

City of High Point

*Municipal Office Building
211 South Hamilton Street
High Point, NC 27261*



Meeting Agenda

Monday, November 5, 2012

4:45 PM

Council Chambers

Committee of the Whole

*Rebecca R. Smothers, Mayor
M. Christopher Whitley, Mayor Pro Tem
Latimer B. Alexander, IV, James Corey,
Foster Douglas, A.B. Henley, III,
Britt W. Moore, Michael D. Pugh,
Bernita Sims, M. Christopher Whitley*

ROLL CALL, PRAYER, PLEDGE OF ALLEGIANCE**PRESENTATION OF ITEMS****FINANCE COMMITTEE - Chaired by Council Member Alexander.**
Committee Members Whitley, Smothers, Corey

- [120275](#) Contract - Bid No. 8 - Concrete Foundations - Johnson Street Transmission Project
Council is requested to approve a contract awarding Bid No. 8 for the purchase of concrete foundations for the Johnson Street 100 kV Transmission project. Purchasing and the Electric Department recommends that contract be awarded to Graves Construction Services in the amount of \$506,068.00 which is the lowest responsive and responsible bidder meeting specifications.
- [120276](#) Amendment to Lease Agreement - North Carolina Municipal Power Agency
Council is requested to approve an amendment to a lease agreement with the North Carolina Municipal Power Agency 1 (NCMPA1) for an unused portion of property located at the Eastside Waste Water Treatment Plant.
- [120277](#) Extension of Contract - Vecellio and Grogan (Sharpe Brothers) - Hartley Drive Extension Contract
Council is requested to approve an extension to the Vecellio and Grogan (Sharpe Brothers) contract in the amount of \$5,183,403.60 to allow for the construction of the proposed Lindsay Street improvements.
- [120282](#) Appraisal of Property - Shadybrook Road
At the September 17, 2012 City Council Meeting, Council directed staff to proceed with an appraisal of the property located at 301-305 Shadybrook Road. Attached is the appraisal for Council review.

PUBLIC SAFETY & COMMUNITY DEVELOPMENT COMMITTEE - Chaired
by Council Member Sims
Committee Members Alexander, Douglas, Corey**PLANNING, ECONOMIC DEVELOPMENT & INFORMATION TECHNOLOGY**
COMMITTEE - Chaired by Mayor Pro Tem Whitley
Committee Members Sims, Henley, Moore

- [120278](#) Resolution of Intent - Annexation Case ANX12-05
Approval of a Resolution of Intent that establishes a public hearing date of Monday, November 19, 2012 at 5:30 p.m. to consider a voluntary non-contiguous annexation of approximately 431 acres. The area to be annexed contains multiple parcels and lies south of I-40; west of Sandy Ridge Road; east of Bunker Hill Road and north of Boylston Road.

- [120279](#) Resolution Establishing a Voluntary Annexation Petition Policy
Approval of a Resolution establishing a policy governing the acceptance of voluntary annexation petitions in accordance with the State law.

PUBLIC COMMENT PERIOD - 5:15 P.M.

PUBLIC HEARINGS ON ITEMS - 5:30 P.M.

APPROVAL OF THE MINUTES OF PREVIOUS MEETINGS

- [120280](#) Approval of the following Minutes:
Finance Committee meeting held Monday, October 15th @ 4:00 p.m.
Combined Meeting held Monday, October 15th @ 4:45/5:30 p.m.\
Special Meeting held October 29th @ 9:00 a.m.

- [120281](#) City Council Closed Session Minutes
Council is requested to unseal and approve closed session minutes.

BOARDS AND COMMISSIONS VACANCY REPORT

- [120229](#) Boards and Commissions - Vacancies
Attached is the current list of vacancies for all Boards and Commissions.

ADJOURNMENT



MEMORANDUM

October 29, 2012

To: Honorable Mayor and City Council
From: G. Lee Burnette, AICP, Director
Subject: **Voluntary Annexation Petition Policy**

On June 21, 2012, the NC General Assembly adopted and ratified House Bill 943, which became Session Law 2012-54 (attached). The new law, effective on the date of adoption, affects annexations by those cities not primarily within Davidson County. It specifically states that "No city not primarily located within the territory of Davidson County may adopt an annexation ordinance under any of the provisions of Article 4A of Chapter 160A of the General Statutes that applies to any territory located within Davidson County unless the Board of Commissioners of Davidson County has, prior to the adoption of the annexation ordinance, approved a resolution consenting to that annexation."

This new law affects all types of annexations, including voluntary annexations at the request of the property owner. In the last 20 years, all of the annexations that the City Council considered and approved in Davidson County were are voluntary annexations.

Given that the law requires the Board of County Commissioners' approval prior to the City Council's approval, concern has arisen regarding the two board approval process. Because voluntary annexation petitions require initial zoning approvals by the City, the property owner or applicant must undergo certain expenses in preparing a request. Costs include preparation of an annexation map, most often preparing a traffic impact study and holding a neighborhood meeting. Property owners and applicants should not proceed with such expenditures if the Board of County Commissioners decides not to authorize the annexation. Therefore, the process should begin with Davidson County's approval prior to submission to the City of High Point for consideration. The attached policy, if adopted, requires that before the City accepts a voluntary annexation petition by a Davidson County property owner, the County Commissioners must adopt a resolution consenting to the voluntary annexation.

The Council's Planning & Development Committee reviewed and considered this policy at their October 2, 2012 meeting. The Committee recommended its placement on the Council agenda for consideration and adoption.

Administration
336.883.3328

Planning Services
336.883.3328

Development Services
336.883.3328

Inspection Services
336.883.3151

City of High Point, P.O. 230, 211 South Hamilton Street, High Point, NC 27261 USA
Fax: 336.883.3056 www.high-point.net/plan Permit Fax: 336.883.8518 TDD 336.883.8517

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

**SESSION LAW 2012-54
HOUSE BILL 943**

AN ACT TO REQUIRE THE APPROVAL OF THE BOARD OF COMMISSIONERS OF
DAVIDSON COUNTY BEFORE A CITY NOT PRIMARILY LOCATED WITHIN
DAVIDSON COUNTY MAY ANNEX ANY TERRITORY WITHIN DAVIDSON
COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. No city not primarily located within the territory of Davidson County may adopt an annexation ordinance under any of the provisions of Article 4A of Chapter 160A of the General Statutes that applies to any territory located within Davidson County unless the Board of Commissioners of Davidson County has, prior to the adoption of the annexation ordinance, approved a resolution consenting to that annexation.

SECTION 2. This act is effective when it becomes law and applies with respect to any annexation ordinance adopted after that date.

In the General Assembly read three times and ratified this the 21st day of June, 2012.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives



A Resolution Establishing a Voluntary Annexation Petition Policy for the City of High Point

WHEREAS, the N.C. General Statutes provide for the extension of a municipality's corporate limits through voluntary petition and establishes the process by which a municipal governing board may elect to extend the municipality's corporate limits; and

WHEREAS, N.C.G.S 160A-31 and 160A-58.1 provide for the voluntary annexation of contiguous and non-contiguous property into the corporate limits when a valid petition is signed by all the owners of real property subject to the petition; and

WHEREAS, a municipality, after adoption of a resolution of intent and after holding a public hearing, may then elect to approve the petition for annexation; and

WHEREAS, NCGS 160A-360 establishes a 60-day period in which the municipality must establish initial zoning on annexed property; and

WHEREAS, since 1988, the City of High Point has diligently sought to obtain and maintain annexation agreements with all surrounding municipalities in order to efficiently plan and provide municipal services, promote the logical and orderly extension of municipal boundaries, and reduce the uncertainty among property owners and public and private development interests; and

WHEREAS, since 1983, the City Council of High Point has adopted and maintained a comprehensive land use plan to promote the orderly development of the city and provide property owners greater certainty with respect to investment decisions by establishing land use and development policy for the entire planning area, which is established primary by annexation agreements; and

WHEREAS, when additional policy guidance is needed, the City Council has adopted area plans for small areas of the City's planning area to better address selected planning elements, systems and key issues for the area.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of High Point in order to prevent uncertainty among property owners and development interests, and to insure decisions are made within a timely manner:

SECTION 1. That the Planning & Development Department shall only accept voluntary annexation petitions when accompanied with an application by the owners of all real property in the area proposed for annexation for initial zoning, and shall process the annexation petition and zoning application concurrently so that public hearings on both requests occur at the same City Council meeting; and

SECTION 2. That in counties where Board of County Commissioner approval of a resolution is required by State law prior to the City's approval of a voluntary annexation

ordinance, the Planning & Development Department shall accept voluntary annexation petitions and the City Clerk may certify them only when an adopted Board of County Commissioner resolution consenting to that annexation is made part of the petition submittal, and that acceptance of such annexation petitions may occur only when the approved resolution contains no conditions concerning City zoning or other land use regulations.

Adopted by City Council this ____ day of _____, 2012.

Lisa Vierling, CMC, City Clerk

Engineering Services Department

B. Keith Pugh, P.E.

DIRECTOR



Date: October 29, 2012

To: Pat Pate, Assistant City Manager

From: Keith Pugh, Engineering Services *BKP*

Re: City Council Agenda, November 5, 2012 – **Extension of Hartley Drive Extension Contract** – City Contract ENG-2010-003

On Monday, December 5, 2011 the City of High Point awarded Contract ENG-2010-003, Hartley Drive Extension to Vecellio and Grogan (Sharpe Brothers) as the lowest responsive bidder at the negotiated bid amount of \$9,160,375.38. This contract contains an extension clause that allows the City to extend the contract up to 100 percent beyond the original bid amount with the consent of the contractor. To date, two change orders have been approved for this work at a total value of \$82,847.79 thus bringing the total contract value to \$9,243,223.17.

The contractor for the work has made excellent progress and is on schedule to complete all contract work approximately 5 months ahead of the stated contract completion time. In fact, this contractor has completed all contract work with the City of High Point in a satisfactory manner with minimal change order requests and ahead of the available contract time. The working relationship between the City of High Point and Vecellio and Grogan (Sharpe Brothers) has been a successful one.

Engineering Services recommends this contract be extended to allow for construction of the proposed Lindsay Street improvements. This work will include: replacement of an existing cast iron water line along Lindsay; replacement/repair of an existing sewer main in Lindsay Street from English to 450 feet north of English; installation of a 72 inch storm sewer crossing pipe at Ray Avenue, an in ground water detention device at Sunset Avenue and roadway/sidewalk improvements throughout the corridor. The overall construction consists of five unique projects with funding from four different sources:

- Lindsay Street (water) - replace existing 6 inch cast iron main from N. Main to W. English
- Lindsay Street (sewer) – replace existing sewer main from W. English to approximately 450 feet north
- Lindsay Street (storm sewer) – Install new 72 inch storm sewer pipe crossing at Ray Street identified during the hospital area stormwater basin study
- Lindsay Street (storm sewer) – Install an in-ground stormwater detention area between Sunset and Maple
- Lindsay Street (roadway) – improve existing Lindsay Street from N. Main Street to W. English Street. This includes dual left turns from Lindsay onto northbound Main Street; a roundabout at the intersection of Elm Street and Lindsay; mast arm signal installation at N. Main and Parkway/Lindsay;

Engineering Services Department

PAGE 2 OF 2

HARTLEY DRIVE EXTENSION – CONTRACT EXTENSION
TO CONSTRUCT LINDSAY STREET IMPROVEMENTS

decorative crosswalk treatments; sidewalk and curb and gutter reconstruction where needed; and resurfacing throughout the length of the project.

The Engineer's Estimate for all of this proposed work is in excess of \$5,400,000.

The Contractor's proposed NCDOT Certified DBE participation for the contract extension is 10.03% (\$519,668). The proposed work to be performed by DBEs includes: concrete sidewalk, masonry drainage structures, valve and manhole adjustments, handicap ramps, material hauling, concrete curb and gutter; and, surveying.

In several cases, the unit prices contained in the original contract have been modified from the original awarded amount due to changes in the scope or nature of the work. The unit price changes allow us to construct all proposed improvements along Lindsay Street within our current project budget. Engineering Services recommends that City Council approves this contract extension in the amount of \$5,183,403.60.

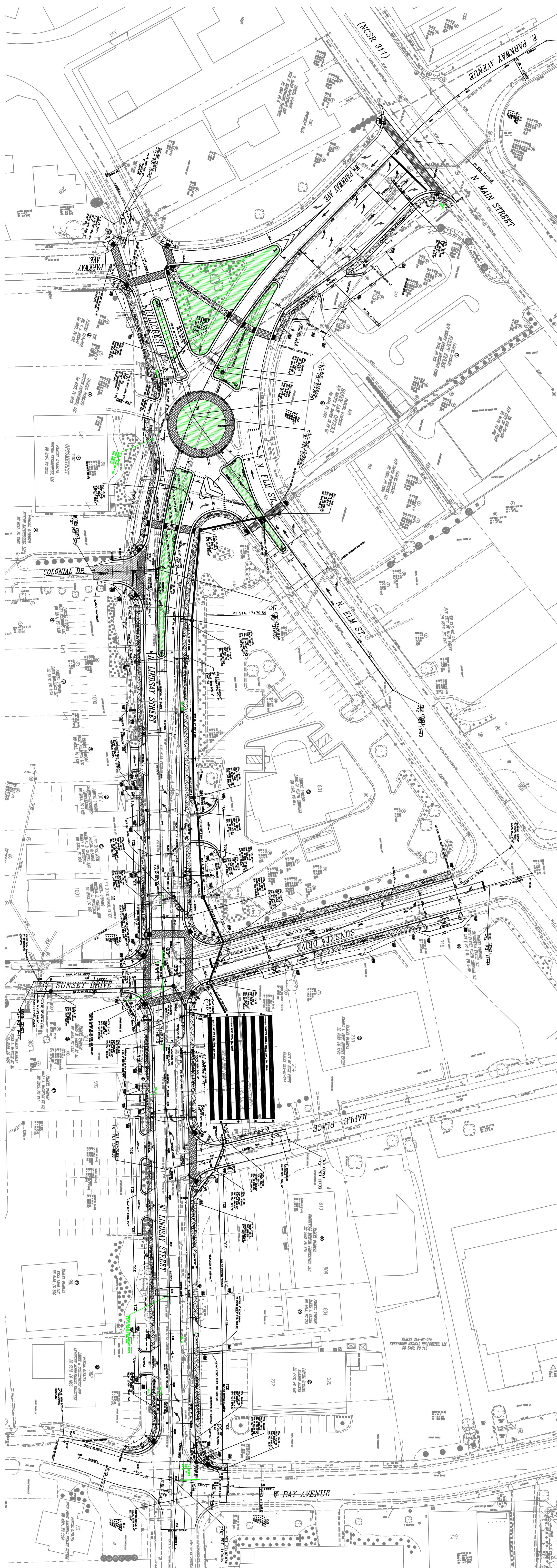
Funding is available in the following account:

- 2004 Transportation Bonds
- Stormwater Capital Fund
- Obsolete Water and Sewer Fund
- Water Revenue Bonds

/bkp

Ec: Mr. Jeff Moore, Finance Director
Mr. Chris Thompson, Public Services Director
Mr. Leon Adams, Adams and Clark Enterprises, Inc.

Ms. Patty Sykes, Purchasing Division
Mr. Eric Olmedo, Budget & Eval Director
Mr. Mark McDonald, HPDOT Director



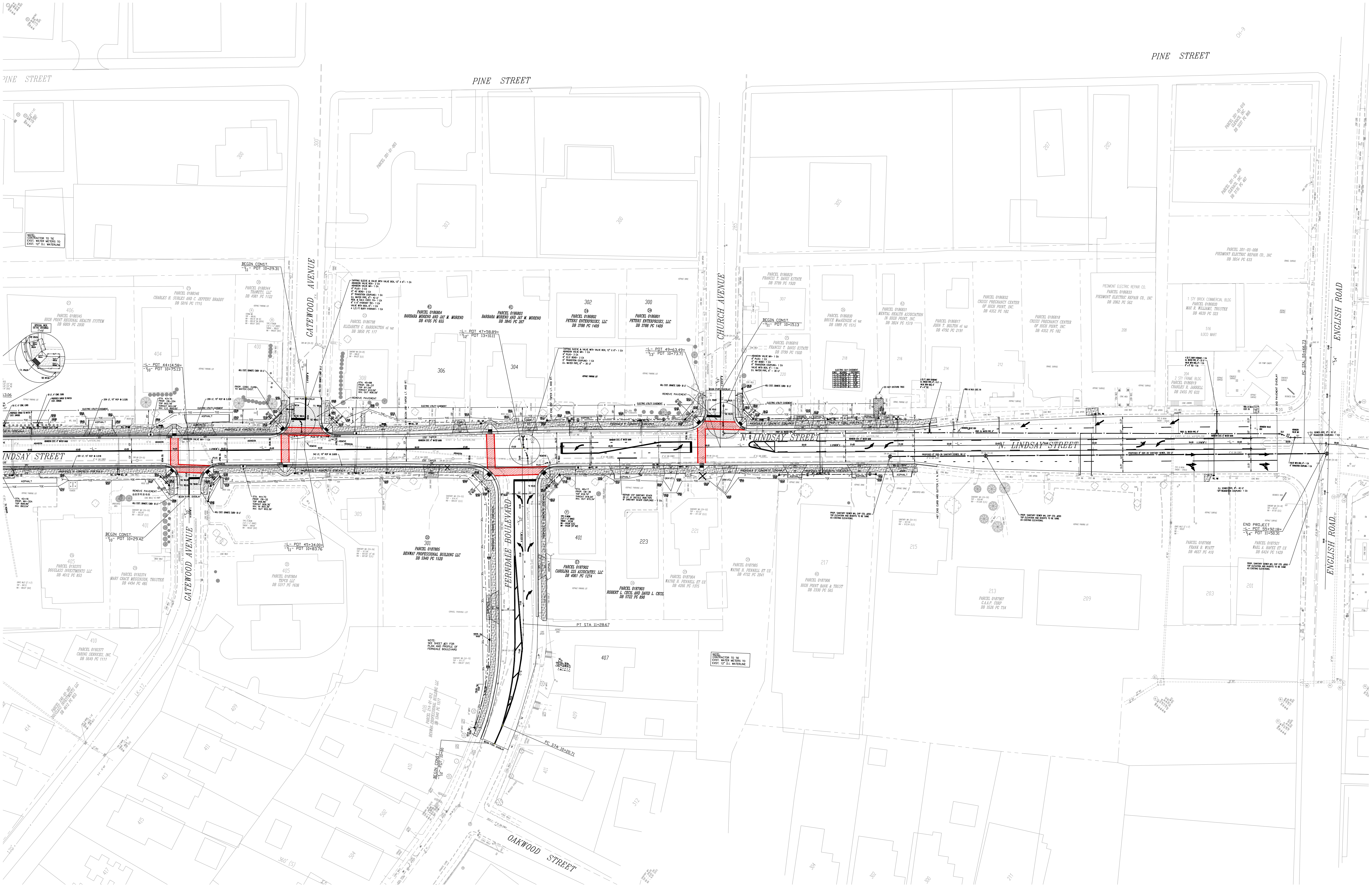


PINE STREET

PINE STREET

PINE STREET

CL-9



MEMORANDUM

TO: Mayor, City Council, City Manager

FROM:  Randy McCaslin, Assistant City Manager

SUBJECT: Amendment to an existing land lease with ElectriCities – Agency 1

On November 5, 2007, the City Council approved a land lease with ElectriCities (North Carolina Power Agency 1) for an unused portion of our Eastside Waste Water Treatment Plant property (map attached). That Lease Agreement covered the following provisions:

- Land lease for a ten (10) acre tract
- The property would be used as the site for the construction of a 50 megawatt peak power generation plant with a minimum cost of \$10,000,000
- The term of the lease is for an initial 50 years with two 10 year renewal periods
- The lease calls for the power plant to be constructed by January 23, 2013

NCMPA1 would like to extend the construction dateline by up to ten (10) years due to the downturn in the economy, which caused a drop in the nationwide electrical usage. All other terms and conditions of the original lease will remain the same. I have checked with Chris Thompson, Public Services Director, and we still see no future use for this property. We therefore recommend that the City Council approve this amendment (attached) for the existing lease with NCMPA1.

If you have any questions, please advise.

