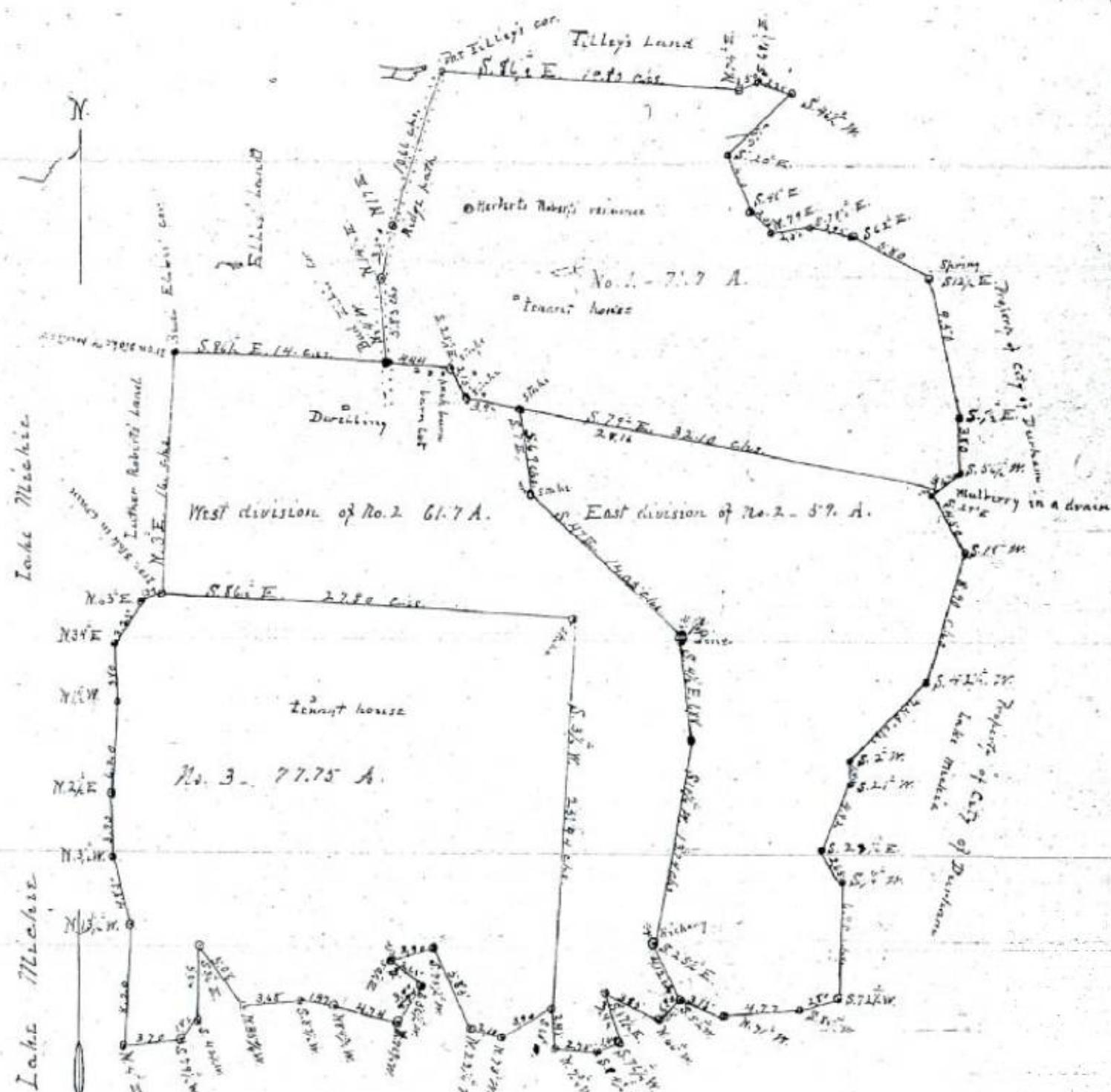


Rec #	Description	Parcel ID	Value	District	Amount Assessed
7995615	2620 ROBERTS RD	191886	\$252,300.00	024	\$2,667.01

Year	Due Date	Account Number	Bill Number	Pay This Amount
2015	1-05-2016	8567348	7218708	\$2,667.01

Add This Bill to My Payment Cart



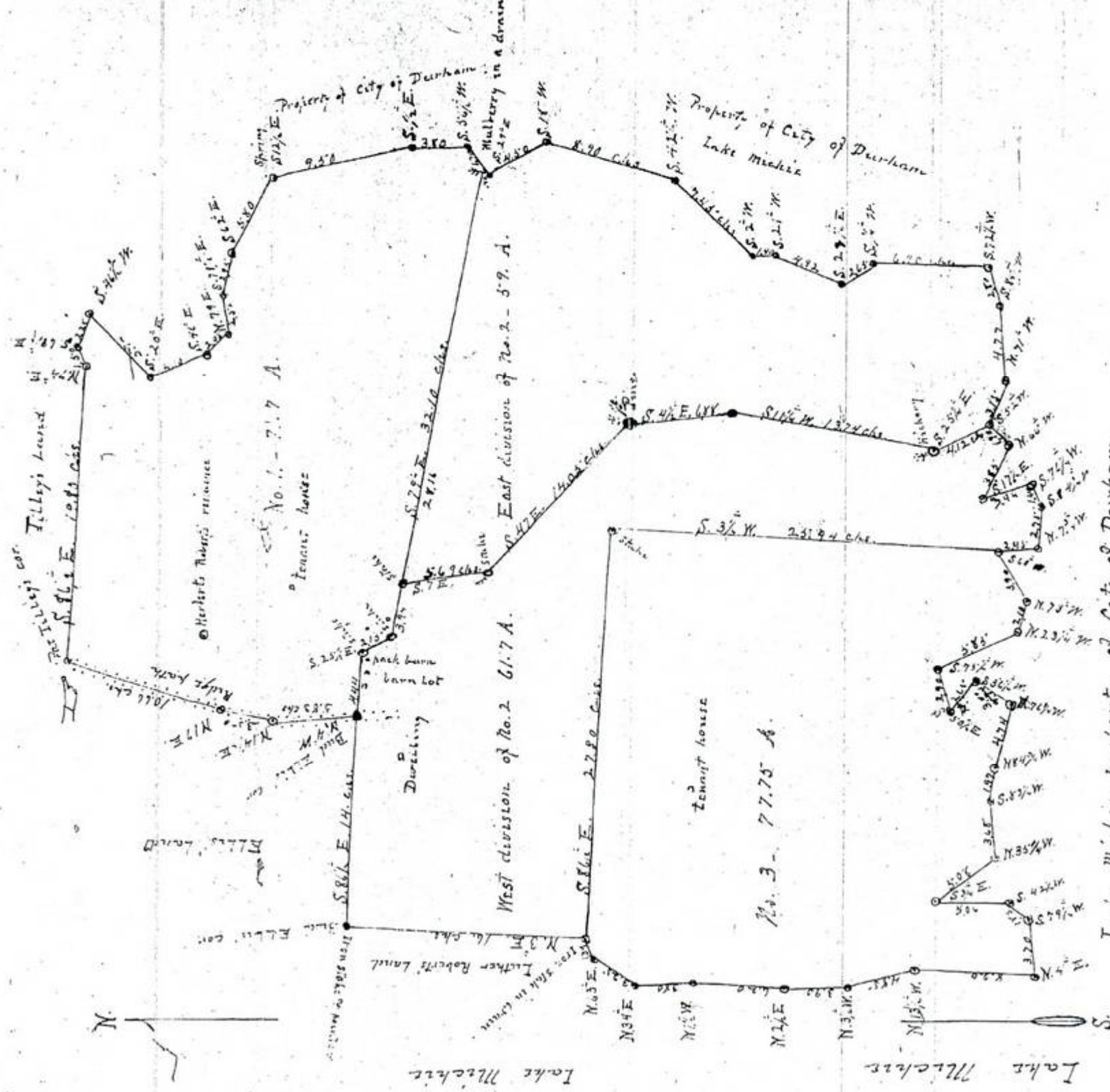


Lake Michie, property of City of Durham

Plot of land belonging to D. B. Roberts, lying on the east side of Flat river about two miles south of east of Brihana and bordering on Lake Michie on the east, south and west