AMENDMENT TO LEASE

THIS **AMENDMENT TO LEASE AGREEMENT** ("Amendment") is made and entered into as of the _____ day of _____, 2012 (the "Effective Date"), by and between The City of High Point, a municipal corporation created under the laws of the State of North Carolina (the "Landlord"), and North Carolina Municipal Power Agency Number 1, a public body and body politic organized under the laws of the State of North Carolina (the "Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant have previously entered into that certain Lease Agreement dated January 23, 2008 (the "Lease" capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease), for that certain land owned by Landlord and located in Guilford County, North Carolina and more particularly described on Exhibit A hereto; and

WHEREAS, Section 2.04 of the Lease requires Tenant to commence construction or installation of the Plant within five (5) years of the commencement of the initial term of the Lease, or January 23, 2013 (the "Construction Commencement Date"); and

WHEREAS, Tenant and Landlord desire to extend the Construction Commencement Date for a period of ten years; and

WHEREAS, Landlord and Tenant desire to document the foregoing and to ratify and confirm the terms, conditions and covenants of the Lease, as amended hereby.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. **Amendment to Section 2.04 of the Lease.** Landlord and Tenant agree that Section 2.04 of the Lease shall be amended to read as follows:

"Section 2.04 Additional Consideration. Tenant shall commence construction or installation of the Plant within fifteen (15) years of the commencement of the initial term of this Lease having an initial cost of at least Ten Million Dollars (\$10,000,000)."

2. **Ratification, Continuance of Obligations.** Landlord and Tenant hereby ratify and confirm all of the terms, conditions and covenants of the Lease, as amended hereby. Tenant agrees that all duties and obligations of the Tenant under the Lease, as amended hereby, shall continue in full force and effect throughout the term of the Lease.

3. **Miscellaneous.** This Amendment to Lease shall be binding upon, and shall inure to the benefit of, Landlord and Tenant and their respective legal representatives, successors and permitted assigns. The Lease, as amended by this Amendment to Lease, (i) remains in full force and effect according to its terms, and (ii) constitutes the entire agreement between Landlord and

Tenant with respect to the subject matter hereof. No prior agreement or understanding with regard to any such matter shall be effective for any purpose.

IN WITNESS WHEREOF, the parties have executed this Amendment to Lease as of the Effective Date.

LANDLORD:

CITY OF HIGH POINT

By: _____

Its: _____

Attest:

Secretary
(SEAL)

TENANT:

NORTH CAROLINA MUNICIPAL
POWER AGENCY NUMBER 1

By: _____

Its: _____

Attest:

Secretary
(SEAL)

(ACKNOWLEDGMENTS ON THE FOLLOWING PAGE)

STATE OF _____

COUNTY OF _____

I, _____, Notary Public, for the County and State aforesaid, do hereby certify that _____ (personally known to me or having produced _____ as identification) personally came before me this day and acknowledged he is _____ of High Point, North Carolina, and that he is authorized to do so, executed the foregoing instrument for the purposes therein stated.

Witness my hand and official seal, this the _____ day of _____, 2012.

Notary Public (signature)

Notary Public (printed name)

My commission expires:_____ (SEAL)

STATE OF _____

COUNTY OF _____

I, _____, Notary Public, for the County and State aforesaid, do hereby certify that _____ (personally known to me or having produced _____ as identification) personally came before me this day and acknowledged he is _____ of North Carolina Municipal Power Agency Number 1, and that he is authorized to do so, executed the foregoing instrument for the purposes therein stated.

Witness my hand and official seal, this the _____ day of _____, 2012.

Notary Public (signature)

Notary Public (printed name)

My commission expires:_____ (SEAL)



*Eastside
Wastewater
Treatment Plant*

*Proposed
Site
10.01 ac*



RIVERDALE

INTERSTATE 85

INTERSTATE 85

RIVERDALE

**SELF-CONTAINED APPRAISAL REPORT
9.808 ACRES OF LAND
301-305 SHADYBROOK ROAD
HIGH POINT, NORTH CAROLINA 27265**

DATE OF THE REPORT: OCTOBER 27, 2012

EFFECTIVE DATE OF VALUE ESTIMATE: OCTOBER 18, 2012

PREPARED BY:

**MICHAEL S. CLAPP, MAI, CRE
MICHAEL S. CLAPP & ASSOCIATES
2990 BETHESDA PLACE, SUITE 603-C
WINSTON-SALEM, NORTH CAROLINA 27103**

PREPARED FOR:

**CITY OF HIGH POINT
C/O RITCHIE D. TUTTLE
RIGHT OF WAY COORDINATOR
CITY OF HIGH POINT
PO BOX 230
HIGH POINT, NC 27261**

Michael S. Clapp & Associates, Inc.

REAL ESTATE APPRAISERS • CONSULTANTS

2990 BETHESDA PL., STE. 603-C • WINSTON-SALEM, NC 27103 • (336) 760-3163 • FAX (336) 760-9228

October 27, 2012

Ritchie D. Tuttle
Right of Way Coordinator
City of High Point
PO Box 230
High Point, NC 27261

RE: Self-contained Appraisal Report
9.808 Acres of Land
301-305 Shadybrook Road
High Point, NC 27265

Dear Mr. Tuttle:

At your request, I have made an appraisal of the market value of the fee simple interest in the above referenced property. The client and intended user of the appraisal is the City of High Point; there are no other intended users. The intended use of the appraisal is to aid the City of High Point in arriving at a potential purchase price of the subject property.

The interest appraised is encumbered by an agreement between the City of High Point and the Guilford County Board of Education. I have been furnished an unsigned agreement by the City of High Point that is dated 2006. The agreement runs from January 1, 2006 until December 31, 2016. The agreement may be terminated by either party with proper notice upon its December 31, 2016 expiration; otherwise the agreement will automatically renew for another ten years. This agreement provides for the City to construct at its expense soccer fields in the area and for the school owned and operated by the Board of Education to have the right to use those soccer fields. As part of that agreement the City is using the drive on the subject's northwest corner to access its recreational facilities located to the west of the subject and south of School Park Road. Per Mr. Pat Pate, Assistant City Manager for the City of High Point, the City does not receive any revenue from the Board of Education as a result of the agreement. A copy of that agreement is in the addenda.

In my opinion the net effect of the agreement is to restrict the use of the land until proper notice is given so that the agreement can be cancelled by one of the two parties, presumably the City of High Point, upon its expiration on December 31, 2016. The City does not receive any income stream from the agreement so there is no income to capitalize into value. The impact of the agreement in my opinion is to defer until December 31, 2016, a period of four years for purposes of this analysis, any ability to develop the land which in effect would most likely restrict the ability to sell the land until the agreement is properly terminated on December 31, 2016. Thus, the agreement is a negative factor that reduces the value of the subject property in my opinion. The value reported herein reflects the negative impact of the agreement.

The subject has been analyzed on a “top down” basis beginning with an analysis of the Triad real estate market, funneling down to an analysis of the subject’s market area (neighborhood), and finally focusing on the positive and negative characteristics of the subject itself. This analysis indicated that the primary constraint affecting the subject is that of its zoning, which is PI, Public Institutional. This zoning essentially restricts development of the subject to recreational, institutional, and educational uses. It also restricts the number and type of purchasers who would be interested in purchasing and developing the subject property. In my opinion the subject’s value is lower because of its PI zoning that it would otherwise be if it had a more intensive zoning. **In performing the appraisal, I met with officials of the City of High Point Planning Department to discuss the existing zoning, the land use plan currently in effect, and the likelihood of rezoning the subject to a more intensive zoning. The result of that investigation is set out in the Zoning Data section of the appraisal. Reference to that section shows that it is my opinion that the subject’s zoning could not be changed and that to appraise the subject under the assumption that the land could be rezoned from the existing PI zoning to a more intensive zoning such as multifamily would be highly speculative and inappropriate.**

Thus, the existing zoning and likelihood that it cannot be changed strongly influences the highest and best use of the subject, which in turn influences the selection of comparable sales. The highest and best use given existing and likely future land use regulations is considered to be recreational, institutional, or educational uses in accordance with the PI zoning. Accordingly, I attempted to use only sales with similar zonings or similar intended uses as comparable sales. Reference to the Sales Comparison Approach shows that the number of such sales is limited but sufficient sales data was available to serve as a basis for estimating the subject’s value under its existing zoning. The value estimate prior to taking into account the City-Board of Education agreement was estimated at \$335,000. In order to take into account the encumbrance represented by the agreement, I treated the \$335,000 value estimate as being applicable only when the agreement can end, which is December 31, 2016, assuming proper termination. It is unlikely land values will increase over the next four years, or decrease much further as well, so I did not project any change in value over the remaining four years of the agreement. Therefore, the \$335,000 value was treated as a value only realizable four years into the future, and was discounted to a present value estimate of \$255,000 using a 7% discount rate.

The process is summarized and illustrated in the table below:

Number of acres	9.808
Multiplied by value per acre	\$34,000
Market value prior to discount due to encumbrance by City/Board of Education agreement	\$333,472
Rounded to	\$335,000
Present value factor for 4 years at 7%	0.7629
Estimated market value subject to agreement	\$255,572
Rounded to	\$255,000

It is thus my opinion that the market value of the fee simple interest in the subject property on an “as is” basis, which takes into account the previously identified agreement between the City of High Point and the Guilford County Board of Education, as of October 18, 2012 was:

TWO HUNDRED FIFTY FIVE THOUSAND DOLLARS
(\$255,000)

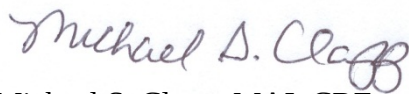
The above value estimate is subject to the Assumption & Limiting Conditions included in this appraisal report.

The Uniform Standards of Professional Appraisal Practice require the appraiser to provide the reader with an estimate of exposure time. According to Statement on Appraisal Standards No. 6 of the Uniform Standards of Professional Appraisal Practice (USPAP), *exposure time* is defined as “the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market”. Based upon my judgment and experience, and considering the data set forth in this appraisal report, it is my opinion that the exposure time for the subject property, on the effective date of this appraisal, would have been in the range of 12 months. That is to say, the subject would have had to have been placed on the market 12 months ago to result in a sale at the appraised value of \$255,000 as of the effective date of the appraisal, which is October 18, 2012.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). This appraisal report also conforms to the Code of Professional Ethics and the Standards of Professional Practice of The Appraisal Institute as well as to the Code of Professional Ethics and Standards of Professional Practice of The Counselors of Real Estate. I am experienced in the valuation of this type of property in accordance with the “Competency Provision” of the Uniform Standards of Professional Appraisal Practice.

I appreciate the opportunity to serve you. Please do not hesitate to contact me if any additional information or clarification is needed.

Respectfully submitted,



Michael S. Clapp, MAI, CRE



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Addenda

ASSUMPTIONS AND LIMITING CONDITIONS

1. The liability of appraiser and the firm is limited to the client only. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in property, client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, client will hold appraiser completely harmless in any such action.
2. Acceptance of, and/or use of, this appraisal report by client or any third party constitutes acceptance of the above conditions. APPRAISER LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS, AND IS LIMITED TO THE FEE RECEIVED.
3. No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments.
4. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.
5. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct.
6. Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.
7. It is assumed that there are no hidden or un-apparent conditions of the property, sub-soil or structures which would render it more or less valuable. No responsibility is assumed for such conditions or the engineering which may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Subsurface rights (mineral and oil) were not considered in making this appraisal.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. It is assumed that all applicable zoning and use of regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

9. It is assumed that all required licenses, consents, or 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 value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the client without the previous written consent of the appraiser or the client, and then only with proper identification and qualification and only in its entirety.

12. I am not required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.

13. The distribution of the total value of this appraisal between land and improvements applies only under the existing program of utilization. The separate valuations for the land and building must not be used in conjunction with any other appraisal and are invalid if so used.

14. This appraisal has been made in accordance with the rules and professional ethics of the Appraisal Institute.

15. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser, particularly as to valuation conclusions, or to the identity of the appraiser or appraisal firm represented, or any reference to an appraisal organization or an appraisal designation.

16. On all appraisals subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.

17. No engineering survey was made or caused to be made by the appraiser, and any estimate of fill or other site work was based on visual observation and the accuracy of required fill is not guaranteed. No test borings or typing and analysis of subsoils were made or caused to be made by the appraiser, and the appraiser assumes no responsibility for the presence of any

adverse conditions, or for any engineering which might be required to discover such a condition.

18. This appraisal is conditional upon the structure being structurally sound, free and clear of all wood destroying organisms and all plumbing, electrical and mechanical parts being in good working order.

19. This appraisal is based upon the assumption that there is no hazardous waste on or near the subject site and, if this is not a valid assumption, then I reserve the right to revise the appraisal accordingly.

20. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation or asbestos, and/or the existence of radon gas and/or toxic waste, which may or may not be present on the property, was not observed by me; nor do I have any knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The existence of urea-formaldehyde foam insulation, asbestos, radon gas or other potentially hazardous waste material or toxic waste may have an effect on the value of the property. I urge the client to retain experts in these fields if desired. I reserve the right to revise the appraisal accordingly if potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation or asbestos, and/or the existence of radon gas and/or toxic waste is found on or in the property.

21. This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraiser is not a construction, engineering, or legal expert, and any opinion given on these matters in this report should be considered preliminary in nature.

22. The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only and no detailed inspection was made. For instance, I am not an expert on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations and it is assumed that all buildings meet the building codes unless so stated in the report.

23. Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and, therefore, were not inspected. The existence of insulation (if any is mentioned) was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

24. Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation. This appraisal is based upon the assumption that the building components are in good working order, unless a contrary condition is specifically mentioned if this is not a valid assumption, then I reserve the right to revise the appraisal accordingly.

25. The comparable sales data relied upon in the appraisal are believed to be from reliable sources. The value conclusions are subject to the accuracy of said data.

26. Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

27. All values shown in the appraisal report are projections based on the analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since the projected mathematical models are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, I do not represent them as results that will actually be achieved.

28. This appraisal is an estimate of value based on an analysis of information known to me at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

29. This appraisal assumes soil and subsoil conditions are satisfactory. No unusual building settlement, which would indicate poor soils or subsoils, was observed during the inspection.

30. Because there is no current survey or title report as of the effective date of this report, this appraisal assumes there are no adverse easements or encroachments, or other restrictions, which adversely affect the development potential of the subject site, or its ability to be developed according to its most likely zoning. If this is not a valid assumption, then I reserve the right to revise the appraisal accordingly.

31. Any before-tax investment analysis and resulting measures of return on investment are intended to reflect only possible and general market considerations, whether used to estimate value or return on investment given a purchase price. Please note that the appraiser does not claim expertise in tax matters and advises client to seek competent tax advice.

32. Proposed improvements, if any, on or off-site, as well as any repairs or alterations required are assumed, for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, and if proposed, as if completed and operating at levels shown and projected.

33. No survey was furnished showing the delineation of wetlands areas. I am not an expert in the field of delineation of wetlands areas. It is recommended that a qualified engineer be engaged in order to delineate any wetlands areas that might be located on the property. This appraisal assumes that the development of the subject property is not negatively affected by the location of wetlands areas on the property and I reserve the right to revise the appraisal accordingly if this is found not to be the case.

34. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could 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 effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

35. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval for a loan.

36. Acceptance of and/or use of this report constitutes acceptance of all of the foregoing assumptions and limiting conditions.

REPORT FORMAT

The accompanying report is a Self-Contained Appraisal Report and in my opinion contains all the research and analysis to develop credible assignment results and to conform to the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, including supplemental standards applicable to federally related transactions. This report also conforms to the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute as well as the Code of Professional Ethics and Standards of Professional Practice of The Counselors of Real Estate. I am experienced in the valuation of this type of property in accordance with the "Competency Provision" of the Uniform Standards of Professional Appraisal Practice.

IDENTIFICATION OF THE PROPERTY

Per the property tax records, the street address for the subject is 301-305 Shadybrook Road, High Point, NC 27265. It consists of 9.808 acres per the plat recorded in Plat Book 175, Page 109, of the Guilford Registry (see New Lot "B"). The subject is also identified as Tax PIN #6892507448 per the Tax Assessor's records. The land is located at the southwest corner of Shadybrook Road and School Park Road about three miles northwest of the central business district.

A copy of the plat and tax card is in the addenda.

The subject is a vacant tract of land and is within the city limits of High Point. No survey current as of the effective date of the appraisal was for use in this analysis.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property. The client and intended user of the appraisal is the City of High Point; there are no other intended users. The intended use of the appraisal is to aid the City of High Point in arriving at a potential purchase price of the subject property.

PROPERTY RIGHTS APPRAISED

The property right appraised is the fee simple estate. According to the Dictionary of Real Estate Appraisal, Third Edition, published by The Appraisal Institute, the fee simple estate is defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."

Note that the fee simple interest is encumbered by an agreement between the City of High Point and the Guilford College Board of Education. I have been furnished an unsigned copy of the

agreement by the City of High Point that is dated 2006. The agreement is with the Guilford County Board of Education and runs from January 1, 2006 until December 31, 2016. The agreement may be terminated by either party with proper notice upon its December 31, 2016 expiration. If the agreement is not terminated it renews for another ten years. This agreement provides for the City to construct at its expense soccer fields in the area and for the school owned and operated by the Board of Education to have the right to use those soccer fields. A copy of that agreement is in the addenda. As part of that agreement the City is using the drive on the subject's northwest corner to access its recreational facilities located to the west of the subject and south of School Park Road. Per Mr. Pat Pate, Assistant City Manager for the City of High Point, the City does not receive any revenue from the Board of Education as a result of the agreement.

In my opinion the net effect of the agreement is to restrict the use of the land until proper notice is given so that the agreement can be cancelled by one of the two parties, presumably the City of High Point, upon its expiration on December 31, 2016. The City does not receive any income stream from the agreement so there is no income to capitalize into value. The impact of the agreement in my opinion is to defer until December 31, 2016, a period of four years for purposes of this analysis, any ability to develop the land which in effect would most likely restrict the ability to sell the land until the agreement is properly terminated on December 31, 2016. Thus, the agreement is a negative factor that reduces the value of the subject property in my opinion.

EFFECTIVE DATE OF VALUE AND DATE OF REPORT

The site was inspected October 18, 2012 and that is the effective date of the appraisal. No one accompanied me on my inspection. The report was prepared during the month of October 2012. The date of the report is October 27, 2012.

DEFINITION OF MARKET VALUE

For purposes of this assignment, the definition of market value is the definition of the Appraisal Foundation, Uniform Standards of Appraisal Practice, which is as follows:

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

1. buyer and seller are typically motivated.
2. both parties are well informed or well advised, and acting in what they consider their best interest;

3. a reasonable time is allowed for exposure on the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The appraisal and market value estimate are subject to the Assumption & Limiting Conditions set forth in this report.

PROPERTY HISTORY AND BACKGROUND DATA

As of the effective date of the appraisal the property is owned by the Guilford County Board of Education who apparently purchased all but the northern 1/3 of the property (which the Board of Education already owned) from the City of High Point on May 21, 2007. The purchase price was not provided to me but in my judgment that sale is too dated to be a valid indicator of value under current market conditions. The transaction is recorded in Deed Book 6728, Page 348. A copy of the deed is in the addenda.

Please refer to the Property Rights Appraised discussion above for details of an agreement that restricts the use of the property until at least December 31, 2016, assuming the agreement is properly terminated by either the City of High Point or the Guilford County Board of Education.

SCOPE OF THE APPRAISAL

In preparing this appraisal, I performed the following steps:

- Inspected the subject property and the surrounding area.
- Met with Planning Department and Utilities Department officials to discuss the subject's zoning and the location of existing public water and sewer lines.
- Gathered and confirmed information on comparable land sales.
- Confirmed and analyzed the data and estimated the subject's value by the Sales Comparison Approach. Please see the comparable data sheets for the source of confirmation for each transaction.

The various sections of this report also contain other steps that I followed in valuing the subject property.

AREA DATA

The subject property is located in High Point, Guilford County, North Carolina. High Point is one of the three major cities of the “Piedmont Triad” area of North Carolina. The other two major cities in this area are Greensboro, also in Guilford County, and Winston-Salem, which is located in the adjoining county of Forsyth. All three form a triad. Greensboro’s central business district (CBD) is about 27 miles east of Winston-Salem’s CBD and Winston-Salem’s CBD is about 19 miles northwest of High Point’s CBD.

This section covers population, income, and employment levels of those that make up the Triad. Also presented is an analysis of the economic conditions affecting the Triad as of the effective date of the appraisal. The information is as of October 1, 2012 and covers most markets through the second quarter of 2012.