This Land was surveyed and divided for Mr. Roberts as shown April - 1930. The lines around Lake Michie are only approximately correct

B. E. Green, surveyor



Lake Michie, property of City of Durham

Plot of land belonging to D. B. Roberts, lying on the east side of Flat river about two miles south of east of Bechama and bordering on Lake Michie on the east, south and west
 This land was surveyed and divided for Mr. Roberts as shown April - 1930. The lines around Lake Michie are only approximately correct

B. F. Green, surveyor

OPTION TO PURCHASE

This Option to Purchase is made between **James Franklin Roberts and wife, Lila Kay Teague Roberts, Betsy Roberts Miller and husband Christopher Eric Miller, Jeanette Kaye Roberts (unmarried), Virginia Pettigrew and husband, Thomas Pettigrew, Kelly Pettigrew (unmarried), and Kara Pettigrew (unmarried)**, hereinafter referred to as "Sellers", and the City of Durham, hereinafter referred to as "City".

The Sellers, for one dollar paid to them at the time of signing this Option, grant to the City the exclusive option to purchase the following, together with all other improvements located on it, in the County of Durham, North Carolina, described as follows (hereinafter referred to as the "property"):

Fee Simple Absolute title of the property located at 2902 Bahama Road, Parcel #191888 (134.14 acres), 2620 Roberts Road, Parcel #191886 (141.55 acres) and 2802 Bahama Road, Parcel #191879 (42.70 acres) Bahama, NC 27503 and located in Durham County.

Terms and conditions of this Option are as follows:

1. **Terms:** This Option shall exist and continue ninety (90) days after approval by the City Manager or City Council.
2. **Terms of Option:** The terms on both sides of this document are a part of this Option.
3. **Purchase Price:** The purchase price for the property shall be **Two Million Four Hundred Thousand Dollars and No Cents (\$2,400,000.00)**, paid by check on an account of the City.
4. The Sellers jointly and severally represent and warrant that, as of the date of this Option and as of the date of conveyance of the property to the City, they are not aware of any reason to suspect that the property contains any "Environmental Contamination", except as may otherwise be stated in this Option. If before closing the City discovers any reason to suspect that the property contains any Environmental Contamination, it may rescind any obligations to purchase the property, provided that the Sellers may retain the earnest money. This Section 4 shall not be construed to reduce any rights that the City may have with respect to Environmental Contamination that would exist in the absence of this Section 4. The parties stipulate that the City is relying on this Section 4 in acquiring the property. This Section 4 shall survive the deed and closing.
5. "Environmental Contamination" means petroleum products (including but not limited to oil, gasoline, and kerosene), hazardous wastes, hazardous substances, hazardous materials, toxic substances, toxic wastes, hazardous air pollutants, and toxic pollutants, as those terms are used in any federal, state, or local laws, rules, regulations, codes, and ordinances, as amended from time to time.

IN WITNESS WHEREOF, the Sellers have hereto set their hands and seal. If corporate, the Sellers have caused this Option to be signed in their corporate name by their duly authorized officers and their seal to be hereto affixed by authority of their board of directors.

SEE ATTACHED FIVE (5) SIGNATURE PAGES

STANDARD OPTION TERMS

1. Deed: After the Option is exercised and before the expiration of the Term, if the Sellers have marketable record title to the property, the Sellers shall execute and deliver to the City a general warranty deed conveying a good and marketable title, free of all encumbrances except for utility easements and unviolated restrictive covenants if those easements and covenants do not materially affect the value or use of the property in the City's opinion. If the Sellers don't have marketable record title to the property (such matters as mortgages, judgments, "heirs" property, defects in the title, and other are considered to prevent the title from being marketable record title), then the Term shall be extended by a reasonable period of time sufficient to allow the City to be satisfied that the title the City would acquire by the deed from the Sellers would be marketable or otherwise satisfactory to the City. On or before the expiration of the Term, the City shall deliver to one of the Sellers a deed for the Sellers to execute. Unless otherwise agreed in this Option, the title shall be fee simple. If the property is an easement for water, sewer, construction, or greenway purposes, the deed shall be the form deed in current use by the City.
 2. Taxes and Rents: (a) If the property is an entire tax lot, ad valorem real property taxes on the property shall be prorated on a calendar year basis to the date of closing. If the property is not an entire tax lot, the Sellers shall pay ad valorem property taxes for the entire year. (b) In all events, ad valorem taxes on personal property for the entire year shall be paid by Sellers. A modification of this Option to the effect that property taxes will be prorated will affect only real property taxes, unless "personal property taxes" are specifically mentioned. (c) If the property is rented out to a tenant, the rents on the property shall be prorated to the date of closing, and the Sellers shall assign their rights in the lease to the City.
 3. Rights of Property: The City, its agents, and its contractors may enter upon the property for purposes related to the acquisition of the property after the signing of this Option, including (if the property is a water or sewer easement) for the installation of pipe and related equipment.
 4. Charges: The Sellers shall pay for the revenue stamps required by law, unless the purchase price is less than \$100.00, in which case the City shall pay for them. The City shall prepare the deed of conveyance at no expense to the Sellers and record it at no cost to the Sellers.
 5. Option: This Option shall be binding upon and shall inure to the benefit of the parties, and their heirs, personal representatives, successors, and assigns. Throughout this Option, unless the context otherwise requires, the use of the plural includes the singular and vice versa. This Option contains the entire agreement between the parties, and no representations as to the Option or purchase of the property that may have been made will be binding unless expressed in this instrument. This Option shall be construed according to North Carolina law.
 6. Application of Option Money: If this Option is exercised, the consideration paid for this Option shall be applied on the purchase price at closing. If this Option is not exercised, the Option money will be kept by the Sellers.
 7. Exercise: If City Council approval is needed, then this Option shall be considered to be exercised when the Council approves it and no notice needs to be given to the Sellers. If Council approval is not necessary and the City Manager may exercise this Option, then this Option may be exercised either by delivery of a deed to be signed by the Sellers or by the mailing or hand-delivery of a letter stating the intent to exercise, to any of the persons constituting the Sellers. This Option shall be void unless it is exercised within six months of the date shown above the signature line(s) on the front hereof. After exercise, the Term shall be as stated in Section 1 on the front hereof.
 8. Description: If the description of the property in this Option is ambiguous or imprecise in the opinion of the City, the City shall designate in the deed the precise boundaries of the property to be acquired.
-

Option to Purchase 2902 Bahama Road (Parcel #191888), 2620 Roberts Road (Parcel #191886) and 2802 Bahama Road (Parcel #191879).

Page 1 of 5
Signature Pages

James Franklin Roberts
James Franklin Roberts

Lila Kay Teague Roberts
Lila Kay Teague Roberts

State of North Carolina INDIVIDUAL ACKNOWLEDGMENT
County of Moore

I, a notary public in and for the aforesaid county and state, certify that James Franklin Roberts, married, personally appeared before me this day and acknowledged the execution, under seal, of the foregoing Option to Purchase. This the 15 day of May, 2015.

My commission expires: Apr. 14, 2019

Emily R. Michael Notary Public

EMILY R. MICHAEL
Notary Public
Moore Co., North Carolina
My Commission Expires Apr. 14, 2019

State of North Carolina INDIVIDUAL ACKNOWLEDGMENT
County of Moore

I, a notary public in and for the aforesaid county and state, certify that Lila Kay Teague Roberts, married, personally appeared before me this day and acknowledged the execution, under seal, of the foregoing Option to Purchase. This the 15 day of May, 2015.