The sources of information are:

- Population and Income Data: Site to Do Business Website of the CCIM Institute. The latest available information is from 2011.
- Employment Data: North Carolina Employment Security Commission, and the Triad Business Index produced by Dr. G. Donald Jud of the Bryan School of Business & Economics at The University of North Carolina at Greensboro.
- Retail, Office, and Warehouse Market Data: The Karnes Report, which is published quarterly by Karnes Research Company, LLC, of Charlotte, NC, second quarter of 2012. ***Please note that the rents reported are asking rents and not actual rents.***
- Single Family Residential Market Data: Michael S. Clapp & Associates, Inc. which publishes a report every other month on the residential market.
- Apartment Market Data: Carolinas Real Data April 2012 Apartment Index for Greensboro/Winston-Salem

The significant points to be drawn from this analysis are:

- For the five-year period from 2011-2016, the projected annual population growth rates are 1.09% for Forsyth County, 1.22% for Guilford County, and 0.94% for the entire Piedmont Triad region. These growth rates significantly trail those of Mecklenburg County (Charlotte) and Wake County (Raleigh), which are projected at 1.76% and 2.46%, respectively.
- The median household income in 2011 for Forsyth County is 20% below that of Mecklenburg County (Charlotte) and 26% below that of Wake County (Raleigh). Guilford County’s median household income is 18% below Mecklenburg and 24% below Wake.

- The average household income in 2011 for Forsyth County is 19% below that of Mecklenburg County and 23% below that of Wake County. Guilford County's average household income is 17% below Mecklenburg and 21% below Wake.
- The employment numbers remain weak and are not likely to show any major improvement over the near term. Clearly, the nation as well as the regional and the local economies continue to suffer from stubbornly high unemployment.
- For the second quarter of 2012, vacancy in the retail market remained steady with the previous two quarters at the relatively high level of 11.5%. Asking rents stood at \$16.36 per square foot for the second quarter of 2012, down from \$16.41 in the first quarter of 2012. The retail market remains under pressure with no discernible recovery yet in site.
- The office market continues to sustain high vacancies with each of the past three quarters showing an increase in vacancy. For the second quarter of 2012 vacancy stands 16.3% versus 15.9% for the first quarter. Despite the increase in vacancy, asking rents moved up slightly to \$16.34 for the second quarter versus \$16.30 for the first quarter.
- The warehouse market continues to experience a high vacancy rate (22.7%). The spike in asking rents to \$3.77 per square foot in the first quarter of 2011 has not been sustainable with asking rents drifting down to the \$3.62 level in the second quarter of 2012.
- Relative to the single family residential market, sales volumes appear to be establishing a bottom but prices continue to drift downward. Unemployment remains very high and is projected to remain stubbornly high over the near term. Job creation is slow and job uncertainty is still widespread. The inventory level continues to be excessive and the market is very competitive. The outlook for residential real estate is a difficult one at best.
- Given the current state of the market, it is my opinion that the apartment market is balanced relative to supply and demand.

Population and Income Data

Ten counties make up the Piedmont Triad region: Alamance, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin. In 2011, the estimated population of this region was 1,602,998.

The most populous and urbanized counties in the Piedmont Triad region are Forsyth County, which contains the city of Winston-Salem, and Guilford County, which contains the cities of Greensboro and High Point. The other counties are more rural with smaller cities and towns.

The following table outlines the projected 2011-2016 population trends for Forsyth County, Guilford County, the Piedmont Triad region, the entire state, and the nation. For comparison purposes, the figures are also shown for the two most populous counties in North Carolina: Mecklenburg County, which contains Charlotte, the state's largest city, and Wake County, which contains Raleigh, the state capital.

Population Trends: 2010 – 2016				
	2010	2011	2016	2011-2016 Annual Rate
Forsyth County	350,670	354,154	373,807	1.09%
Guilford County	488,406	494,397	525,372	1.22%
Piedmont Triad (10 counties)	1,589,200	1,602,998	1,679,740	0.94%
North Carolina	9,535,483	9,658,876	10,291,709	1.28%
United States	308,745,538	310,704,322	321,315,318	0.67%
Other NC Counties				
Mecklenburg County (Charlotte)	919,628	937,422	1,022,818	1.76%
Wake County (Raleigh)	900,993	924,211	1,043,722	2.46%

As indicated above, the 2011-2016 projected population growth rates for Forsyth and Guilford counties are slightly lower than that for the state and much lower than those for Mecklenburg and Wake counties.

Thus, the expected population growth rates during the next few years in Forsyth and Guilford are probably sustainable but they are rather modest and do not provide a basis for any major increases in future or potential demand for real estate in the Piedmont Triad region.

As outlined in the next two tables, the median and average household income levels in Forsyth and Guilford counties are higher than those for the entire Piedmont Triad and the state, but significantly lower than those for the Mecklenburg and Wake counties.

Median Household Income Trends: 2011 – 2016			
	2011	2016	2011-2016 Annual Rate
Forsyth County	\$46,017	\$53,870	3.20%
Guilford County	\$47,044	\$54,478	2.98%
Piedmont Triad (10 counties)	\$42,977	\$51,485	3.68%
North Carolina	\$42,941	\$51,200	3.58%
United States	\$50,227	\$57,536	2.75%
Other NC Counties			
Mecklenburg County (Charlotte)	\$57,716	\$64,549	2.26%
Wake County (Raleigh)	\$62,020	\$69,412	2.28%

Average Household Income Trends: 2011 – 2016			
	2011	2016	2011-2016 Annual Rate
Forsyth County	\$63,136	\$70,402	2.20%
Guilford County	\$64,722	\$72,058	2.17%
Piedmont Triad (10 counties)	\$58,583	\$65,195	2.16%
North Carolina	\$59,079	\$65,975	2.23%
United States	\$68,013	\$77,476	2.64%
Other NC Counties			
Mecklenburg County (Charlotte)	\$77,900	\$87,924	2.45%
Wake County (Raleigh)	\$81,571	\$91,558	2.34%

Employment Data

Since the end of 2007, the Triad's economy has been in a downturn due to tightened credit availability, job losses, high unemployment, and a depressed housing market.

The following table outlines the estimated number of persons employed in August during the past five years in Forsyth County, Guilford County, the Piedmont Triad region, and the state.

Total Employment - Five-Year Trend for Selected Month (Figures are not seasonally adjusted)					
	Aug-08	Aug-09	Aug-10	Aug-11	Aug-12
Forsyth County	166,671	160,559	159,165	161,038	160,869
Guilford County	235,381	221,016	225,650	224,856	230,529
Piedmont Triad	743,466	698,386	707,164	710,480	720,214
North Carolina	4,290,406	4,080,702	4,126,774	4,166,626	4,219,378

As shown above, the total number of employed persons in the Piedmont Triad region fell sharply between 2008 and 2009 due to the recession. The region's employment levels stabilized in 2010 and they have been slowly increasing over the past two years. However, the region's total employment is still about 3.1% lower than it was five years ago.

The next table outlines the unemployment rates in August during the past five years in Forsyth and Guilford counties and the Piedmont Triad region. For comparison purposes, the rates for the state and nation are also shown.

Unemployment Rates - Five-Year Trend for Selected Month (Rates are not seasonally adjusted)					
	Aug-08	Aug-09	Aug-10	Aug-11	Aug-12
Forsyth County	6.3%	10.0%	10.4%	10.4%	9.5%
Guilford County	6.7%	11.5%	11.4%	11.4%	10.0%
Piedmont Triad	6.9%	11.5%	11.1%	11.0%	9.8%
North Carolina	6.7%	10.7%	10.7%	10.8%	9.7%
United States	6.1%	9.6%	9.5%	9.1%	8.2%

As shown above, unemployment rates in the Piedmont Triad area rose sharply between 2008 and 2009 due to the recession. The region's unemployment rate has slowly improved over the past two years. However, the current rates remain high because population growth is outpacing employment growth and because more unemployed people have returned to the labor force to look for work. Thus, the Triad continues to be adversely impacted by unemployment rates that are much higher than they were five years ago.

Retail Market Overview

The Karnes Triad retail survey covers buildings of 5,000 square feet or more that are located in the Piedmont counties of Forsyth, Guilford, Alamance, Davidson, and Randolph. The survey covers 657 buildings totaling 37,814,861 square feet, of which 4,334,867 square feet (11.5%) were vacant. Historical vacancy on a per quarter basis is summarized on the table that follows.

Retail Market Vacancy	
Quarter	Vacancy
1Q08	9.6%
2Q08	9.3%
3Q08	9.6%
4Q08	9.6%
1Q09	10.3%
2Q09	10.5%
3Q09	10.4%
4Q09	10.8%
1Q10	10.1%
2Q10	10.0%
3Q10	9.8%
4Q10	9.6%
1Q11	10.4%
2Q11	11.7%
3Q11	11.4%
4Q11	11.5%
1Q12	11.5%
2Q12	11.5%

The average overall vacancy rate was 9.5% in 2008. For 2009 the average overall vacancy increased to 10.5%, a 100 basis point increase. For 2010, the vacancy rate improved on an annual basis to 9.9%. However, the market could not sustain the trend of four straight quarters of decreasing vacancy experienced during 2010. In 2011 vacancy increased for both the first and the second quarters before declining slightly to the 11.4% level for the third quarter of 2011. It then nudged up to 11.5% in the fourth quarter. The vacancy rate for 2011 thus averaged 11.25%. For the first and second quarters of 2012 vacancy remained steady at 11.5%. Thus, for the previous five quarters retail vacancy has remained in a tight range of 11.4% to 11.7%. Clearly, there has not been any recovery in the Triad's retail market in the past fifteen months.

For the second quarter of 2012 the trend in vacancy by space type shows vacancy has increased in two types, has decreased in three types, and has remained stable in one type. Vacancy continues to remain high for those centers that carry a larger percentage of local shops as illustrated in the following table.

Retail Vacancies by Space Type											
Quarter	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Specialty	20.9%	17.2%	16.8%	18.0%	18.6%	15.3%	18.3%	16.8%	15.8%	17.3%	18.1%
Neighborhood	15.7%	14.6%	14.4%	14.4%	14.6%	15.1%	15.0%	15.4%	15.7%	16.0%	15.8%
Strip	15.1%	14.5%	14.0%	13.2%	12.5%	12.8%	14.6%	13.9%	14.1%	14.9%	15.6%
Community	9.8%	8.9%	9.0%	9.0%	9.2%	9.3%	10.4%	10.4%	10.4%	8.9%	8.6%
Power	7.6%	7.6%	7.7%	7.0%	5.6%	6.9%	7.2%	7.3%	8.3%	8.3%	8.1%
Regional	1.7%	1.9%	1.9%	2.0%	2.4%	5.0%	8.1%	7.4%	6.5%	6.8%	6.8%

Footnotes:

- Specialty centers are unanchored centers.
- Neighborhood centers contain 50,000 to 125,000 square feet.
- Strip centers contain 20,000 to 50,000 square feet with no large anchors.
- Community centers in are the 125,000 to 400,000 square foot size range.
- Power centers typically contain 250,000sf or more and are heavily anchored.
- Regional centers are typically enclosed malls.

As seen from the table above, vacancy has consistently been concentrated in unanchored retail centers (specialty centers) or those with only a few anchors such as neighborhood and strip centers. Since those space types depend heavily on local tenants rather than anchor tenants, it is reasonable to expect continued high vacancy over the foreseeable future in specialty, neighborhood, and strip centers.

The normal level of vacancy for the retail market is generally accepted to be at a 10.0% level. The high vacancy, if it continues, could lead to decreasing rent levels and an associated decline in property values. As of the second quarter of 2012, three (specialty, neighborhood, and strip centers) of the six classifications of retail space had vacancy rates of 15.6% or greater. As seen from the table, in the second quarter of 2012 vacancy trends increased in the specialty and strip space types, decreased in the neighborhood, community, and power space types, and remained level in the regional category.

Net absorption during the second quarter of 2012 was only 41,381 square feet but there was no addition of completed space for the second quarter. On a year-to-date basis, the first two quarters of 2012 showed absorption of 55,318 square feet with completed additions of only 16,219 square feet. The relatively soft market has for the time being put the brakes on the construction of new retail space.

Average retail rents (asking rents) over the last eighteen quarters show the following trend:

Average Retail Rents	
Quarter	Avg. Rents
1Q08	\$15.86
2Q08	\$16.60
3Q08	\$16.65
4Q08	\$16.44
1Q09	\$16.44
2Q09	\$16.34
3Q09	\$16.33
4Q09	\$16.12
1Q10	\$16.02
2Q10	\$16.37
3Q10	\$16.38
4Q10	\$16.39
1Q11	\$16.27
2Q11	\$16.39
3Q11	\$16.52
4Q11	\$16.45
1Q12	\$16.41
2Q12	\$16.36

The average asking rent declined for six consecutive quarters from the third quarter 2008 peak of \$16.65 per square foot. Rents bottomed out in the first quarter of 2010 at \$16.02 per square foot and have had an uneven but upward trend since then. The climb in asking rents peaked at \$16.52 in the third quarter of 2011 and since then the trend has been a downward one to the current level of \$16.36. The average asking rent in the second quarter of 2012 was \$16.36 per square foot, down \$.05 over the prior quarter. At \$16.36 per square foot, asking rents for the second quarter of 2012 are about at their second quarter 2009 level of \$16.34.

The Karnes Report notes that only 38,000 square feet of retail space was under construction as of the second quarter of 2012. Karnes also reports an additional 1,841,354 square feet is shown as proposed space. It is unlikely, of course, that all of the proposed space will actually be built. Even so, rents and vacancy would be further weakened if there is a significant amount of space delivered over the near term. This is especially true if consumer spending remains weak in the face of stubbornly high unemployment. Weak consumer spending must certainly be one of the more significant factors contributing to the continued high vacancy that has prevailed in the market since the second quarter of 2011 when vacancy rose to 11.7%.

To sum up, the retail market has historically been healthy with a balance of supply and demand; rental rates have steadily increased over time. However, those trends have been under pressure for 3 ½ years with vacancies increasing and rents declining from their peak levels. The country is no longer technically in a recession, but growth is very slow. Further, unemployment is high at both the national and local levels. Indications are unemployment will continue to remain stubbornly high through 2012 and into 2013. Considerable job weakness and uncertainty, coupled with pressure on housing prices (see single family residential discussion later in this section), will likely result in anemic retail sales, which will make it difficult to improve occupancy. Consequently, it is likely that both rents and vacancy will continue to be under pressure over the near term. This is especially true if much of the proposed space comes on stream.

Office Market Overview

The office market has struggled over the years with high vacancy rates. Thus, it has been difficult for offices to meaningfully increase rental rates. Due to the lack of new construction, the office market is beginning to show a slow recovery in vacancy and rental rates although that recovery stalled somewhat in the first two quarters of 2012, at least relative to the vacancy levels. The Karnes Report includes all office buildings over 5,000 square feet in size in Forsyth, Guilford, Alamance, Davidson, and Randolph counties. The report covers 675 buildings containing 26,784,448 square feet, of which 4,357,483 square feet (16.3%) were vacant in the second quarter of 2012.

Overall office vacancy for the last several years on a quarterly basis is as follows:

<u>Overall Office Market Vacancy</u>	
Quarter	Vacancy
1Q08	17.8%
2Q08	18.0%
3Q08	18.2%
4Q08	18.0%
1Q09	18.0%
2Q09	18.0%
3Q09	18.9%
4Q09	19.2%
1Q10	18.3%
2Q10	18.0%
3Q10	17.9%
4Q10	17.5%
1Q11	17.6%
2Q11	16.1%
3Q11	15.6%
4Q11	15.8%
1Q12	15.9%
2Q12	16.3%

The table illustrates that vacancy tended to stabilize in the 18.0% range until the third quarter of 2009 when it increased a noticeable 90 basis points to 18.9%. Vacancy peaked in the fourth quarter of 2009 at the 19.2% level before decreasing significantly the following seven quarters to the 15.6% level in the third quarter of 2011. Since that point, vacancy has trended upward very slightly to the 16.3% level as of the second quarter of 2012. For the past four quarters (third quarter of 2011 to second quarter of 2012) vacancy has tracked in a narrow range of 15.6% to 16.3% but again the trend has been upward in each succeeding quarter.

Average asking rents (on a full service basis) increased slightly despite the increase in vacancy over the period. Asking rents gained \$.04 moving from \$16.30 in the first quarter 2012 to \$16.34 in the second quarter 2012. By means of comparison, asking rents in the second quarter of 2012 are up \$.13 per square foot from the third quarter 2011 level of \$16.21.

Despite the upward trend, rental rate growth is modest, averaging less than 1% per year since the first quarter of 2008.

Overall Office Market Rents	
Quarter	Avg. Rents
1Q08	\$15.72
2Q08	\$15.65
3Q08	\$15.66
4Q08	\$15.75
1Q09	\$15.79
2Q09	\$15.79
3Q09	\$15.83
4Q09	\$15.80
1Q10	\$15.81
2Q10	\$15.84
3Q10	\$15.89
4Q10	\$15.96
1Q11	\$15.97
2Q11	\$16.22
3Q11	\$16.21
4Q11	\$16.31
1Q12	\$16.30
2Q12	\$16.34

Thus, for the second quarter of 2012 the overall vacancy rate rose to 16.3% versus 15.9% for the first quarter of the year. Asking rents on a quarter-to-quarter basis increased ever so slightly by \$.04 to \$16.34 in the second quarter of 2012.

The Class A vacancy and rents on a quarterly basis for the past eighteen quarters are as follows:

Class A Office Market Vacancy & Rents		
Quarter	Vacancy	Avg. Rents
1Q08	16.7%	\$17.40
2Q08	16.9%	\$17.38
3Q08	17.4%	\$17.36
4Q08	17.1%	\$17.52
1Q09	17.4%	\$17.61
2Q09	17.7%	\$17.62
3Q09	18.2%	\$17.64
4Q09	18.6%	\$17.65
1Q10	17.4%	\$17.67
2/Q10	17.1%	\$17.72
3/Q10	16.6%	\$17.75
4Q10	16.3%	\$17.84
1Q11	16.2%	\$17.89
2Q11	15.2%	\$17.82
3Q11	14.3%	\$17.74
4Q11	14.5%	\$17.77
1Q12	14.7%	\$17.74
2Q12	14.7%	\$17.80

Vacancy for the second quarter of 2012 held steady with the first quarter rate at 14.7%. Vacancy in the Class A market decreased from a high of 18.6% in the fourth quarter of 2009 to 14.3% in the third quarter of 2011 but since that time has increased slightly to the current level of 14.7%. However, a troubling trend may be forming; note that vacancy bottomed at 14.3% in the third quarter of 2011 and has increased the past two quarters to the current quarter's level of 14.7%. Class A asking rents peaked at \$17.89 in the first quarter of 2011 before beginning an uneven descent to the current level of \$17.80.

Trends in Class B vacancy and rents for since 2008 are shown in the table on the following page.

Class B Office Market Vacancy & Rents

Quarter	Vacancy	Avg. Rents
1Q08	15.3%	\$13.29
2Q08	15.6%	\$13.08
3Q08	15.6%	\$13.10
4Q08	16.1%	\$13.20
1Q09	15.6%	\$13.26
2Q09	15.0%	\$13.22
3Q09	16.8%	\$13.35
4Q09	16.6%	\$13.19
1Q10	16.6%	\$13.19
2Q10	16.4%	\$13.26
3Q10	16.7%	\$13.28
4Q10	16.3%	\$13.22
1Q11	16.7%	\$13.15
2Q11	16.2%	\$13.73
3Q11	16.2%	\$13.78
4Q11	16.6%	\$13.93
1Q12	16.5%	\$13.90
2Q12	17.6%	\$13.90

As seen from the above table, vacancy in the second quarter of 2012 increased significantly to 17.6% versus 16.5% for the first quarter. Despite the jump in vacancy, asking rents remained level for the second quarter versus the first quarter at \$13.90. Asking rents have had a good run up since bottoming out at \$13.15 in the first quarter of 2011. It remains to be seen whether the new level of rental rates will hold in the face of the slow economic recovery and the increase in the Class B vacancy rate. For Class B space over the past eighteen quarters, vacancy has traded in the range of 15.0% to its current high of 17.6% while rents have ranged from \$13.08 to \$13.93. While Class B rents are at the upper end of the range, annual growth in rental rates since the first quarter of 2008 has only been about 1%.

Class C space continues to suffer very high vacancy (22.4% for the second quarter of 2012) with asking rents steady at \$12.07 per square foot.