My commission expires: Apr. 14, 2019

Emily R. Michael Notary Public

EMILY R. MICHAEL
Notary Public
Moore Co., North Carolina
My Commission Expires Apr. 14, 2019

Option to Purchase 2902 Bahama Road (Parcel #191888), 2620 Roberts Road (Parcel #191886) and
2802 Bahama Road (Parcel #191879).

Page 2 of 5
Signature Pages

Betsy Roberts Miller
Betsy Roberts Miller

Christopher Eric Miller
Christopher Eric Miller

State of Georgia INDIVIDUAL ACKNOWLEDGMENT
County of Houston

I, a notary public in and for the aforesaid county and state, certify that Betsy Roberts Miller,
married, personally appeared before me this day and acknowledged the execution, under seal, of
the foregoing Option to Purchase. This the 14 day of May, 2015.

My commission expires: 06 Feb 2018
[Signature] Notary Public



State of Georgia INDIVIDUAL ACKNOWLEDGMENT
County of Houston

I, a notary public in and for the aforesaid county and state, certify that Christopher Eric Miller,
married, personally appeared before me this day and acknowledged the execution, under seal, of
the foregoing Option to Purchase. This the 14 day of May, 2015.

My commission expires: 06 Feb 2018
[Signature] Notary Public



Option to Purchase 2902 Bahama Road (Parcel #191888), 2620 Roberts Road (Parcel #191886) and
2802 Bahama Road (Parcel #191879).

Page 3 of 5
Signature Pages

Jeanette Kaye Roberts
Jeanette Kaye Roberts

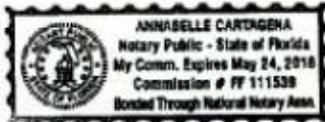
State of Florida INDIVIDUAL ACKNOWLEDGMENT

County of Charlotte

I, a notary public in and for the aforesaid county and state, certify that Jeanette Kaye Roberts,
unmarried, personally appeared before me this day and acknowledged the execution, under seal,
of the foregoing Option to Purchase. This the 19th day of May, 20 15.

My commission expires: May 24, 2018

[Signature]
Notary Public



Option to Purchase 2902 Bahama Road (Parcel #191888), 2620 Roberts Road (Parcel #191886) and 2802 Bahama Road (Parcel #191879).

Page 4 of 5
Signature Pages

Virginia Pettigrew
Virginia Pettigrew, individually and as Executrix of the Estate of Lisa Gale Roberts

State of South Carolina INDIVIDUAL ACKNOWLEDGMENT
County of Greenville

I, a notary public in and for the aforesaid county and state, certify that Virginia Pettigrew, married, individually and as Executrix of the Estate of Lisa Gale Roberts, personally appeared before me this day and acknowledged the execution, under seal, of the foregoing Option to Purchase. This the 19th day of May, 2015.

My commission expires: 1/10/2023

Jennifer Baker



Option to Purchase 2902 Bahama Road (Parcel #191888), 2620 Roberts Road (Parcel #191886) and 2802 Bahama Road (Parcel #191879).

Page 5 of 5
Signature Pages

Thomas Pettigrew by Virginia Pettigrew
Thomas Pettigrew by Virginia Pettigrew, his attorney-in-fact

Kelly Pettigrew by Virginia Pettigrew
Kelly Pettigrew by Virginia Pettigrew, her attorney-in-fact

Kara Pettigrew by Virginia Pettigrew
Kara Pettigrew by Virginia Pettigrew, her attorney-in-fact

State of South Carolina ACKNOWLEDGEMENT BY
County of Greenville ATTORNEY-IN-FACT

I, a notary public in and for the aforesaid county and state, certify that Virginia Pettigrew, attorney-in-fact for Thomas Pettigrew, married, Kelly Pettigrew, unmarried, and Kara Pettigrew, unmarried, personally appeared before me this day and being by me duly sworn, says that she executed the foregoing and annexed Option to Purchase for and on behalf of the said Thomas Pettigrew, Kelly Pettigrew, and Kara Pettigrew, and that her authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in Book ____, Page ____, Durham County Registry, on the ____ day of ____, 20__, and that this Option to Purchase was executed under and by virtue of the authority given by said instrument granting her power of attorney.