The Karnes Report notes that the three office buildings are under construction as of the second quarter of 2012. Those three buildings contain a total of 115,000 square feet; Karnes reports that one 55,000 square foot building is pre-leased to South University. The Karnes Report shows 1,221,851 square feet of office space as proposed space as of the second quarter of 2012. It is unlikely, of course, that all of the proposed space will actually be constructed.

The anemic economic recovery, the lack of job growth, and the persistently high unemployment rate have the effect of decreasing demand. While the supply of new space added to the market is not large, the supply of new space combined with the contraction in demand has resulted in some increase in vacancy.

Warehouse Market Overview

The Karnes Triad industrial survey covers buildings of 5,000 square feet or more in size that are located in the Piedmont counties of Forsyth, Guilford, Davidson, Alamance, and Randolph.

Relative to warehouse properties, the survey covers 570 buildings totaling 53,941,379 square feet, of which 12,267,286 square feet (22.7%) were vacant. Vacancy on a quarterly basis for since 2008 has been very high but has also been very stable as shown on the table that follows.

Warehouse Market Vacancy	
Quarter	Vacancy
1Q08	22.6%
2Q08	22.2%
3Q08	22.4%
4Q08	22.2%
1Q09	22.5%
2Q09	22.6%
3Q09	22.5%
4Q09	22.6%
1Q10	22.0%
2Q10	21.4%
3Q10	22.5%
4Q10	21.5%
1Q11	23.0%
2Q11	22.5%
3Q11	22.0%
4Q11	22.3%
1Q12	22.6%
2Q12	22.7%

For the second quarter of 2012, net absorption totaled -109,764 square feet thus resulting in the slight increase in vacancy. Except for two quarters, vacancy since 2008 has been in the narrow range of 22% to 23% for the Triad's warehouse market. The range in the high and low for the past eighteen quarters has been from a low of 21.4% in the second quarter of 2010 to a high of 23.0% in the first quarter of 2011. Karnes reports that there were no additions of completed space to the inventory during the second quarter of 2012 or on a year-to-date basis.

For the second quarter of 2012, average asking rents (on a triple net basis) for warehouse properties increased very slightly to \$3.62 versus \$3.60 for the previous quarter. Average asking rents are down from their peak of \$3.77 in the first quarter of 2011 but may be on the verge of stabilizing despite the high vacancy, as illustrated on the table that follows:

Average Warehouse Rents	
Quarter	Avg. Rents
1Q08	\$3.53
2Q08	\$3.53
3Q08	\$3.55
4Q08	\$3.50
1Q09	\$3.52
2Q09	\$3.52
3Q09	\$3.50
4Q09	\$3.49
1Q10	\$3.47
2Q10	\$3.41
3Q10	\$3.42
4Q10	\$3.75
1Q11	\$3.77
2Q11	\$3.66
3Q11	\$3.70
4Q11	\$3.60
1Q12	\$3.60
2Q12	\$3.62

The Karnes Report notes that 474,060 square feet of warehouse space was under construction as of the second quarter of 2012. An additional 2,686,939 square feet shown is shown as proposed space. It is not likely that all of that space will be built given the current high level of vacancy.

The warehouse market has historically experienced high vacancy rates. Given current and foreseeable market conditions, it is unlikely that the warehouse market will break out of its 4+ year quarterly range of 21.4% to 23.0% vacancy. The latest Karnes Report shows that the warehouse market continues to be unable to sustain the spike in average asking rents to \$3.77 per square foot in the first quarter of 2011. Asking rents have drifted down to \$3.62 per square foot as of the second quarter of 2012 but may be on the verge of stabilizing.

There is a ray of hope for the warehouse market, and that consists of the recent opening of the Fed Ex hub at the Piedmont Triad International Airport. Projections are Fed Ex will increase the demand for warehouse space, thus alleviating some of the vacancy currently existing. This is a likely scenario for newer, functional warehouse properties, but it is unlikely the advent of the Fed Ex facility will have any impact upon the high vacancy prevalent in older buildings. Moreover, Caterpillar is nearing completion of a \$426 million axle manufacturing plant in Forsyth County that will provide 500 jobs. It is expected to become operational in 2012.

Single Family Residential Market Overview

The information for this section was derived from periodic reports prepared by Michael S. Clapp & Associates, Inc. The firm has been compiling reports on the residential market since 1989. The report focuses on Forsyth, Davie, Davidson, Stokes, and Yadkin counties. While the eastern half of the Triad is not included in the report, the trends found in the aforementioned counties are most likely applicable to the eastern part of the Triad as well.

The information from the July 1, 2012 report shows the following trends in residential sales and prices.

YEAR TO DATE COMPARISONS

Period	New Listings	# Sales	% Change	Avg. Price	% Change	Sales/New Listings
1/1/10-6/30/10	6,853	2,752	18.6%	\$156,172	-1.2%	40.2%
1/1/11-6/30/11	6,166	2,499	-9.2%	\$157,335	0.7%	40.5%
1/1/12-6/30/12	6,002	2,654	6.2%	\$145,855	-7.3%	44.2%

The volume of sold units (demand indicator) for the first six months of 2012 was 2,654, up 6.2% over 2011. Sales on a year-to-date basis for the past three years have been in the range of 2,499 to 2,752 with an average of 2,635.

New listings (supply indicator) decreased 2.7% for the first six months of 2012 versus the corresponding period in 2011. The number of new listings on a year-to-date basis continued to decline which helps to alleviate the oversupply.

MLS showed a total of 4,730 active listings in Forsyth, Davie, Davidson, Stokes, and Yadkin counties as of 8/7/12. Sales in 2011 averaged 422/month. With 4,730 active listings and a monthly sales rate of 422 units, the inventory level for August 2012 equates to 11.2 months. By contrast, the inventory level was 13.0 months in August 2011 and 13.6 months in August 2010. An important indicator of market strength, “the percentage of sales to the number of new listings” ratio, has risen to 44.2% for the first six months of 2012 versus 40.5% for the corresponding period in 2011 and 40.2% for 2010. Take note, however, that the “number of new listings” ratio is at a low point given historical levels and continues to indicate a weak market with longer marketing periods and a potential for further price reductions.

The average sale price for the first six months of 2012 was \$145,855, off 7.3% over 2011. The current average price of \$145,855 is 18.8% below the peak of \$179,651 reported in our September 1, 2007 newsletter. Further price declines can be expected until the oversupply of existing inventory is eventually absorbed and until the unemployment rate declines to a more typical level.

Apartment Market Overview

This section has been prepared using data and statistics taken from Carolinas Real Data April 2012 Apartment Index for Greensboro/Winston-Salem.

Carolinas Real Data reports that the overall market, as of March 2012, had 1,825 units under construction. A total of 1,080 began construction in the preceding six months. A total of 1,831 units are planned although it is not likely all of these units will be built.

From September 2011 to March 2012, the overall vacancy rate rose from 8.3% to 8.4% as supply slightly exceeded demand. For example, during this period 490 units were added to the market and only 319 units were absorbed.

During this period, the average rent in the Triad fell very slightly from \$688 to \$681 per month although they are up substantially from the \$662 level in March of 2011.

As noted, the vacancy rate as of March 2012 was reported at 8.4%, up slightly from 8.3% in September 2011. For the past 3 ½ years vacancies have been declining since peaking at 13.9% in September of 2009. Rents over that time period have increased on the average as illustrated in the following table:

Period	Units Surveyed	Units Vacant	Vacancy Rate	Average Rent
Sept-09	55,576	7,745	13.9%	\$629
Mar-10	55,603	6,997	12.6%	\$624
Sept-10	57,274	5,635	9.8%	\$641
Mar-11	57,541	5,190	9.0%	\$662
Sept-11	58,751	4,863	8.3%	\$688
Mar-12	58,418	4,933	8.4%	\$681

Source: Carolinas Real Data

Carolinas Real Data projects vacancy will fall to the 7% range over the next year with rents growing 3% to 4%. Other projections made by Carolinas Real Data are as follows:

- Demand for units will outpace new supply for the next two years.
- Because of falling housing prices and low mortgage rates, the cost of renting now exceeds the cost of the average mortgage payment. However, because of the prospect for continued price declines in the single family housing market, consumers will be more inclined to rent than to purchase.
- Both occupancy and rental rates are forecast to improve over the next twelve months.

Based upon the most recent Carolinas Real Data apartment market study, it is my opinion that the market is balanced relative to supply and demand as indicated by its 8.4% vacancy rate. Overall vacancy has tended to stabilize at that rate for the twelve months from March 2011 to March 2012. Projections are that the market-wide vacancy will decrease to the 7% level from the March 2012 to March 2013 period. Rental rates on the average are down over the most recent six months just slightly but are up 2.9% from \$662 in March 2011 to \$681 in March 2012. Projections are that rents will rise 3% to 4% in the next year. Given the current state of the market, it is my opinion that the apartment market is balanced relative to supply and demand.

Summary

The Piedmont Triad is one of the North Carolina's major metropolitan areas. The Triad's growth has historically been only moderate when compared to Charlotte and Raleigh, North Carolina's

other major metropolitan areas. Income levels in those markets significantly exceed those found in the Triad as well.

The region's total employment fell sharply during 2008 and 2009 due to the national recession and downturn in the housing market. Although the region has had modest job growth during past two years, it continues to be adversely impacted by high unemployment rates. For 2012, the unemployment rates are expected to remain high and show only limited improvement.

The real estate markets in all sectors remain very competitive with excessive vacancies found in the warehouse market and relatively high vacancies found in the retail and office markets. The warehouse market has not shown any signs of a recovery relative to a reduction in its troubling-high vacancy rate. The retail market showed some signs of improvement in 2010 but in 2011 vacancies increased to the highest levels since we began keeping track of the Karnes vacancy reports in the first quarter of 2008. Thus far in 2012 retail vacancies continue to be in the range experienced in 2011. The office market is the only market to show any sustainable recovery pattern with vacancy having trended downward by 290 basis points since peaking in the fourth quarter of 2009. However, vacancies have ticked up the last three quarters. Single family residential sales have dropped significantly from the boom period levels but may be on the verge of stabilizing at lower but sustainable levels. Even so, prices continue to drift downward. The apartment market is balanced at this point in time relative to supply and demand as indicated by vacancy rate and rental growth trends; however, the apartment market is very cyclical and could become oversupplied if historical trends are indicative of future trends for that asset type.

Over the long run, the local economy should continue to expand at a moderate pace, with continuing growth in population and income levels. However, over the short run of 12 to 24 months, the local economy, including real estate in all sectors, most likely will be under some pressure. The outlook calls for the demand for real estate to be weak over the near term and some price declines could be experienced in selected sectors.

NEIGHBORHOOD DATA

Per the property tax records, the street address for the subject is 301-305 Shadybrook Road, High Point, NC 27265. It consists of 9.808 acres per the plat recorded in Plat Book 175, Page 109, of the Guilford Registry (see New Lot "B"). The land is located at the southwest corner of Shadybrook Road and School Park Road about three miles northwest of the central business district. The subject's market area is for the most part within the city limits of High Point. Its immediate environment is the 1.6 mile commercial corridor along North Main Street north from Eastchester Drive on the south to a point on the north where North Main enters US 311, a controlled access interstate-type connector. This is a well-established business and commercial district that consists of a variety of commercial buildings with tenants ranging from small local tenants to major national retailers such as Wal-Mart. For purposes of this analysis, the subject's market area contains the residential developments located several blocks east and west of the North Main Street corridor.

The North Main Street corridor is well served by major traffic arteries that place much of the metro area within minutes of this thoroughfare. For example, US 311 (also future I-74) lies about .5 miles north of the subject and has a full service interchange with North Main Street. Eastchester Drive (also NC 68) and is a major north-south artery that connects the North Main Street area with I-40 about 7.3 miles to the northeast of the subject, and to the Piedmont Triad International Airport just north of I-40. Wendover Avenue, which branches off Eastchester Road north of the subject, accesses Greensboro to the northeast of the subject. Finally, Westchester Drive connects the southern part of the city to the North Main Street commercial corridor. The proximity of these traffic arteries enhances the appeal and marketability of commercial properties along North Main Street as they provide the pathways from the surrounding residential areas to North Main Street.

Even though the market area is defined as a corridor, for purposes of this analysis, I have used a one mile radius from the subject property as the base for the area's demographic analysis. This search area covers the vast majority of the North Main Street corridor in the subject's vicinity, especially the residential areas that lie to the east and west of North Main Street. Using demographics obtained from the "Site to Do Business," the following observations are made.

- The 2010 population within a one mile radius of the subject was 6,879 and was projected to 7,161 in 2015. This equates to an annual growth rate of .81%. For the county overall, the growth rate from 2010 to 2015 is projected at 1.42%. Thus, the subject's market area is projected to grow at a somewhat slower pace than the county relative to population.
- The demographics for the one mile radius of the subject show that the 2010 median household income was \$53,348 and is projected to grow to \$60,424 by 2014. By means of comparison, the median household income for the county overall was \$55,705 in 2010 and is projected at \$63,481 by 2015. Thus, the median household income for the subject's market area is just slightly lower than that for the county.
- The median home value within a one mile radius of the subject in 2010 was \$116,290 versus that for the county as a whole of \$132,214. Thus, housing values in the subject's market area are about 12% below that of the county overall.
- The age of the housing stock within a one mile radius of the subject is about the same as that of the county overall. For example, the median year built for housing within the subject's submarket is 1978 versus 1975 for the county.
- The median age for the subject's market area (one mile radius) is was 37.8 years in 2010 versus 37.0 for the county.
- Relative to employment, 68.2% of the employed population within a one mile radius of the subject is engaged in white collar employment versus 65.1% for the county. Thus, white collar employment in the subject's market area is slightly above the rate found in the county overall.
- The subject's submarket is very comparable to the city and to the county relative to educational attainment. For the subject's submarket, 30.8% of the population has earned a bachelor/graduate/professional degree versus 32.4% for the county.
- The Spending Potential Index for Investments for those within a one mile radius of the subject property was 83 in 2010 versus 92 for the county overall. Thus, those in the subject's market area tend to save and invest less than those found in the county.

The above demographics indicate that the subject's market area (one mile radius for demographic purposes) is growing at a slower pace than that of the county, has a population with income levels just slightly lower than that of the county, and educational levels that are similar to those found in the county. Housing values are about 12% less than those of the county and area residents tend to save and invest at a lower rate than those in the county. The subject, it may be concluded, is similar to the overall county relative to some important demographic features but lags slightly relative to income levels, housing values, and savings rates. While the subject's market area does not necessarily outshine or outperform the overall market area relative to demographics, it certainly does not significantly underperform either. Thus, the demographics are considered neutral for real estate. That is, the subject's location does not command a premium relative to real estate values due to any outstanding demographic.

The City of High Point's Land Use Plan shows the proposed and projected land uses along North Main Street as community and regional commercial uses. Thus, future land uses are likely to be the same as historical land uses, those being commercial in nature.

It is now appropriate to examine the existing land use patterns along North Main Street from Eastchester Drive on the south leading north to US 311. Those land uses are virtually all commercial in nature with virtually no office or industrial uses. The uses are outlined as follows:

- At the south end of the corridor is some newer commercial development such as a Walgreen's drugstore and a Rite-Aid drugstore. Also located here are a Home Depot center and various strip commercial and free-standing buildings such as IHOP, and a Wilcohesse conveniences store. Some of the older buildings have been recycled with a former Hardee's restaurant now housing a barbecue restaurant and a former branch bank now housing North State Communications.
- Just to the north are several older auto dealerships such Mazda, Ford, Hyundai, and Kia. Two dealerships, however, are now closed. Moving north towards Hartley Drive, the land use consists of older but still very viable strip commercial uses housing Bojangle's, Arby's, Chic-Fil-A, Hardees, etc.
- At Hartley and Main is a Lowe's Home Improvement Center, an older center anchored by Staples, a Wal-Mart center, and Northpointe Crossing which is anchored by Food Lion.
- To the north of Hartley, the uses are a mixture of car rental lots, recreational services such as a fitness center and a bowling center, auto repair shops, and convenience stores. Most of this development is in the 20 year range in terms of age but there are also some newer convenience stores, say in the five year age range. These types of uses continue north of Bellevue to US 311.
- North Main Street in Seward Avenue area is beyond the northern limits of the subject's commercial corridor in my opinion. Commercial development in this area becomes very limited and consists primarily of a new Aldi's food store.

Thus, existing land uses along the North Main Street corridor are generally business, commercial, or retail in nature.

The North Main Street corridor as described herein is part of the Guilford-High Point submarket as per the Karnes Report. Karnes, as noted earlier, is a well-known firm that provides listing services for commercial real estate within the Triad as well as in other markets. Karnes publishes quarterly reports concerning supply/demand conditions, much of which was set forth on a market-wide basis under the Area Analysis section of the report. Per the second quarter 2012 Karnes Report (latest available), the subject's Guilford-High Point retail submarket seems to be performing slightly below that of the overall market relative to occupancy and rental rates. Karnes identifies 39 retail buildings as part of the Guilford-High Point submarket. Those buildings contain 2,840,359 square feet of space of which 354,885 or 12.5% is vacant. This compares to a market wide vacancy rate of 11.5% in the second quarter of 2012. The asking rent reported by Karnes for the submarket as of the second quarter 2012 is \$14.09 per square foot versus that of the overall market at \$16.36. Noting that the Karnes' Guilford-High Point submarket covers more than just the subject's neighborhood, the fact remains that the subject's area is exhibiting slightly higher vacancy and significantly lower asking rents than the market overall.

It is also pertinent to consider the land uses in the subject's immediate area of Shadybrook Road and School Park Road, as well as other land uses along streets near to the subject, which is as follows:

- Land uses along Shadybrook Lane north from Old Winston Road consist, first of all, of a smaller, 12 unit apartment complex known as Williamsburg Gardens. These units were built in 1970 and are situated on a 2.33 acre tract, which results in a density of 5.2 units per acre. These units border the subject property to the south. The subject extends north to School Park Road and on the north side of the road is the High Point Athletic Complex. On the east side of Shadybrook Road is a narrow strip of undeveloped land. North of School Park Road on the west side of the street is Shadybrook Elementary School. Older, average quality single family residential houses are located on either side of Shadybrook Road up to the US 311 overpass. The only exception to this is a 10.75 acre tract of land across from the school. This tract was zoned for multifamily development in 1998 at a density of 5 units per acre but has never been developed. Tax records show this land is owned by the same entity that owns Williamsburg Garden Apartments about one block to the south.
- Land uses along School Park Road consist of the aforementioned High Point Athletic Complex. The chief use is the A. J. Simeon Stadium, a modern football stadium. Other uses include running tracks, playgrounds, baseball fields, and soccer fields. There are also high intensity lights which allow for night time use of some of the facilities.
- Land uses along Belevue Drive north of the subject consist of a modern fire station and older moderate priced single family housing.

The subject's market area is not heavily developed with multifamily uses. Using the Carolinas Real Data April 2012 Apartment Index for Greensboro/Winston-Salem as a basis, there are only four major apartment properties in the North Main Street corridor. These four properties consist of the following:

- Fox Hollow Apartments at 177 Hartley Drive which was built in 1987 and which contains 84 units

- Mason Manor Apartments at 101 Northgate Court which was built in 1968 and which contains 65 units
- Meadowbrook Apartments at 3605 Walden Lane which was built in 1986 and which contains 152 units
- Willow Woods Apartments at 3019 Ingleside Drive which was built in 1974 and which contains 112 units

What is interesting to note is that these four apartment developments were built 25 to 44 years ago. The fact that there are not any newer apartment properties indicates that the subject's market area is not considered to be an apartment location. Given the lack of apartment development over the last 25+ years, it is apparent that the subject's neighborhood is not accepted in the market as an apartment district.

In my opinion, the neighborhood has an average reputation among those involved in the local real estate market. The North Main Street corridor is within the city limits of High Point and is under the zoning jurisdiction of the City of High Point. City services appear adequate. Probably 80%+ of the North Main Street corridor and of the subject's market area is developed. The age range tends to be from about five years to over thirty five years with a dominate age of 25+ years. The dominate age of the residential housing is about 35 years. What few apartments are in the neighborhood are in the 25 to 44 year age range. The neighborhood is classified as being in the middle stage of its life cycle.

Concluding, the neighborhood is growing at a slower rate than High Point and Guilford County overall. Its demographics are considered to be similar to or slightly below that of the county overall. The North Main Street corridor is well served by major traffic arteries which undoubtedly have contributed to the past success of commercial uses in the area. Tenants range from small local stores to such national tenants as Wal-Mart, Home Depot, and Lowe's. Land uses have historically been business in nature and future land uses should be the same. There has been little if any recent residential development within the market area. The appeal and desirability of the area as a whole is considered average.

SITE DATA

Per the property tax records, the street address for the subject is 301-305 Shadybrook Road, High Point, NC 27265. It consists of 9.808 acres per the plat recorded in Plat Book 175, Page 109, of the Guilford Registry (see New Lot "B"). The subject is also identified as Tax PIN #6892507448 per the Tax Assessor's records. The land is located at the southwest corner of Shadybrook Road and School Park Road about three miles northwest of the central business district.

A copy of the plat and tax card is in the addenda. These documents have been used in the description and analysis of the subject property.

The site was inspected on October 18, 2012 and that is the effective date of the appraisal. No one accompanied me on my inspection.

The subject is a vacant tract of land and is within the city limits of High Point. Per the recorded plat cited above, the subject property contains a total of 9.808 acres. No survey current as of the effective date of the appraisal was for use in this analysis.

The overall shape of the site is slightly irregular but basically rectangular as seen from the exhibits in the addenda. The shape is not unusual and it is adequate for real estate development in my opinion.

Using dimensions taken from the aforementioned recorded plat as a basis, the frontage along Shadybrook Road, which forms the front or east line, is for 726.74' from the southeast corner of the land north to the northeast corner at the intersection with School Park Road. The line then turns to the west and runs along the south side of School Park Road, which forms the subject's north line, for a distance of 545.33' to the northwest corner. The line then runs south to the southwest corner for 838.85'. Then, the boundary runs along the south line for 661.80' to the southeast corner, or the point of beginning.

The average width in an east – west direction is estimated at 600'. The average depth in a north – south direction is estimated at 780'. As noted, and as can be seen from the exhibits in the addenda, the shape is very slightly irregular but the shape, when combined with the size, is adequate for real estate development in my opinion.

The subject's view is a mixture of athletic fields and recreational uses owned and operated by the City of High Point to the north and west, a vacant strip of wooded land across Shadybrook Road to the east, and a small, older apartment development to the south. **While the view is not objectionable for a public or institutional use of the site as per its current zoning, given the noise, traffic, and possible night-time uses of the athletic fields and recreational facilities, the view and surroundings may not be overly conducive for a residential use of the site.**

The subject is a corner location but this does not materially enhance its development potential or marketability in my opinion. As noted, the subject has 726.74' of frontage on the west side of Shadybrook Drive which forms its front or east line as well as an additional 545.33' of frontage on School Park Road, which forms its north line. Shadybrook Road in this location is a four lane, asphalt paved city street with a 35 mile per hour speed limit. Its street improvements consist of curb, gutter, storm sewer and street lights. School Park Road in this location is a four lane, asphalt paved city street with concrete curb, gutter, street lights, and a sidewalk on its north side.

The traffic volume maps listed on the NCDOT website do not show a traffic count for Shadybrook Road or School Park Road, which indicates both roads are lightly traveled.

Currently, the only curb cut serving the land is located near its northwest corner onto School Park Road. This curb cut serves those using the City's recreational facilities to the west of the subject on the south side of School Park Road. This access is apparently allowed under an agreement under a 2006 agreement between the Guilford County Board of Education and the

City of High Point. I was furnished an unsigned copy of the agreement which is included in the addenda of the report.

The subject has sufficient road frontage on two public streets so it is likely it could obtain an additional one or two more curb cuts if so desired.

The site's exposure/visibility is good or typical from both directions of Shadybrook Road and from School Park Road as well.

I am not aware of any expected road changes, closings, or extensions that would impact access to the subject property. I am also not aware of any unusual street improvements that would be required upon the development of the land.

Reference to the Neighborhood Data shows that the subject is well located relative to US 311, North Main Street, and Eastchester Drive (NC 68).

The site's topography is classified as gently sloping and is adequate for real estate development. The slope is to the northeast and drainage is in that direction as well. The land is even to slightly above grade of Shadybrook Road and is at even grade with School Park Road. Thus, there is no grade differential with inhibits potential ingress-egress. The land is mostly wooded with a small cleared field at its northwest corner and another on its southern part. There are no streams on the land.

I was not furnished a soils report for use in this appraisal. I have not been advised of any unusual soil conditions that would preclude or impede real estate development. **Please note that this appraisal assumes that the subject's soils are suitable for real estate development (see Assumptions & Limiting Conditions #7, #17, and #29).**

The subject property is not in a flood zone. The flood map number is 3710689200K and is dated January 2, 2009. A copy is in the addenda. Per my meeting with Planning Department officials, the subject is in a watershed critical area defined as Oak Hollow Tier 4. This limits the built upon area to 50% of the land area.

No survey was furnished showing the delineation of any wetlands. **This appraisal assumes that the development of the subject property is not negatively affected by the location of wetland areas on the property; please see Assumption & Limiting Condition #33.**

Utilities serving the site include public water and sewer. My meeting with Utility Department officials shows that there is an 8" water line in both Shadybrook Road and School Park Road. Shadybrook Road has an 8" sanitary sewer line while School Park Road has a 12' sanitary sewer line. The site is also served with electricity.

Police and fire protection are provided by the City of High Point.

No survey or title report current as of the effective date of the appraisal was available for review. This appraisal assumes that there are no adverse easements or encroachments affecting the

subject property. If that is not a valid assumption then I reserve the right to revise the appraisal according. Please see Assumption & Limiting Conditions #3, #5, and #30.

The previously identified plat, a copy of which is in the addenda, shows a typical 30' overhead utility line easement which cuts across the northeast corner of the site. This easement does not impact the development potential of the subject property and is not an adverse easement in my opinion.

I have been furnished an unsigned agreement by the City of High Point that is dated 2006. The agreement is with the Guilford County Board of Education and runs from January 1, 2006 until December 31, 2016. The agreement may be terminated by either party with proper notice upon its December 31, 2016 expiration. This agreement provides for the City to construct at its expense soccer fields in the area and for the school owned and operated by the Board of Education to have the right to use those soccer fields. A copy of that agreement is in the addenda. As part of that agreement the City is using the drive on the subject's northwest corner to access its recreational facilities located to the west of the subject and south of School Park Road. Per Mr. Pat Pate, Assistant City Manager for the City of High Point, the City does not receive any revenue from the Board of Education as a result of the agreement.

In my opinion the net effect of the agreement is to restrict the use of the land until proper notice is given so that the agreement can be cancelled by one of the two parties, presumably the City of High Point, upon its expiration on December 31, 2016. The City does not receive any income stream from the agreement so there is no income to capitalize into value. The impact of the agreement in my opinion is to defer until December 31, 2016, a period of four years for purposes of this analysis, any ability to develop the land which in effect would most likely restrict the ability to sell the land until the agreement is properly terminated on December 31, 2016. Thus, the agreement is a negative factor that reduces the value of the subject property in my opinion.

No environmental site assessment was available for use in this appraisal. I am not aware of any contamination. **This appraisal assumes the site contains no potentially hazardous materials or environmental contamination (see Assumption & Limiting Condition #20).**

The land is bordered to the north and west by recreational uses owned and operated by the City of High Point. An elementary school is located about one block to the north. A 42 year old, 12 unit apartment complex borders the subject to the south while a vacant strip of land and mid-priced residential housing are to the east of the subject across Shadybrook Road. Thus, the surrounding land use patterns are a mixture of public, institutional, and residential. Please see the aerial photo in the addenda to visualize the surroundings.

The site's positive characteristics (competitive advantages) include the following:

- Generally accessible location with good access to US 311, North Main Street, and Eastchester Drive (NC 68)
- Slightly irregular but adequate shape with sufficient width and depth
- Adequate frontage on two streets with potential for several curb cuts
- Gently sloping topography with adequate drainage

- Typical exposure-visibility
- Adequate soil and subsoil conditions for real estate development (special assumption)
- Adequate public utilities
- No known contamination
- No adverse easements or encroachments (special assumption)

There are no significant negative factors affecting the subject property other than the previously cited agreement between the Guilford County Board of Education and the City of High Point which prohibits the development of the subject for any other use until the agreement is properly terminated by December 31, 2016. This in effect defers the realization of any value for the subject until the agreement is properly terminated, some four years into the future. This has a substantial negative impact upon the market value of the fee simple interest as of the effective date of value in my opinion.

ZONING DATA

The subject is under the zoning jurisdiction of the City of High Point. I met with several City officials on October 18, 2012 to discuss the existing land use regulations that govern the use of the land and to examine the proposed land use map. Those officials included Mark Schroeder, Senior Planner, Herbert Shannon, Senior Planner, and Ritchie Tuttle, Right of Way Coordinator. Mr. Pat Pate, Assistant City Manager, was present for the very end of the meeting.

Per that meeting, the subject is zoned PI, Public Institutional. Please refer to the addenda for a copy of the zoning map. To quote from the zoning ordinance, the PI District “is intended to accommodate mid-and large-sized public, quasipublic, and institutional uses which have a substantial land use impact or traffic generation potential. It is not intended for public or institutional uses customarily found within residential areas.”

The PI classification requires a minimum lot size of 40,000 square feet. The required minimum width is 150’ and the minimum street frontage is 100’. Minimum street setbacks are as follows:

- 30’ from the property line or 55’ from the center line of the street, whichever is greater, for a local, subcollector, or collector street
- 40’ from the property line or 75’ from the center line of the street, whichever is greater, for a minor thoroughfare
- 50’ from the property line or 95’ from the center line of the street, whichever is greater, for a major thoroughfare

The minimum interior setback is 20’ for adjoining non-residential zonings and 35’ for adjoining residential zonings. The maximum building height is 50’ but that may be increased 1’ for every 1’ increase in all setbacks, up to a maximum of 80’.

Land uses permitted under this zoning are primarily recreational, institutional, and educational. A list of permitted uses is in the addenda.

Per my meeting with City officials, there have not been any attempts to rezone the land in the past three years.

The land use plan adopted by the City of High Point shows the northern half of the subject as “Institutional” and the southern half as “Moderate Density Residential.” The Planning Department officials advise that the Moderate Density Residential classification provides for a density of 5 to 8 units per acre. Given that the older, 12 unit apartment property that borders the south is developed with a density of five units per acre, and given that the only other multifamily zoning in the immediate area lies just north of the subject across the from athletic fields is zoned for five units per acre, it is my opinion that if the southern half of the subject were rezoned to multifamily use, its density would most likely be at the lower end of the range rather than at the upper end of the range.

The previously cited Planning Department officials advised that in order to change the land use plan and to rezone the subject to some other classification other than PI, it would be necessary for the applicant to petition the City to amend the existing land use plan. It would require that the land undergo the rezoning process. Given that the City’s land use plan has already been adopted, and based upon my interview of Planning Department officials, it is unlikely in my opinion that the Planning Department staff would recommend an amendment to the plan and a rezoning of the subject site from PI to a multifamily residential classification.

Thus, based upon the subject’s existing PI zoning, the classification of the northern half of the subject in the land use plan as Institutional and the southern half as Moderate Density Residential, and my meeting with Planning Department officials, it is my opinion that valuation of the subject property under the assumption that the land could be rezoned from the existing PI zoning classification to a multifamily zoning classification would be highly speculative and inappropriate.

TAX DATA

All real estate in Guilford County was re-assessed effective January 1, 2012. State law requires that counties re-assess property at least every eight years. Prior to this current January 1, 2012 re-assessment, Guilford County last re-assessed its real estate in 2004. The 2012 city/county tax rate is \$1.4554/\$100 of assessed valuation.

The subject is identified by the Tax Assessor’s office as Tax PIN 6892507448. The subject’s January 1, 2012 assessed value was \$294,300 all of which is applicable to land. Applying the 2012 combined city/county tax rate results in 2012 property taxes of \$4,284.

The 2012 assessed value equates to \$30,006 per acre. This assessment does not take into account the impact of the previously city City of High Point – Guilford County Board of Education agreement which negatively impacts the fee simple value. Given my estimate of the subject’s market value of its fee simple estate prior to consideration of the negative impact of the agreement, is at \$34,000 per acre, it is my judgment that the subject’s assessed value does not constitute a burden to the subject land.

HIGHEST AND BEST USE

This section presents an analysis of the highest and best use of the subject.

The following definitions were derived from The Dictionary of Real Estate Appraisal, Third Edition.

Highest and best use: 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:

1. legal permissibility
2. physical possibility
3. financial feasibility
4. maximum profitability

Highest and best use of land or a site as though vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

The four criteria listed above are discussed sequentially to eliminate uses which are not legally permissible and physically possible so that the analysis can focus on potential uses which may be financially feasible and maximally profitable. This analysis is required to identify the most profitable use to which the property can be put. It is also necessary because it sets the stage for selection of comparable properties in the following sections of this report.

The Site as Though Vacant

Since the subject is vacant land, it is only necessary to consider the highest and best use of the land as though vacant.

Legally Permissible

Please refer to the previous discussion under the Zoning Data section of the report for information concerning the zoning. The subject is under the zoning jurisdiction of the City of High Point and is PI, Public Institutional. This zoning permits primarily recreational, institutional, and educational uses. Reference is made to the Neighborhood Data section of the report for a discussion of the existing land uses in this section of Shadybrook Road and along School Park Road. The primary land uses in this section of Shadybrook Road and all along School Park Road are recreational and educational. These uses include:

- The Simeon Stadium, a lighted football stadium
- Two soccer fields east of the stadium
- Aderhold Track and Field complex, which includes stadium seating for 1,000 people

- The Correll Morris Field (soccer)
- The South Soccer Field
- The Ed Price Baseball field
- Playground and picnic areas
- The Miracle League Baseball field
- Playground areas and at least two soccer fields adjoining the Miracle League Baseball field
- Shadybrook Elementary School

Older established single family land uses lie south of the above public and institutional uses along Old Winston Road and to the east of the area along Avery Avenue and Oakview Road. The only multifamily use in the immediate area is the 42 year old, twelve unit apartment development (density of five units per acre) that borders the subject to the south. There is a small tract of land just north of the subject that was rezoned in 1998 to CU-RM5, which is a multifamily zoning with a maximum density of five units per acre. That land has not been developed since its rezoning 14 years ago and is still vacant.

Given the surrounding land use patterns of which public and institutional dominate, it is only reasonable to expect that a public or institutional use would be the most likely use, given that such a use is legally allowed as is the case for the subject property.

As discussed under the Site Data section, another legal constraint affecting the subject property consists of the 2006 agreement between the City of High Point and the Guilford County Board of Education. With reference to the appropriate part of the Site Data discussion, it is my opinion the net effect of the agreement is to restrict the use of the land until proper notice is given so that the agreement can be cancelled by one of the two parties, presumably the City of High Point, upon its expiration on December 31, 2016. The City does not receive any income stream from the agreement so there is no income to capitalize into value. The impact of the agreement in my opinion is to defer until December 31, 2016, a period of four years for purposes of this analysis, any ability to develop the land which in effect would most likely restrict the ability to sell the land until the agreement is properly terminated on December 31, 2016. Thus, the agreement is a negative factor that reduces the value of the subject property in my opinion. This in effect defers the realization of any value for the subject until the agreement is properly terminated, some four years into the future.

Physically Possible

The subject is located in a market area that is well established and generally successful. Thus, its location is conducive for the long-term success of a soundly conceived real estate project.

My inspection and analysis of the subject property shows that it has sufficient size, width, and depth to accommodate its legally allowed uses of recreational, institutional, or educational uses. The topography is adequate as is the shape and exposure-visibility of the site. The site is also adequately served by all public utilities. It has adequate accessibility to the major traffic arteries serving northern High Point. There is no known soil contamination (see Assumption & Limiting Condition #20) and soil/sub-soil conditions are assumed to be satisfactory (see Assumption & Limiting Conditions #7, #17, and #29 which are standard assumption and limiting conditions).

All of these, of course, are positive factors that make the development of the land with recreational, institutional, or educational uses physically possible.

Thus, the site is physically able to be developed with recreational, institutional, or educational uses permitted under the PI zoning.

Economically Feasible

The next item of highest and best use concerns financial feasibility. In my opinion the most likely user of the subject property is the City of High Point. The City owns much of the surrounding land which is zoned PI and which is used as recreational land. The subject is ideally located on the east side of the City's recreational complex so as to logically serve as land to accommodate future expansion of the existing recreational fields. Given that zoning is Public Institutional, and given that the City is the most likely buyer so as to be able to expand its existing recreational facilities, the question of economic feasibility is nearly mute. That is because the City through its tax revenues and bond-issuing capability has the wherewithal to purchase and develop the land in its effort to properly serve its citizenry.

Most Economically Productive

As seen from the preceding analysis, the most likely use of the site considering legal factors, physical factors, and feasibility factors, is that of recreational, institutional, or educational uses of the site in accordance with its existing PI zoning.

Conclusion

Based upon the preceding analysis, it is my opinion that the highest and best use of the site as though vacant as of the effective date of the appraisal is that of recreational, institutional, or educational uses of the site in accordance with its existing PI zoning.

In my judgment, the most likely purchaser of the subject property is the City of High Point who has substantial holdings adjoining the subject and who would certainly use the subject to expand those recreational uses in the future. It is also my opinion that the most likely exposure time for the subject, or the time necessary to sell the subject at the appraised value as of the effective date of the appraisal would have been in the range of 12 months.

VALUATION METHODOLOGY

The subject property consists of vacant land. Typically, land is valued as if the site were vacant and ready to be put to highest and best use. The valuation methodology consists of the Sales Comparison Approach in which the land value is estimated by comparing the subject property with sales of similar parcels of vacant or under-improved land in the area. The comparable properties are compared to the subject relative to similarities and differences, with the differences accounted for through an adjustment process. The adjustment, whenever possible, is

based upon market evidence. Because no land sales were found that were encumbered with an agreement similar to the one that encumbers the subject property, I have not made an overt adjustment for the negative impact of the agreement since there is no market data from which to extract an adjustment. Rather, I have adjusted the comparables to the subject for all differences with the subject except for the encumbrance represented by the aforementioned agreement. Once that adjustment process has been completed, the adjusted sales are reconciled into a value estimate prior to consideration of the negative impact resulting from the encumbrance of the subject with the aforementioned agreement. Since the agreement runs for approximately four years (until December 31, 2016 if properly terminated) I have accounted for the negative impact of the agreement upon the subject by deferring the value for four years.

Since the subject is vacant land, the Income Capitalization Approach and the Cost Approach are not considered applicable.

SALES COMPARISON APPROACH

The interest appraised is the fee simple interest in the subject land as though it were vacant and ready to be developed into its highest and best use. Typically, the sales comparison method is the preferred method for estimating land value when sufficient sales data is available, which is the case for the subject property. It is noted that even though sufficient land sales are available to estimate the value of the subject, the amount of data is somewhat limited and not as plentiful as I would prefer. Nonetheless, in my opinion the data available is sufficient for me to develop a reliable estimate of market value estimate for the fee simple estate subject to the agreement in place between the City of High Point and the Guilford County Board of Education. As noted earlier, provided the agreement is properly terminated by either party, it terminates December 31, 2016.

For tracts like the subject, the market typically uses the price per acre of land area as the comparative unit of value. Accordingly, that is the unit of comparison used for this appraisal.

The sales are introduced in the following paragraphs. Please refer to the comparable data sheets and summary/adjustment table that follow the introduction of the sales data. Those exhibits contain a detailed description of the comparable sales. The table summarizes the data and illustrates the adjustment process. Land sale location maps are in the addenda.

As discussed earlier, it is my opinion that the highest and best use of the site as though vacant as of the effective date of the report is that of recreational, institutional, or educational uses in accordance with its existing PI zoning. The significance of the highest and best use analysis is that it sets the stage for the selection of comparable sales for use in valuing the subject. That is, the proper sales to use as comparables are those with similar zonings and/or similar highest and best uses. While three of the four sales selected for analysis were similar to the subject in terms of highest and best use (recreational, institutional, or educational uses), one sale had a highest and best use of industrial. Thus, it was necessary to adjust the comparable for that difference with the subject property. That adjustment was based upon market-derived data.

Thus, similar highest and best use was the overriding factor for comparable sales selection. Other criteria included date of sale, location, and physical size.