I do further certify that the said Virginia Pettigrew acknowledged the due execution of this Option to Purchase for the purposes therein expressed for and on behalf of the said Thomas Pettigrew, Kelly Pettigrew, and Kara Pettigrew. This the 19th day of May, 2015

My commission expires: 1/10/2023

Jelena B. BACA





42
Acres



2 Features Found

Reports	Tax Info	Find Adjainers	PARCEL ID	PIN	ACCOUNT	SITE ADDRESS	OWNER NAME
Report	Tax Info	Find Ajoiners	191876	0848-03-21-5445	8609182	2804 BAHAMA RD	WALKER MILDRED T
Report	Tax Info	Find Ajoiners	191879	0848-03-31-1228	8567348	2802 BAHAMA RD	ROBERTS JAMES F R



1 Feature Found

Hide Results W

Reports	Tax Info	Find Adjainers	PARCEL ID	PIN	ACCOUNT	SITE ADDRESS	OWNER NAME	OWNER ADDRESS
Report	Tax Info	Find Adjainers	191856	0647-01-48-2740	8567248	2620 ROBERTS RD	ROBERTS JAMES F ROBERTS LILA KAY FIELDS REBEKAH ROBERTS ET AL	P O BOX 203

134
Acres



Feature Found

Tax Info	Find Adjainers	PARCEL ID	PIN	ACCOUNT	SITE ADDRESS	OWNER NAME
Tax Info	Find Adjainers	191898	0847-02-69-3058	8567350	2902 BAHAMA RD	ROBERTS JAMES F F

Rec: 7/24/15

APPRAISAL REQUEST FORM

Date: July 17, 2015

Transmitted By Email To:

APPRAISER: Susan Copeland, Hay-Schneider-Copeland, 3326 Durham Chapel Hill Blvd, Suite B-120, Durham, NC 27707 Phone 919-403-8311 fax 919-403-9068

PROJECT: Lake Michie Future Expansion

NATURE OF APPRAISAL: The current market value of 318.385 acres (land only):

- 2902 Roberts Road, Parcel ID 191888 (134.14 acres)
- 2620 Roberts Road, Parcel ID 191886 (141.55 acres)
- 2802 Bahama Road, Parcel ID 191879 (42.70 acres)

Purpose: To determine current value of vacant land only

Scope of work: A Summary Narrative Report with comparables for current market value of three (3) separate parcels for a total acreage of 318.385 of vacant land (no improvements). The value of all parcels should be combined into one report.

ADDRESS OF VACANT PARCELS TO BE APPRAISED:

- 2902 Roberts Road, Parcel ID 191888 (134.14 acres)
- 2620 Roberts Road, Parcel ID 191886 (141.55 acres)
- 2802 Bahama Road, Parcel ID 191879 (42.70 acres)

INCLUDED WITH THIS FORM: Non-collusion Affidavit

DATE NEEDED: Within 3 weeks of contract approval/execution

TYPE OF APPRAISAL: Summary Narrative (with comps) Summary Form W/Comps
 Limited Detailed Narrative Report

ADDITIONAL INSTRUCTIONS/INFORMATION: Return the Non-Collusion affidavit with this executed form.

Place an "X" here if you **can** meet this deadline. Indicate your fee below.

Place an "X" here if you **cannot** meet this deadline, but indicate the earliest date you could submit the appraisals. _____ (Earliest date report can be submitted)

PLEASE SIGN, DATE AND RETURN THIS FORM NO LATER THAN 7/17/15 _____

RETURN TO: Amy C. Sears, amy.sears@durhamnc.gov, 919-560-4197 X21274

APPRaiser's FEE: \$ 2,000.00

APPRaiser's SIGNATURE: Susan G. Cleveland

DATE: 7/17/2015

Attest:

Dana Lynn Schreiber

Dana Lynn Schreiber
Deputy City Clerk



W. Bowman Ferguson
Authorized City Manager Designee
W. Bowman Ferguson
Deputy City Manager

This instrument has been pre-audited in the manner required by the
Local Government Budget and Fiscal Control Act.