The research process involved a thorough search of our firm's data base. We are members of the Triad Commercial Listing Exchange, which is the listing service for commercial Realtors in the Triad. Much of our data base is generated from this service. We also maintain relationships with other appraisers and brokers for data exchange purposes. The appraisers contacted for potential market data included:

- Ron Crowder, SRPA, High Point
- J. Thomas Taylor, MAI, Greensboro
- Michael Watts, MAI, Greensboro
- Jeff McKee, Greensboro
- William Herbert, SRPA, Greensboro

In addition, I contacted Mr. Harold Johnson of Craven-Johnson-Pollock, a leading commercial real estate broker firm in High Point, and W. Calvin Reynolds of W. Calvin Reynolds & Associates, Inc., also a leading commercial Realtor as well as an appraiser in High Point, in an effort to identify land sale transactions that would qualify as comparables.

This research developed four land sale transactions, the details of which are set forth later in this section of the report.

I also examined but did not use several other sales. For example, I considered four transactions of sites used for churches (institutional use) but in my opinion they did not qualify as comparable sales because their dates of sale were too old (2005 – 2007).

I also examined the June 2012 sale of 4.33 acres at 4128 Johnson Street but did not use it as an indicator of value since it was essentially a purchase of land and buildings. Per the property tax records the 4.33 acres was improved with a 1,780 square foot house built in 1990 with an assessed value of about \$125,000 as well as another substantial building. Both buildings are being used by the buyer so it is evident that was not a land sale transaction.

Finally, I examined the sale of a 66 acre tract at the southwest quadrant of Johnson Street and Sandy Ridge Road which took place in December of 2010. That sale took place at a price of \$1,200,000 per the tax records but the transaction not only included the land but also included house built in 1990 that contains 4,118 square feet and a 2,244 square foot building as well. The tax value of the two buildings totaled \$610,000, or about 50% of the purchase price. My exterior viewing of this property shows that the buyer is using the buildings so this was not a land sale either.

The anemic recovery from the 2007 to 2009 recession has dampened demand for real estate of all asset types, but certainly for vacant land. Investors are not buying land to develop with office buildings, warehouses, or large retail spaces due to lack of job creation, high job uncertainty, and persistently high unemployment, all of which reduce demand for improved real estate parcels. The return to credible underwriting standards by banks also has limited the number of new

developments since once again (as it should be) financial feasibility plays a larger role in the financing of any development by a bank or other financial institution. Financial feasibility is difficult to achieve given high vacancies found in our markets (see Area Data). These same factors affect owner-users of facilities that can be built on PI-zoned land such as churches, school boards, and municipalities. The end result of these factors is that there has been very little demand for most types of land, certainly PI-zoned land as well, over the past three years since the recession officially ended in December of 2009. Consequently, the number of land sales for use in this analysis is very limited.

After much effort, I was able to locate four land sales, three of which constituted PI-type of uses and one of which was an industrial site. The sales are introduced in the paragraphs below and are followed by comparable data sheets and a table that summarizes not only a description of the comparables, but which also illustrates the adjustment process. As explained in the introduction to the comparables in the paragraphs which follow, in my opinion Comparables #1 and #2 are too dissimilar to the subject to be used as valid indicators of value. The data was developed and confirmed only because they represented purchases by institutions that intended to use the lands for PI-types of uses. Thus, Comparables #1 and #2 were similar to the subject in terms of highest and best use, but were too dissimilar in terms of location and physical features to result in a meaningful value indication. Thus, Comparables #3 and #4 are the primary indicators of value for the subject.

- **Comparable #1** is located at 407 West Parris Avenue about one mile southwest of the subject property. This is the Hedgecock estate which was sold in June of 2012 to Guilford County for use to satisfy open space requirements for park-type land. This is a 53.31 acre tract that sold at a very low price per acre of \$10,300. This property is not considered comparable to the subject due to its very difficult topography and its limited access, both of which severely limit the development potential of the tract.
- **Comparable #2** is at 2729 Allen Jay Road in the southeastern part of High Point just north of Fairfield Road about 6.2 miles southeast of the subject. This is a 6.94 acre tract that was sold by Brokers, Incorporated to the Islamic Society of High Point at a very low price per acre of \$9,366. This land was purchased for institutional use (place of worship) and was rezoned to PI, the same zoning as the subject. This land is not considered comparable to the subject due to its inferior location. That is to say, a buyer for the subject would not, in my opinion, consider this location as being a viable substitute or valid alternative to the subject's location.
- **Comparable #3** is a March 2010 sale of an 11 acre industrial tract on W. Market Street west of Brigham Road across from I. H. Caffey about 7.7 miles north of the subject. This tract was zoned for industrial use so it is superior to the subject in that respect. Its price per acre was \$40,909. The land is still vacant.
- **Comparable #4** is a March 2009 sale of a 40.32 acre tract of land in southeastern Forsyth County. This sale took place at a price per acre of \$24,616. The land was a residentially zoned tract that was purchased by the Board of Education for development with a school.

Even though the tract is in the adjoining county of Forsyth, it is only 8.8 miles from the subject, a distance from the subject that is similar to those of #2 and #3 above.

The comparable data sheets, land sale summary and adjustment table, and a discussion of the adjustment process are contained on the following pages.

At the risk of redundancy, the valuation methodology consists of using Comparables #3 and #4 introduced above as the indicators of value the subject property. As discussed above, #1 and #2 are too dissimilar to the subject to be valid indicators of value and are not analyzed as such; they are shown only to illustrate the depth of the research and the difficult in uncovering land sales similar to the subject in terms of highest and best use.

Adjustments for differences with the subject are made to Comparables #3 and #4 as necessary. After the adjustment process, the two comparable sales are correlated into a value per acre which is applied to the subject's land area. That value indication is prior consideration of the existing agreement between the City of High Point and the Guilford County Board of Education which essentially restricts the use of the land until the agreement expires and is properly terminated by December 31, 2016. Because of the agreement, it is my opinion the subject's market value cannot be realized until the agreement is terminated and the subject can be sold or developed. The earliest the agreement can be terminated, assuming proper procedures are followed, is December 31, 2016. Therefore, the value of the asset cannot be realized until approximately four years into the future and it is necessary to discount that value by an appropriate rate so as to convert the anticipated future value to one that represents the present value of the subject property as of the effective date of the appraisal, encumbered with the aforementioned agreement.

The comparable data sheets are on the following pages followed by the land sale summary and adjustment table.

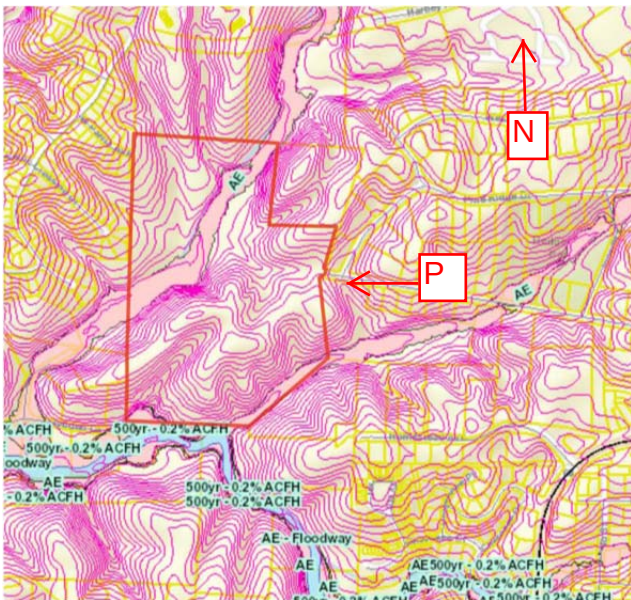
Land Sale No: 1

TIP No. N/A **WBS Element:** N/A **County:** N/A

Date: 6/26/12 **Deed Book:** 7363 **Page:** 1249 **Stamps** \$1,099 **County:** Guilford
Grantor: Estate of George Junior Hedgecock **Grantee:** Guilford County, NC
Location: 407 West Parris Avenue, High Point, NC 27262 (west of North Main Street where Parris Avenue dead-ends)
Sales Price: \$549,093 **Confirmed by (Name):** Broker, Calvin Reynolds, W. Calvin Reynolds & Associates (336-886-4801) by Michael S. Clapp, MA, CRE
Financing: Cash to seller
Condition of Sale and Reason Bought/Sold: Purchased for open space requirement for park type land
Present Use: Vacant land **Zoning:** RS-15, SFR
Highest and Best Use: Speculation or park land
Size: 53.31 Acres **Shape:** Irregular/adequate **Topography:** Moderately to severely rolling with two areas of flood plain along creeks
Existing R/W Area: N/A **Area Cleared/Wooded:** Mostly wooded
Soil Type: N/A **Drainage:** Adequate **Available Utilities:** Public water and sewer available
Access: North Main Street to Parris Avenue **Frontage:** Limited frontage; at the dead-end of Parris Avenue
Improvements: Old house removed at seller's expense; old farm buildings which did not contribute to value
Unit Price: \$10,300/acre **Tax ID:** PIN #6891257206

Other Pertinent Information:

This is a recent purchase of a larger tract of land for public use by Guilford County. It is in the extreme western part of High Point near the Davidson County line. The location is at the dead-end of Parris Avenue west of North Main Street. The County purchased the property for open space requirements for the Guilford County Parks and Open Spaces Program. The topography is a drawback with some steep and low areas. Access is limited to a point where Parris Avenue dead-ends into the site. There was an older house that was torn down by the seller; other buildings were old farm buildings and did not contribute to value. There are sewer easements along the creeks but these do not limit the development. The marketing time for this property was 14 months.



Taken by: Michael S. Clapp, MAI, CRE on 10/18/12

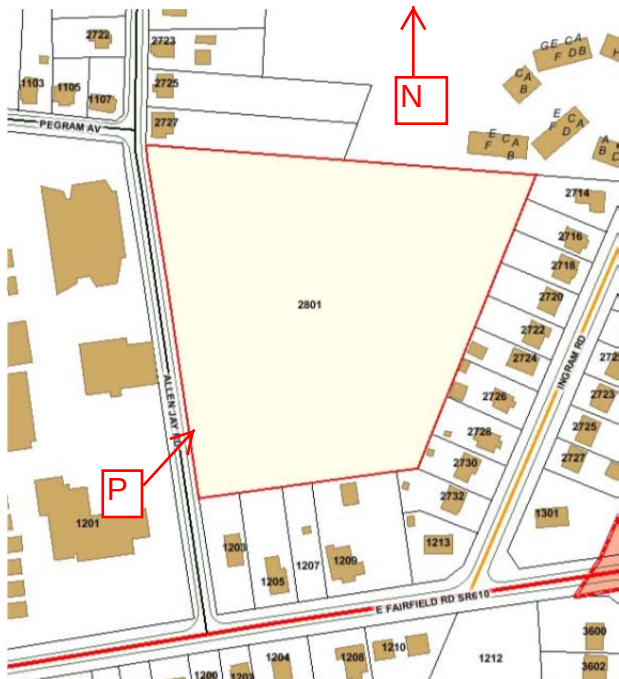
Land Sale No: 2

TIP No. N/A **WBS Element:** N/A **County:** N/A

Date: 12/16/2009 **Deed Book:** 7085 **Page:** 520 **Stamps** \$130.00 **County:** Guilford
Grantor: Brokers, Incorporated **Grantee:** Islamic Society of High Point, Inc.
Location: 2729-2759 Allen Jay Road, High Point, NC (east side of Allen Jay Road north of Fairfield Road)
Sales Price: \$65,000 **Confirmed by (Name):** Barbara Joyce, Wyatt Early law firm (336-884-4444) by Michael S. Clapp, MAI, CRE
Financing: Seller financing for \$55,000; terms unknown
Condition of Sale and Reason Bought/Sold: Purchased for construction of worship center
Present Use: Vacant land **Zoning:** CU PI (Conditional Use Public Institutional)
Highest and Best Use: Residential, public/institutional use
Size: 6.94 acres **Shape:** Irregular/adequate **Topography:** Level to sloping
Existing R/W Area: N/A **Area Cleared/Wooded:** Mostly cleared
Soil Type: N/A **Drainage:** Adequate **Available Utilities:** Public water and sewer available
Access: Fairfield Road to north on Allen Jay Road **Frontage:** Adequate
Improvements: None
Unit Price: \$9,366/acre **Tax ID:** PIN #7719630127

Other Pertinent Information:

This land was a former subdivision development that was purchased for construction of a place of worship. The zoning was changed to Conditional Use-Public Institutional. This location is on the southeast side of High Point off Fairfield Road. The surroundings consist of older, moderate priced housing. The land is still undeveloped.



Taken by: Michael S. Clapp, MAI, CRE on 10/23/12

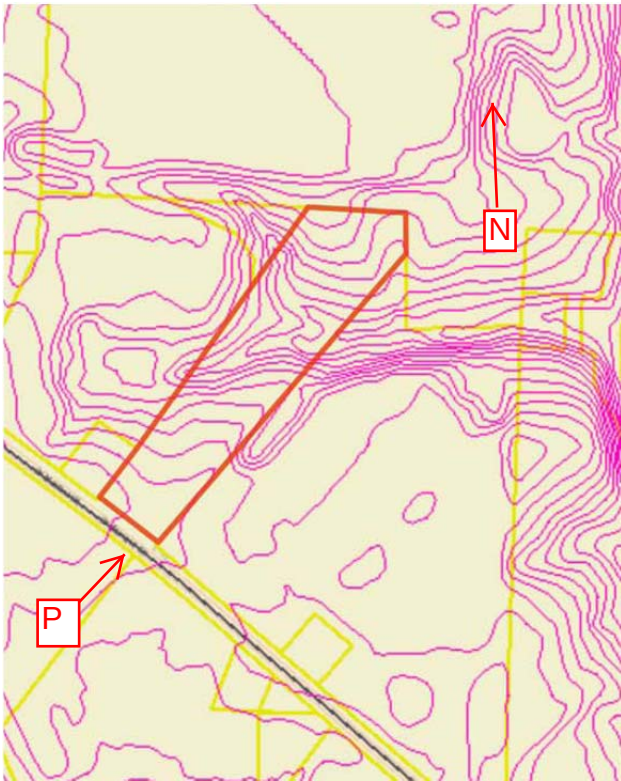
Land Sale No: 3

TIP No. N/A **WBS Element:** N/A **County:** N/A

Date: 3/1/10 **Deed Book:** 7104 **Page:** 122 **Stamps** \$900.00 **County:** Guilford
Grantor: Rocco C. Scarfone and wife Elizabeth Scarfone **Grantee:** OHM-Properties-NC, LLC
Location: Adjoins 8748 West Market Street on the west side and Southeastern Trucking on the east side, Greensboro, NC (north side of West Market between Brigham and Pleasant Ridge roads)
Sales Price: \$450,000 **Confirmed by (Name):** Karnes Triad CLE data service and deed stamps by Michael S. Clapp, MAI, CRE
Financing: Cash to seller; bank financing
Condition of Sale and Reason Bought/Sold: Arm-length, for future industrial use
Present Use: Vacant land **Zoning:** CU-LI, Light Industrial
Highest and Best Use: Industrial
Size: 11.00 acres **Shape:** Long/narrow **Topography:** Level to sloping at rear/adequate
Existing R/W Area: N/A **Area Cleared/Wooded:** Part cleared and part wooded
Soil Type: N/A **Drainage:** Adequate **Available Utilities:** Public water and sewer available
Access: US 421 (West Market Street) **Frontage:** 273' of frontage on West Market
Improvements: None
Unit Price: \$40,909/acre **Tax ID:** PIN #7815079924

Other Pertinent Information:

This is a purchase of a long and narrow industrial tract of land located on the west side of Greensboro just west of NC 68. The tract has 273' of frontage and a depth of 1,090' to 1,417'. The location is that of an established but older industrial district that is convenient to I-40.



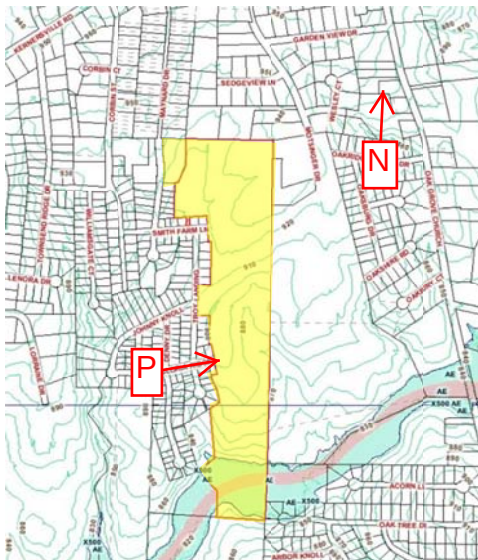
Taken by: Michael S. Clapp, MAI, CRE on 10/23/12

Land Sale No:

TIP No.	N/A	WBS Element:	N/A	County:	N/A
Date:	3/11/2009	Deed Book:	2878	Page:	2693 & 2696
Grantor:	C. Edwards & Company, Inc.			Grantee:	Winston-Salem/Forsyth County Board of Education
Location:	South of Kernersville Road, east of Smith Farm subdivision at Smith Farm Lane, Winston-Salem, NC				
Sales Price:	\$992,500	Confirmed by (Name):	Verified with Mr. Bill Powell of WS/FC Board of Education by Michael S. Clapp, MAI, CRE		
Financing:	Cash to seller				
Condition of Sale and Reason Bought/Sold:	Purchased for construction of elementary and middle school.				
Present Use:	Vacant land	Zoning:	RS-9, Single Family Residential		
Highest and Best Use:	Either for future residential development or for school				
Size:	40.32 Acres	Shape:	Rectangular	Topography:	Relatively level to gently sloping with some flood plain at rear
Existing R/W Area:	N/A	Area Cleared/Wooded:	Mostly cleared		
Soil Type:	N/A	Drainage:	Adequate	Available Utilities:	All public utilities
Access:	Smith Farm Road; Johnny Knoll Road; Gloria Ridge Road		Frontage:	Limited frontage but three streets stubbed into the site.	
Improvements:	None-vacant land				
Unit Price:	\$24,616/acre	Tax ID:	6865-20-8744 and 6865-22-3040		

Other Pertinent Information:

This is an arms-length transaction whereby the seller is a subdivision developer who is disposing of an undeveloped phase of the Smith Farm subdivision. The buyer is the Winston-Salem/Forsyth County Board of Education who intends to construction both an elementary and a middle school. The land is located about six miles southeast of Winston-Salem's central business. The surrounding area is oriented to the middle of the residential price range and has average demographics. The location for residential use is average. The land is located south of Kernersville Road and west of Linville Road, immediately east of the Smith Farm subdivision. The zoning is RS-9, which permits a public school. The shape is rectangular and although long and narrow, the shape is adequate for real estate development. The frontage is limited since this was a future phase of an existing subdivision. There are three access points through the adjoining Smith Farm subdivision which provide for adequate ingress-egress. The view is of houses and field/woods. The topography is generally level with a slope down to some low flood plain area at the rear; the flood plain is not excessive. All public (water or sewer) are available. Ingress/egress and exposure are average. Traffic is not excessive. There is a high tension Duke Power transmission line easement that crosses the south end of the land. There are no unusual conditions affecting the property.



Taken by: Michael S. Clapp, MAI, CRE on 12/23/10

LAND SALE SUMMARY AND ADJUSTMENT TABLE

PROPERTY:	SUBJECT	LAND SALE #1	LAND SALE #2	LAND SALE #3	LAND SALE #4
Site or Purchaser Name	Guilford County Board of Education	Guilford County	Islamic Society of High Point	OHM-Properties-NC	Winston-Salem/Forsyth County Bd of Education
Street Location	Shadybrook Road	407 W. Parris Ave.	2729 Allen Jay Rd.	Adjoins 8740 W. Market St.	Smith Farm Road
City/State	High Point, NC	High Point, NC	High Point, NC	Greensboro, NC	Winston-Salem, NC
SITE DATA:					
Size (acres)	9.808	53.310	6.940	11.000	40.320
Zoning	PI, Public Institutional	RS-15, Single Family	CU PI, Public Institutional	CU-LI, Light Industrial	RS-9, Single Family
Corner	Yes	No	No	No	No
Shape	Slightly irregular/adequate	Irregular/adequate	Irregular/adequate	Long/narrow/below average	Long/narrow/below average
Street Frontage	726' on Shadybrook; 545' on School Park	Minimal-the deadend of Parris	642' on Allen Jay	273' on W. Market	Three access points
View	Average	Average	Average	Average	Average
Topography	Gently sloping	Moderate/severely rolling	Level to sloping	Level to sloping/stream	Level to gently sloping
Utilities	All public	All public	All public	All public	All public
Ingress/Egress	Adequate	Below average	Adequate	Adequate	Adequate
Exposure/Visibility	Adequate	Below average	Adequate	Adequate	Adequate
Traffic Noise	None adverse	None adverse	None adverse	None adverse	None adverse
Easements	None adverse	None adverse	None adverse	None adverse	None adverse
Unusual Features	None	None	None	None	None
Intended Use	Potential recreation or institutional	Open park space	Potential place of worship	Industrial	School
SALE DATA:					
Date of Sale	N/A	June 26, 2012	December 16, 2009	March 1, 2010	March 11, 2009
Total Sales Price	N/A	\$549,093	\$65,000	\$450,000	\$992,500
Sales Price Per Acre	N/A	\$10,300	\$9,366	\$40,909	\$24,616
ADJUSTMENTS:					
Property Rights	Fee Simple	0%	0%	0%	0%
Adjusted Price/Acre	N/A	\$10,300	\$9,366	\$40,909	\$24,616
Financing	Cash to Seller	0%	0%	0%	0%
Conditions of Sale	Normal - arm's Length	0%	0%	0%	0%
Adjusted Price/Acre	N/A	\$10,300	\$9,366	\$40,909	\$24,616
Market Conditions	10/18/12	0.0%	0.0%	0.0%	0.0%
Mkt. Cond. Adj. Price/Acre	N/A	\$10,300	\$9,366	\$40,909	\$24,616
Location		0.0%	0.0%	0.0%	0.0%
Size		0.0%	0.0%	0.0%	15.0%
Zoning		0.0%	0.0%	-35.0%	0.0%
Corner		0.0%	0.0%	0.0%	0.0%
Shape		0.0%	0.0%	15.0%	15.0%
Street Frontage		0.0%	0.0%	0.0%	0.0%
View		0.0%	0.0%	0.0%	0.0%
Topography		0.0%	0.0%	10.0%	0.0%
Utilities		0.0%	0.0%	0.0%	0.0%
Ingress/Egress		0.0%	0.0%	0.0%	0.0%
Exposure/Visibility		0.0%	0.0%	0.0%	0.0%
Traffic noise		0.0%	0.0%	0.0%	0.0%
Easements		0.0%	0.0%	0.0%	0.0%
Unusual Features		0.0%	0.0%	0.0%	0.0%
Intended Use		0.0%	0.0%	0.0%	0.0%
NET ADJUSTMENTS:		0.0%	0.0%	-10.0%	30.0%
ADJUSTED PRICE/ACRE		\$10,300	\$9,366	\$36,818	\$32,000

Explanation of the Adjustments

My examination of the comparables indicates that each is very similar to the subject relative to the following categories and that no adjustments are required:

- Property rights
- Financing
- Conditions of sale
- Market conditions (time)
- Location
- Corner influence (noting that there is no enhancement to value with a corner location for this type of property in my opinion)
- Road frontage
- View
- Utilities
- Ingress-egress
- Exposure-visibility
- Traffic noise
- Easements
- Unusual features
- Intended use (accounted for in zoning adjustment)

The required adjustments in my opinion consist of differences relative to size, zoning (which also includes differences in intended use), shape, and topography. Those adjustments are explained in the following paragraphs. Again, the reader is advised that #1 and #2 are not analyzed or adjusted since in my opinion they are too dissimilar to the subject to be valid comparables. The adjustments to #3 and #4 are set forth below.

Size

The subject contains 9.808 acres. Comparable #3 at 11.00 acres is similar and no adjustment is required. Comparable #4 contains 40.32 acre and since larger sites tend to sell at a lower price per acre than smaller sites, an upward adjustment is appropriate.

The size adjustment is estimated at +15% using a comparison of land sales in the airport area of Greensboro. The comparison involves the 33.264 acre tract at 6321 Ballinger Road that sold in December of 2005 for \$45,000 per acre. It is compared to a 17.685 acre tract at the southeast corner of Regional and Caindale roads the sold in December of 2004 for \$60,000 per acre. There are some minor differences between the two properties but the primary difference is size. The Regional/Caindale site is adjusted upward by 3% for the passage of time (this property is located in the airport area which at that time was experiencing value increases over time due to the anticipation of the proposed Fed Ex hub) to the sale date of the Ballinger Road site. The time adjusted price per acre for the Regional/Caindale site is thus \$61,800. It is also my opinion that the Regional/Caindale site is superior to the Ballinger Road site in topography and its adjusted price per acre is adjusted downward by 5%. It is also my opinion that the Regional/Caindale site is slightly superior to the Ballinger Road site in terms of street frontage since access to the

Ballinger Road site is via an easement. I have adjusted the Regional/Caindale site downward by 10% for this item. After these considerations, the adjusted price per acre for the smaller Regional/Caindale site is \$52,530 when compared to the Ballinger Road site. The price paid for the larger Ballinger Road site was \$45,000. The difference in the adjusted per acre price paid for the smaller land sale (\$52,530) when compared to the price per acre of \$45,000 for the larger Ballinger Road land sale is 14.33%, which I have attributed to size differences. For purposes of this analysis, I have rounded the adjustment to Comparable #4 to 15%. Again, since #4 is larger than the subject, and since larger sites tend to sell for a lower price per acre than do smaller sites, the adjustment is an upward adjustment.

I have also analyzed a second set of market data, located in Winston-Salem, to substantiate the size adjustment. This research shows that the multifamily land located on Griffith Road known as Herrnhut Square sold in September of 2003 for \$6,988 per unit, which is the unit of comparison for multifamily land. This is a smaller 6.127 acre tract. This transaction is compared to the Fox Ridge site on Styers Ferry Road, a 28.33 acre site that sold in January of 2003 for \$6,048 per unit. This per unit price difference for tracts that are otherwise similar certainly indicates some consideration should be given to a size adjustment.

It is difficult to draw a “clean” comparison from the two transactions for this adjustment nonetheless an adjustment can be obtained from analyzing the two transactions. I have compared the Herrnhut Square site at \$6,988 per unit to the Fox Ridge site at \$6,048 per unit. There are some differences between the two sales other than size, but these differences may offset each other. For example, Fox Ridge had a much more difficult topography than Herrnhut Square but the developers of Herrnhut Square were required to spend money on extending sewer to the site while Fox Ridge already had sewer. If, for purposes of this analysis, it is assumed that these are offsetting factors, then the 15% difference in the per unit price could be attributed to the size difference. Using this as a basis, I have rounded the size adjustment obtained from this paired sales analysis to 15%.

Thus, two sets of market data comparisons indicate that the upward adjustment to Comparable #4 due to larger size should be on the order of 15%. Again, this adjustment recognizes that larger sites tend to sell at a lower per acre price than do smaller sites, so the adjustment is in an upward direction since #4 at 40.32 acres is larger than the subject at 9.808 acres.

Zoning

The adjustment for zoning differences also includes consideration for differences in intended use. Either category is appropriate for making the adjustment. For purposes of this appraisal, I have made the adjustment under the zoning characteristic. The subject is zoned PI, Public Institutional. Its intended use is for recreational, institutional, or educational uses in accordance with its zoning. Comparable #4 was zoned for single family residential but it was purchased for a school so its intended use is the same as the subject's and no adjustment is required in my opinion. However, Comparable #3 is zoned for light industrial development and its intended use is for light industrial as well. Thus, Comparable #3 is superior to the subject relative zoning and intended use and should be adjusted downward.

In order to estimate the magnitude of the adjustment, I have compared #3, which is superior to the subject relative to zoning/intended use, to #4 which is similar to the subject relative to zoning/intended use. Comparable #4 sold for \$24,616 per acre while Comparable #3 sold for \$40,909 per acre. Comparable #4 is adjusted upward by 15% for size (see discussion under Size for derivation of the adjustment) since it contains 40.32 acres and #3 contains 11.00 acres. Note that larger sites tend to sell for a lower per acre price than do smaller sites. Relative to topography, #4 has a superior topography when compared to #3 so a downward adjustment of 10% is made (see discussion under Topography adjustment). The net adjustment to #4 for differences with #3 is thus +5%. Adjusting the price paid for #4 of \$24,616 per acre upward by 5% for differences when compared to #3 results in an adjusted price of \$25,847 per acre for #4. The difference between the \$40,909 per acre price paid for #3, which is superior to the subject (and to #4) relative to zoning/intended use and the adjusted price per acre for #4 is 36.8%. I have attributed that difference to the value enhancement to #3 as a result of its superior zoning and intended use. Since #3 is superior to the subject relative to this characteristic, the adjustment is in a downward direction. I have rounded the adjustment to 35%. Thus, #3 is adjusted downward by 35% for superior zoning and intended use.

Shape

The subject has a slightly irregular shape but the shape is adequate for real estate development. Both Comparables #3 and #4 are long, narrow sites with inferior shape and both should be adjusted upward in my opinion.

I have estimated the shape adjustment at +15% based upon the following market data:

This data set consists of a pairing of two transactions in Winston-Salem. Both are outparcels of Oliver's Crossing Shopping Center located on Highway 150 in south Winston-Salem. The lot with inadequate shape is identified as Block 3817C, Lot 1D. It sold on November 30, 2005 for \$350,000. The land area is 31,189 square feet, resulting in a price per square foot of \$11.22. This site has a level topography, is zoned special use business (NSB-S), and is served with all utilities. Its shape is below average in my opinion. About 55% of the land area has a depth of 115.53' while the balance has a depth of about 162.57'. The shape is also in a slight "L" pattern. The lower price per square foot of \$11.22 is due to below average shape in my opinion.

This property is compared to the property that adjoins it, which is identified as Block 3871C, Lot 1C. This property sold on March 30, 2006 for \$600,000 per deed stamps. The land area is 45,346 square feet, which results in a price per square foot of \$13.23. This site has a level topography, is served with all utilities, and is zoned special use business (NSB-S). Its shape is adequate with 204'+ of depth and a width of 191'+. (Note that the width and depth are slightly greater than reported above since part of the boundaries are on curves.) The shape is thus more conducive to real estate development, thus resulting in a higher per square foot price.

The analysis to derive the adjustment is as follows. Except for shape, the two sales are highly comparable. Comparing the price per square foot of \$11.22 paid for Lot 1D with inadequate shape to that of \$13.23 paid for Lot 1C with adequate shape shows a difference of 18% due to inferior shape.

Since the shape of Comparables #3 and #4 is not quite as difficult as that for the inferior-shaped lot used to derive the adjustment from the market, I have reduced the adjustment from 18% as indicated by the above comparison to 15% for #3 and #4. Thus, #3 and #4 are adjusted upward by 15% for inferior shape.

Topography

The subject has a gently sloping topography. Comparable #3 is similar and no adjustment is necessary. However, #4 has a topo that slopes down to a stream which runs through the site; its topography is inferior to the subject's in my opinion. Although difficult to quantify from the available market data, I have adjusted #4 upward by 10% for inferior topography.

Summary

As discussed earlier, #1 and #2 are so dissimilar to the subject property that it is not possible to use them as valid indicators of value so after their introduction, those two transactions were not analyzed any further.

Comparables #3 and #4 are thus the only sales that were analyzed in detail. Comparable #3 required adjustments for differences with the subject relative to zoning and intended use, shape, and topography. The zoning/intended use and shape adjustments were estimated using market-derived adjustments while the topography adjustment was made subjectively. Comparable #4 required adjustments for size and shape differences, both of which were estimated using market-derived adjustments. After adjustments, Comparable #3 indicates a value for the subject of \$36,818 per acre while Comparable #4 indicates a per acre value of \$32,000. I have used both sales as a basis for estimating the subject's per acre value, with slightly greater weight given to #4 since it is similar to the subject in terms of intended use and since its gross adjustments are lower (indicates a higher degree of comparability). Thus, I estimate the value of the subject land, prior to consideration for a discount due to its encumbrance with the agreement between the City of High Point and the Guilford County Board of Education, at \$34,000 per acre or \$335,000 (rounded) as illustrated in the table below:

Number of acres	9.808
Multiplied by value per acre	\$34,000
Market value prior to discount due to encumbrance by City/Board of Education agreement	\$333,472
Rounded to	\$335,000

The value indication of \$335,000 reported above is prior to consideration of the existing agreement between the City of High Point and the Guilford County Board of Education which essentially restricts the use of the land until the agreement expires December 31, 2106, assuming

it is properly terminated as set forth in the agreement. Because of the agreement, it is my opinion the subject's market value cannot be realized until the agreement is terminated and the subject can be sold or developed. The earliest the agreement can be terminated, assuming proper procedures are followed, is December 31, 2016. Therefore, the value of the asset cannot be realized until approximately four years into the future and it is necessary to discount that value by an appropriate rate so as to convert the anticipated future value to one that represents the present value of the subject property as of the effective date of the appraisal, encumbered with the aforementioned agreement.

I have estimated the discount rate at 7%. In estimating this discount, I have considered that seasoned apartment properties in the Triad are selling at capitalization rates generally ranging from 6% to 7.5% and that office buildings in the Triad are selling with capitalization rates in the 7% to 10% range. Given that the restriction is short-term and that there is little risk involved, I have estimated the discount rate at 7%. Thus, the \$335,000 value is a future value that cannot be realized for four years, and with a discount rate of 7%, the present value factor is .7629. In order to consider the impact of the agreement between the City and the Board of Education upon the value of the subject property, I have applied the present value factor of .7629 (present value of \$1 deferred four years at a 7% discount rate) to the \$335,000 value which results in a value of \$255,000 (rounded) as illustrated in the table below:

Number of acres	9.808
Multiplied by value per acre	\$34,000
Market value prior to discount due to encumbrance by City/Board of Education agreement	\$333,472
Rounded to	\$335,000
Present value factor for 4 years at 7%	0.7629
Estimated market value subject to agreement	\$255,572
Rounded to	\$255,000

Thus, as seen from the table above, the value indication derived from the Sales Comparison Approach, taking into account the agreement between the City and the Board of Education, and assuming the agreement is properly terminated by December 31, 2016 as would most likely be done by a knowledgeable buyer or seller, is estimated at \$255,000.

RECONCILIATION AND FINAL VALUE ESTIMATE

The final step in the appraisal process is reconciliation, which involves an analysis of the value conclusions of each valuation approach to arrive at a final estimate of market value. Since the subject consists of vacant land, the only applicable approach to value is the Sales Comparison Approach. That approach indicated a market value for the subject of \$255,000 which takes into account the negative impact arising from the agreement between the City and the Board of Education, assuming the agreement is properly terminated by December 31, 2016. Certainly, a knowledgeable buyer or seller (see market value definition) would properly terminate the agreement so that the subject would be freed from the negative encumbrance by December 31, 2016.

It will be recalled that the purpose of this appraisal is estimate the market value of the fee simple interest in the subject property. That interest is encumbered by an agreement between the City of High Point and the Guilford County Board of Education. I have been furnished an unsigned agreement by the City of High Point that is dated 2006. The agreement runs from January 1, 2006 until December 31, 2016. The agreement may be terminated by either party with proper notice upon its December 31, 2016 expiration; otherwise it extends for another ten years and so on. This agreement provides for the City to construct at its expense soccer fields in the area and for the school owned and operated by the Board of Education to have the right to use those soccer fields. As part of that agreement the City is using the drive on the subject's northwest corner to access its recreational facilities located to the west of the subject and south of School Park Road. Per Mr. Pat Pate, Assistant City Manager for the City of High Point, the City does not receive any revenue from the Board of Education as a result of the agreement.

In my opinion the net effect of the agreement is to restrict the use of the land until proper notice is given so that the agreement can be cancelled by one of the two parties, presumably the City of High Point, upon its expiration on December 31, 2016. The City does not receive any income stream from the agreement so there is no income to capitalize into value. The impact of the agreement in my opinion is to defer until December 31, 2016, a period of four years for purposes of this analysis, any ability to develop the land which in effect would most likely restrict the ability to sell the land until the agreement is properly terminated on December 31, 2016. Thus, the agreement is a negative factor that reduces the value of the subject property in my opinion.

The intended use of the appraisal is to aid the City of High Point in arriving at a potential purchase price of the subject property. The client and intended user is the City of High Point; there are no other intended users.

The subject has been analyzed on a "top down" basis beginning with an analysis of the Triad real estate market, funneling down to an analysis of the subject's market area (neighborhood), and finally focusing on the positive and negative characteristics of the subject itself. This analysis indicated that the primary constraint affecting the subject is that of its zoning, which is PI, Public Institutional. This zoning essentially restricts development of the subject to recreational, institutional, and educational uses. It also restricts the number and type of purchasers who would be interested in purchasing and developing the subject property. In my opinion the subject's value is lower because of its PI zoning that it would otherwise be if it had a more intensive zoning. **In performing the appraisal, I met with officials of the City of High Point Planning Department to discuss the existing zoning, the land use plan currently in effect, and the likelihood of rezoning the subject to a more intensive zoning. The result of that investigation is set out in the Zoning Data section of the appraisal. Reference to that section shows that it is my opinion that the subject's zoning could not be changed and that to appraisal the subject under the assumption that the land could be rezoned from the existing PI zoning to a more intensive zoning such as multifamily would be highly speculative and inappropriate.**

Thus, the existing zoning and likelihood that it cannot be changed strongly influences the highest and best use of the subject, which in turn influences the selection of comparable sales. The highest and best use given existing and likely future land use regulations is considered to be

recreational, institutional, or educational uses in accordance with the PI zoning. Accordingly, I attempted to use only sales with similar zonings or similar intended uses as comparable sales. Reference to the Sales Comparison Approach shows that the number of such sales is limited but sufficient sales data was available to serve as a basis for estimating the subject's value under its existing zoning. The value estimate prior to taking into account the City-Board of Education agreement was estimated at \$335,000. In order to take into account the encumbrance represented by the agreement, I treated the \$335,000 value estimate as being applicable only when the agreement can end, which is December 31, 2016, assuming proper termination. It is unlikely land values will increase over the next four years, or decrease much further as well, so I did not project any change in value over the remaining four years of the agreement. Therefore, the \$335,000 value was treated as a future value realizable four years into the future, and was discounted to a present value estimate of \$255,000 using a 7% discount rate.

The process is summarized and illustrated in the table below:

Number of acres	9.808
Multiplied by value per acre	\$34,000
Market value prior to discount due to encumbrance by City/Board of Education agreement	\$333,472
Rounded to	\$335,000
Present value factor for 4 years at 7%	0.7629
Estimated market value subject to agreement	\$255,572
Rounded to	\$255,000

In concluding this process, it is thus my opinion that the market value of the fee simple interest in the subject property on an "as is" basis, which takes into account the previously described agreement between the City of High Point and the Guilford County Board of Education, as of October 18, 2012 was:

TWO HUNDRED FIFTY FIVE THOUSAND DOLLARS
(\$255,000)

The above value estimate is subject to the Assumption & Limiting Conditions included in the appraisal report.

The Uniform Standards of Professional Appraisal Practice require the appraiser to provide the reader with an estimate of exposure time. According to Statement on Appraisal Standards No. 6 of the Uniform Standards of Professional Appraisal Practice (USPAP), *exposure time* is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market". Based upon my judgment and experience, and considering the data set forth in this appraisal report, it is my opinion that the exposure time for the subject property, on the effective date of this appraisal, would have been in the range of 12 months. That is to say, the subject would have had to have been placed on the market 12 months ago to result in a sale at the appraised value of \$255,000 as of the effective date of the appraisal, which is October 18, 2012.

CERTIFICATION OF THE APPRAISER

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in the report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, and the Code of Ethics and the Standards of Professional Practice of The Counselors of Real Estate.
8. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. I have made a personal inspection of the property that is the subject of this report.
11. No one provided significant real property appraisal assistance to the person signing this certification.
12. I have not performed a real estate related service relative to the subject property in the three years prior to the effective date of this appraisal.

Michael S. Clapp

Michael S. Clapp, MAI, CRE
NC State General Real Estate Appraiser Certificate #A-14



PROFESSIONAL QUALIFICATIONS

Michael S. Clapp, MAI, CRE
2990 Bethesda Place, Ste. 603-C
Winston-Salem, North Carolina 27103
Telephone: (336) 760-3163

Real Property Types Appraised

General appraisal work involves vacant land, shopping centers, office buildings, light manufacturing facilities, warehouses, miscellaneous commercial properties, both single-tenant and multi-tenant, and single-family residences.

Experienced in the use of Argus for discounted cash flow analysis in multi-tenant office, retail and industrial properties.

Condemnation appraisal work involves both total takings and partial takings for vacant land, office buildings, shopping centers, light manufacturing facilities, warehouses and single-family residences.