Susan M. Sandhoff

Susan M. Sandhoff - Deputy Finance Officer

PART V

QUALIFICATIONS OF THE APPRAISERS

QUALIFICATIONS OF THE APPRAISER

SUSAN HAY COPELAND, MAI

DURHAM, NORTH CAROLINA

APPRAISAL EXPERIENCE

1987-Current Partner, HAY .: SCHNEIDER .: COPELAND, Durham, NC
1984-1987 Associated with Cecil W. Simmons, SRA, MAI, Chesterfield, VA
1981-1984 Independent Fee Appraiser, Real Estate Sales, Charlotte, NC
1978-1981 Associate Appraiser, Thomas T. Hay, MAI, Durham, NC

36 years experience in commercial valuations in North Carolina and Virginia including but not limited to: Multi-Story Buildings of all Types, Multi-Tenant Commercial, Retail and Office Buildings, Shopping Centers, Shopping Center Outparcels, Office Buildings, Retail Stores, Restaurants, Convenience Stores, Gas Stations, Sewer Easements, Self Storage Facilities, Churches, Apartment Complexes, Industrial Buildings, Warehouses, Government Institutional Buildings, Mobile Home Parks, Hotels, Motels, Charter Schools, Residential Developments (Proposed and Complete), Foreclosure and Bankrupt properties, Vacant Commercial, Institutional and Residential Land, valuations for estate tax purposes.

PROFESSIONAL MEMBERSHIP

Appraisal Institute, MAI Certificate #10022
Durham Chamber of Commerce
Triangle Chapter, Commercial Real Estate Women

LICENSE

State Certified General Real Estate Appraiser, License #A225

EDUCATION

- *Peace College, Raleigh, North Carolina, Associate of Arts
- *University of North Carolina at Chapel Hill, Bachelor of Arts
- *North Carolina Realtors Institute, University of North Carolina at Chapel Hill, GRI, 1978

*Appraisal Courses

- *Appraisal Principles, Methods and Techniques (Course 1A), University of North Carolina at Chapel Hill, 1979
- *Residential Valuation (Course 8), 1979
- *Capitalization Theory and Techniques (Course 1B1), 1982
- *Capitalization Theory and Techniques (Course 1B2), University of North Carolina at Chapel Hill, 1983
- *Capitalization Theory and Techniques (Course 1B3), Atlanta, Georgia, 1986
- *Case Studies and Real Estate Valuation (Course 2-1), University of North Carolina, 1986
- *Report Writing (Course 2-2), University of North Carolina, 1986
- *Standards of Professional Practice, Part A: Uniform Standards of Professional Appraisal Practice (USPAP) and Part B: Appraisal Institute Code of Professional Ethics, Supplemental Standards to USPAP, and Regulation 6 Enforcement Procedures; Durham, North Carolina, May 2011

*Recent Appraisal Institute Seminars

- *Business Practices and Ethics September 2012
- *7-Hour National USPAP Update Course April 2012
- *Appraising the Appraisal: Appraisal Review-General Jan 2012
- *Rates and Ratios: Making Sense of GIMs, OARS and DFC October 2011
- *Analyzing Tenant Credit Risk and Commercial Lease Analysis Jan 2011
- *The Lending World in Crisis- What Clients Need their Appraisers to Know Today October 2010
- *Real Estate Valuation Conference April 2010
- *2010 Real Estate Valuation Conference April 2010
- *Forum on Appraisal Issues from the Reviewers Perspective July 2009
- *Evaluating Commercial Construction; May 2008
- *Appraisal of Local Retail Properties April 2008
- *Office Building Valuation January 2008
- *What Clients Would Like Their Appraisers to Know January 2007
- *Appraisal Consulting, April 2006
- *Reviewing Real Estate Appraisals January 2006
- *Special Purpose Properties April 2005*
- *Rates and Ratios January 2005
- *Evaluating Residential Construction, October 2004
- *Supporting Capitalization Rates, January 2004
- *Analyzing Distressed Real Estate, October 2003
- *Investment Real Estate May 2003
- *Scope of Work, April 2003
- *Analyzing Commercial Leases, April, 2002
- *Feasibility Analysis, January, 2002
- *Using GIS in the Real Estate Industry; January 2001
- *Valuation of Conservation Easements; April 2000
- *Matched Pairs/Highest and Best Use/Revisiting Report Options; May 1998
- *Appraising High Value and Historic Homes; April 1997
- *Highest and Best Use Applications; April 1996



SUSAN H COPELAND
HAY SCHNEIDER COPELAND
3326 CHAPEL HILL BLVD STE B120
DURHAM, NC 27707

QUALIFICATIONS OF THE APPRAISER

JOHN O. COPELAND, MBA

DURHAM, NORTH CAROLINA

APPRAISAL AND PROFESSIONAL EXPERIENCE

2009-Current Associate, HAY .: SCHNEIDER .: COPELAND, Durham, NC
2006-2009 Registered Trainee, HAY .: SCHNEIDER .: COPELAND, Durham, NC
2005-2006 Research Assistant, HAY .: SCHNEIDER .: COPELAND, Durham, NC
1998-2005 General Manager, JIT Technologies, Inc., Graham, NC
1996-1998 Executive Vice President, Reed-Chatwood, Inc, Rockford, Illinois
1972-1996 Vice President-Manufacturing, Golden Belt Manufacturing Company, Durham, NC

LICENSE

North Carolina State Certified General Real Estate Appraiser, Certificate #A7234

EDUCATION

Duke University, Durham, North Carolina, Master of Business Administration-Finance, 1979
University of North Carolina at Chapel Hill, Bachelor of Science, 1972

Appraisal Courses

Introduction to Real Estate Appraisal – February, 2006
Valuation Principles and Procedures – February, 2006
Applied Residential Property Valuation – February, 2006
National Uniform Standards of Professional Appraisal Practice (USPAP) Course – April, 2006
G-1 Introduction to Income Property Appraisal – January, 2007
G-2 Advanced Income Capitalization – April, 2007
G-3 Applied Property Valuation – April, 2007

Continuing Education Courses

4/2/2014 2014 Real Estate Valuation Conference: Economic
4/2/2014 2014 Real Estate Valuation Conference: National
11/18/2013 National Uspap Update 2014-15
9/10/2013 Rules And Responsibilities
5/25/2013 O/L Cool Tools: New Tech For Re Appraisals
2/12/2013 Know The Law
1/23/2012 National Uspap Update 2012-2013
1/20/2012 Appraising The Appraisal: Appraisal Rev - Gen
6/23/2011 O/L National Uspap Update 2010 Equiv
5/22/2011 15 Hr Uspap
8/6/2010 Intro To Conservation Easement Valuation
4/16/2010 2010 Real Estate Valuation Conference
7/17/2009 Forum On Appraisal Issues From The Reviewers
5/4/2009 Appraising In A Changing Market
5/3/2009 2008-09 National Uspap Update Equiv.
5/2/2008 Evaluating Commercial Construction

NORTH CAROLINA APPRAISAL BOARD
APPRAISER QUALIFICATION CARD
Expires June 30, 2016

REGISTRATION / LICENSE / CERTIFICATE HOLDER		
15	JOHN O COPELAND	16
A7234	G	Y
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY

John O Copeland
APPRAISER'S SIGNATURE

Donald W. Miller
EXECUTIVE DIRECTOR

JOHN O COPELAND
HAY SCHNEIDER COPELAND
3326 DURHAM-CHAPEL HILL BLVD, STE B-
120
DURHAM, NC 27707