Employment and Experience

- 1981 to Present: Real Estate Appraiser and Consultant, Winston-Salem, North Carolina
- 1977-81: Commercial Mortgage Banker, Wachovia Mortgage Company, Winston-Salem, North Carolina
- 1976-1977: Real Estate Appraiser, Richard E. Nichols & Associates, Inc., Indianapolis, Indiana.
- 1974-76: Commercial Mortgage Banker, Pence Mortgage Company, Louisville, Kentucky, and Indianapolis, Indiana.
- 1972-74: Commercial Mortgage Banker, Cameron-Brown Company, Raleigh, North Carolina

Experience in Condemnation Appraisal Work/Litigation

Qualified as an expert witness in Forsyth County for real estate and have testified in condemnation trials for property owners and condemning authorities (City of Winston-Salem).

Qualified as an expert witness in Guilford County for real estate and have testified in condemnation trials for condemning authorities (North Carolina Department of Transportation and Piedmont Triad Airport Authority).

Also qualified as an expert witness in Forsyth County for real estate and have testified in domestic cases involving residential properties.

Have testified on behalf of property owners in zoning cases before the Winston-Salem Board of Aldermen.

Licenses

Licensed Real Estate Broker, State of North Carolina, #32685.
State Certified General Appraiser, North Carolina, #A-14.

Professional Memberships

CRE Member – The Counselors of Real Estate of the National Association of Realtors

MAI Member (Certificate No. 6407) - American Institute of Real Estate Appraisers.

Realtor Member - National Association of Realtors, North Carolina Association of Realtors, and Winston-Salem Regional Association of Realtors.

Member of the Winston-Salem Multiple Listing Service.

Member of the Commercial Listing Exchange of the Winston-Salem Regional Association of Realtors.

Education

University of Kentucky, Bachelor of Business Administration.

Numerous courses and seminars involving various real estate appraisal topics from 1974 to present. A list of the more recent courses and seminars include:

1996 - Attendance of NC Chapter of Appraisal Institute Seminar titled "Future of Appraising".

1996 - Attendance of NC Chapter of Appraisal Institute Seminar titled "Alternative Residential Reporting Forms".

1997 - Attendance of NC Chapter of Appraisal Institute Seminar titled "EDI: The Paperless Appraisal Office" & "The Internet and Appraising".

1998 - Attendance of NC Chapter of Appraisal Institute Seminar titled "Eminent Domain and Condemnation Appraising".

1998 - Attendance of NC Chapter of Appraisal Institute Seminar titled "Valuation of Detrimental Conditions in Real Estate".

1999 - "FHA Appraising" sponsored by the Appraisal Institute

1999 – Attendance of NC Chapter of Appraisal Institute Seminar titled "The Appraisal of Local Retail Properties".

2000 – Attendance of NC Chapter of Appraisal Institute Seminar titled "FHA and The Appraisal Process".

2000 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Current w/USPAP? Errors Appraisers Make!".

2000 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Residential Consulting".

2001 – Attendance of NCDOT Seminar titled "The After Value Appraisal – It May Be The Before Value".

2001 – Attendance at Appraisal Institute Course 510 "Advanced Income Capitalization".

2002 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Feasibility Analysis, Market Value and Investment Timing".

2002 – Successful completion of The Appraisal Institute's "Standards of Professional Practice, Part C".

2003 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Appraisal Consulting".

2003 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Scope of Work: Expanding Your Services".

2003 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Effective Appraisal Report Writing".

2004 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Supporting Capitalization Rates".

2004 - Attendance of NC Chapter of Appraisal Institute Seminar titled "Appraising Manufactured Homes".

2005 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Rates and Ratios":

2005 – Attendance of NC Chapter of Appraisal Institute course titled "National 7 Hour USPAP Update Course" (Course 400).

2005 – Attendance of NC Chapter of Appraisal Institute Seminar titled "Real Estate Finance, Value, and Investment Performance".

2006 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Review Appraisal – General”.

2006 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Appraisal Consulting”.

2006 – Attendance of The Appraisal Institute’s Online Seminar titled “Agency Perspectives: Easements, Eminent Domain, Right-of-Way”.

2006 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Highest & Best Use Applications”.

2006 – Attendance of NC Chapter of Appraisal Institute’s “7-Hour National USPAP Update Course”.

2006 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Business Practices and Ethics”.

2007 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Forecasting Revenue”.

2008 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Office Building Valuation: A Contemporary Perspective.”

2008 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Small Hotel/Motel Valuation.”

2008 – Attendance of NC Chapter of Appraisal Institute Seminar titled “REO Appraisal: Appraisal of Residential Property Foreclosure.”

2008 – Attendance of NC Chapter of Appraisal Institute Seminar titled “7-Hour National USPAP Update Course.”

2009 – Attendance of NC Chapter of Appraisal Institute Seminar titled “New Residential Market Conditions Form.”

2010 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Discounted Cash Flow Model.”

2010 – Attendance of NC Chapter of Appraisal Institute Seminar titled “7 Hour National USPAP Update.”

2011 – Attendance of NC Chapter of Appraisal Institute Seminar titled “Analyzing Tenant Credit Risk and Commercial Lease Analysis.”

2011 – Successful completion of “Condemnation Appraising: Principles & Applications” course sponsored by the NC Chapter of the Appraisal Institute.

2012 – Attendance of Appraisal Institute’s Course I400 titled “7 Hour National USPAP Update Course” sponsored by the NC Chapter of the Appraisal Institute

2012 – Successful completion of the Appraisal Institute’s Course 700GRE titled “The Appraiser as an Expert Witness: Preparation and Testimony” sponsored by the NC Chapter of the Appraisal Institute

2012 – Attendance of the Appraisal Institute’s Course N420DM titled “Business Practices and Ethics” sponsored by the NC Chapter of the Appraisal Institute

Partial List of Clients

- Piedmont Triad Airport Authority
- North Carolina Department of Transportation
- Wachovia Bank & Trust
- Womble Carlyle Sandridge & Rice, PLLC, Attorneys
- Kilpatrick Stockton, LLP
- BB & T Bank
- City of Winston-Salem
- City of High Point
- Smith Moore, LLP
- Wilson & Iseman
- Bell, Davis & Pitt, PA
- Robinson & Lawing, LLP
- Johnston, Allison & Hord, PA
- Wake Forest University Health Sciences
- Wake Forest University Baptist Medical Center
- Fidelity National Title Group, Inc.
- Lanier Williams Realty
- Paragon Properties
- Williams Mullen Law Firm
- Taylor Development Group
- United States Attorney’s Office, Western District of North Carolina

ADDENDA

Subject Photographs



Photo #1-Looking southeast at subject from School Park Road.



Photo #2-Looking south at subject from School Park Road.



Photo #3-Looking southeast at subject from junction of Shadybrook and School Park roads

Subject Photographs



Photo #4-Looking west on School Park Road from Shadybrook Road with subject on left and recreational facilities on right.



Photo #5-Looking south on Shadybrook Road from School Park Road with subject on right



Photo #6-Looking east at subject from City's recreational land that borders subject to the west

Subject Photographs



Photo #7-Looking north at subject from near the midpoint of its south line.



Photo #8-Looking north along Shadybrook Road from near subject's southeast corner with subject in background



Photo #9-View of interior of subject property

Subject Photographs



Photo #10-Shadybrook Elementary School located just north of subject

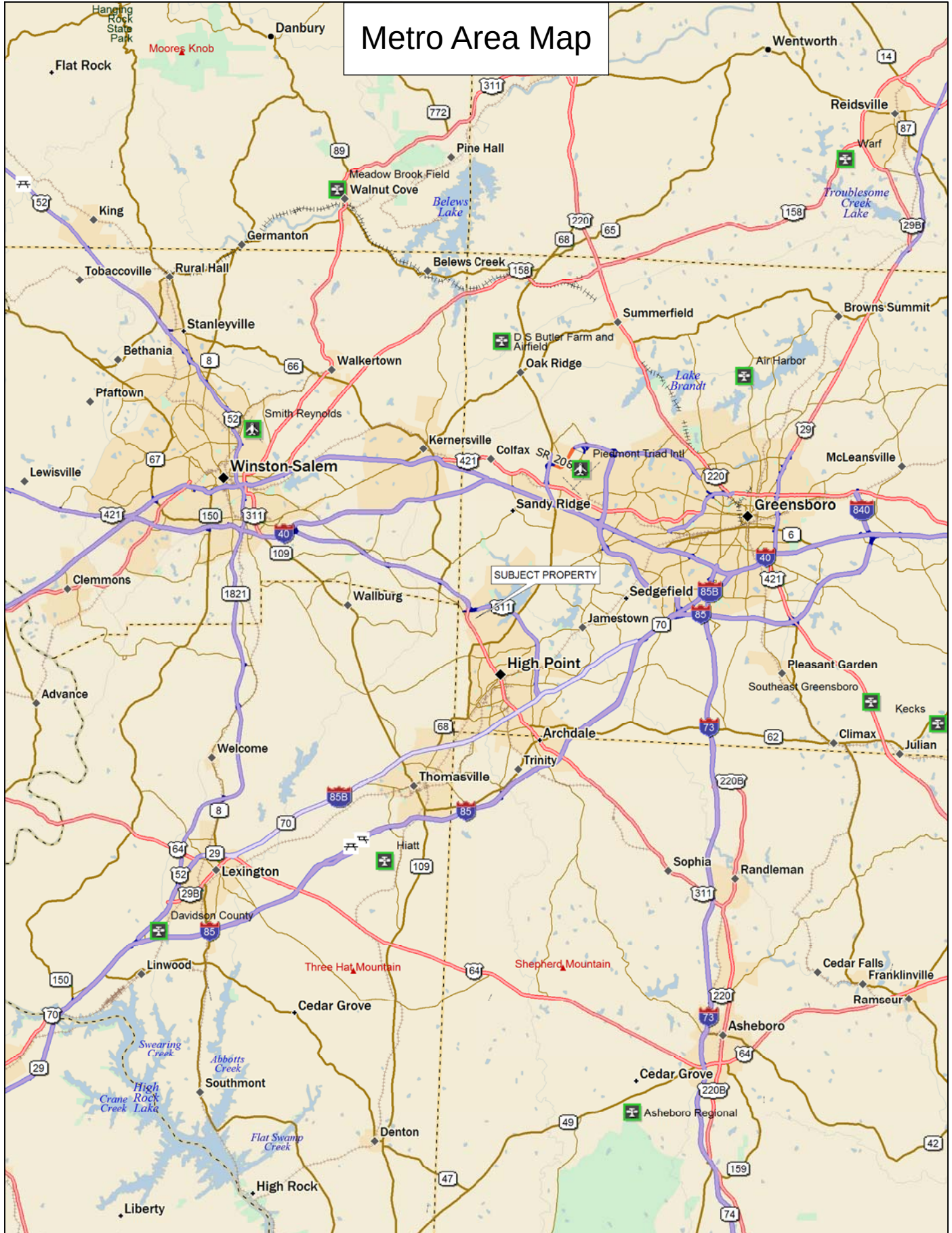


Photo #11-City of High Point's recreational facilities located on School Park Road just west of subject.



Photo #12-View of football stadium located on School Park Road just west of subject

Metro Area Map

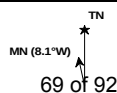


Data use subject to license.

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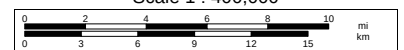
www.delorme.com

Shadybrook Road Land



69 of 92

Scale 1 : 400,000



Michael S. Clapp, Data Corp

Neighborhood Map



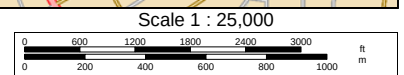
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www.delorme.com

Shadybrook Road Land

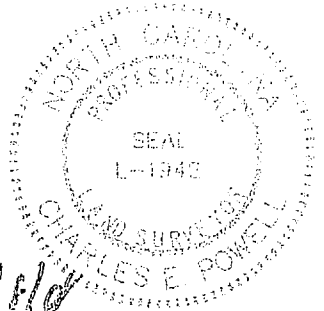
70 of 92



Michael S. Clapp, MA, 13-0

I, CHARLES E. POWELL, certify that this plat was drawn under my supervision from an actual survey made under my supervision: (Deed description recorded in Book 6728, Page 348 & 407, etc.); that the boundary not surveyed are clearly indicated as drawn from information found as noted on the face of this plat; that the ratio of precision as calculated is 1:2.4; that this plat was prepared in accordance with G.S. 47-30 as amended. Witness my original signature, registration number, and seal this 8TH day of SEPTEMBER 2008.

Surveyor Charles E. Powell Reg. No. L-1942



I, CHARLES E. POWELL, Professional Land Surveyor, PLS No. L-1942, certify that this is of a survey that:

(1) Creates a subdivision of land within the area of a County or Municipality that has an ordinance that regulates parcels of land.

(2) Is of another category, such as the recombination of existing parcels, a court-ordered survey, or other exceptions to the definition of subdivision.

(3) Is of an existing parcel or parcels of land.

Signed Charles E. Powell Date 9-8-08
Professional Land Surveyor

Ownership and Dedication:

The undersigned hereby acknowledge(s) ownership of the property shown and described hereon and hereby adopts this plat and allotment to be a free act and deed and hereby dedicate(s) to public use streets, playgrounds, parks, drainage and open space, and easements forever on all areas so shown or indicated on said plat, and authorize(s) the City of High Point to record this plat in the office of the register of deeds of Guilford County, North Carolina

Signed Randy E. McLaughlin Date 9-30-2008
CITY OF HIGH POINT

Attest David J. Verling Date 9-30-2008

Signed Alan W. Duncan Date 9/29/08
GUILFORD COUNTY BOARD OF EDUCATION

Attest [Signature] Date 09/30/08

Approval For Recordation

Approved for recordation by the City of High Point, North Carolina on the 01 day of October, 2008

pursuant to the CITY OF HIGH POINT development ordinance.

Signed Paul L. Collins Date 01 Oct 08
Director of Planning & Development

Statement That No Approval is Required by NCDOT Division of Highways:

This plat does not require certificate of approval by the N.C. Division of Highways as provided in G.S. 136-102.6 Subsection (g).

State of North Carolina
County of Guilford

I, Mark Schroeder, Review Officer of the City of High Point, Guilford County, certify that the map or plat to which this certification is affixed meets all statutory requirements for recording.

Signed Mark Schroeder Date 10/1/08
Review Officer

ABBREVIATION

EIP = EXISTING IRON PIPE
EIR = EXISTING IRON ROD
NIP = NEW IRON PIPE
P/L = PROPERTY LINE
R/W = RIGHT OF WAY
C/L = CENTERLINE
MBL = MINIMUM BUILDING LINE
PP = POWER POLE
RCP = REINFORCED CONCRETE PIPE
EIS = EXIST IRON STAKE
CP = COMPUTER POINT
WV = WATER VALVE

No attempt has been made as a part of this Boundary Survey to obtain or show data concerning existence, size, depth, condition, capacity, or location of any utility or municipal/public service facility. For information regarding these utilities or facilities, please contact the appropriate agency.

The location and or existence of utility service lines to the property surveyed are unknown and are not shown.

This plat is subject to any facts that may be disclosed by a full & accurate title search.

FLOOD CERTIFICATION: THE SUBJECT PROPERTY IS NOT LOCATED IN A SPECIAL FLOOD HAZARD AREA AS SCALED FROM MAPS FURNISHED BY HUD/FIRM, DATED JUNE 18, 2007. SUBJECT TO VERIFICATION BY DETAILED FLOOD MAP STUDY. SEE COMMUNITY PANEL # 371068-9100-J & 371068-9200-J.

CURVE	RADIUS	LENGTH	BEARING	CHORD
C1	409.17	96.85	N62°38'56"W	96.62
C2	619.67	291.88	S07°48'36"W	289.19
C3	705.37	262.85	N04°57'16"E	261.33
C4	705.37	64.23	N18°14'18"E	64.21
C5	827.62	170.32	N56°48'14"W	170.02
C6	767.62	157.97	N56°48'14"W	157.69
C7	466.00	407.09	S56°57'29"E	394.26
C8	534.00	132.48	S39°01'28"E	132.14
C9	534.00	216.99	S57°46'23"E	215.50
C10	619.67	130.63	S27°13'12"W	130.39
C11	705.37	41.73	S23°23'00"W	41.72
C12	705.37	76.39	S27°32'57"W	76.35

LINE	LENGTH	BEARING
L1	68.02	N50°46'22"E
L2	66.52	S55°54'00"E
L3	69.56	S08°57'00"E
L4	41.38	S05°54'25"E
L5	18.13	N50°54'30"W
L6	73.20	N62°41'58"W
L7	40.99	N50°54'30"W
L8	68.52	N62°41'58"W
L9	60.18	S22°50'14"W
L10	135.70	N62°41'58"W
L11	136.22	N62°39'09"W
L12	91.47	N61°45'55"W
L13	244.51	N67°15'49"W
L14	20.00	N67°15'49"W
L15	263.93	N67°15'55"W
L16	325.80	N22°38'43"E
L17	253.98	N67°32'48"W
L18	253.23	N67°32'48"W
L19	20.00	N67°32'48"W
L20	169.89	N22°21'38"E
L21	10.05	N69°22'44"W
L22	59.95	N21°30'37"E
L23	15.00	S69°18'01"E
L24	59.74	N21°30'37"E
L25	5.04	N68°28'23"W
L26	169.40	N22°21'38"E
L27	345.70	N22°38'43"E
L28	275.87	N67°24'46"W
L29	20.02	S22°35'14"W
L30	79.50	N67°32'48"W
L31	19.74	N22°35'14"E
L32	258.97	N21°30'37"E

GENERAL NOTES

- IRON PIPES AT ALL CORNERS UNLESS OTHERWISE NOTED.
- CURRENT ZONING: RS-9, P1
- TOTAL NUMBER OF LOTS: 3
- TOTAL AREA = 32.908± ACRES
AREA CALCULATED BY COORDINATE METHOD
- PRECISION 1:20,000
- UNDERGROUND UTILITIES, WHERE NOT DISCERNIBLE BY SURFACE APPURTENANCES (MANHOLES, CATCH BASINS, VALVES, ETC.), ARE SHOWN PER INFORMATION OBTAINED FROM ENGINEERING PLANS, UTILITY ENTITIES, SITE PLANS, AND OTHERS. THEY SHOULD BE CONSIDERED APPROXIMATE.
- COMBINED FACTOR: 0.999916495
- SURVEY CONTROL/GRID TIE NOTES
FIXED STATIONS USED FOR THE GRID TIE (CORS MONUMENTS)

POINT	DESIGNATION	LATITUDE	LONGITUDE
AI 4198	HIPT HIGH POINT	CORS ARP N 35°57'56.487"	W 80°00'48.938"
DG 7016	NCAS ASHEBORO	CORS ARP N 35°37'49.456"	W 79°45'53.601"
DG 8216	NCG1 GREENSBORO1	CORS ARP N 36°04'03.611"	W 79°44'41.845"

 OPUS SOLUTION METADATA: NAD83 (CORS 96) (EPOCH: 2002)
SPC ZONE: 3200 (NC)
- GRID TIE ESTABLISHED USING GPS/VRN SURVEY METHOD
- AREAS CALCULATED BY COORDINATE METHOD
- CLOSED RIGHT OF WAY
 - CRESENT DRIVE - DB. 6455 PG. 90-92
 - NORTH STREET - DB. 6728 PG. 407
 - OAKVIEW DRIVE - DB. 1867 PG. 276
- THE PURPOSE OF THIS PLAT IS TO CREATE NEW LOTS A,B, & C FROM PARCELS AS REFERENCED ON THE FACE OF THIS PLAT. BOUNDARY BASED ON FIELD SURVEY DEC. 2,2005 BY D.M.P. JOB NO. S45590. NO FIELD WORK PERFORMED THIS DATE.

LEGEND

PROPERTY LINE	_____
ADJOINING PROPERTY LINE	_____
RIGHT OF WAY LINE	_____
OLD PROPERTY LINE (TO BE REMOVED)	_____
OVERHEAD UTILITY LINES	_____ P _____
SANITARY SEWER LINE	_____ S _____
WATER LINE	_____ W _____
FENCE LINE	_____ X _____
STORM WATER PIPE	_____
SANITARY SEWER MANHOLE	_____
EIP	_____
CP	_____
UTILITY POLE	_____
LIGHT POLE	_____
FIRE HYDRANT	_____
WATER VALVE	_____

EXCLUSION MAP FOR RECORDATION PROPERTY OF GUILFORD COUNTY BOARD OF EDUCATION & CITY OF HIGH POINT

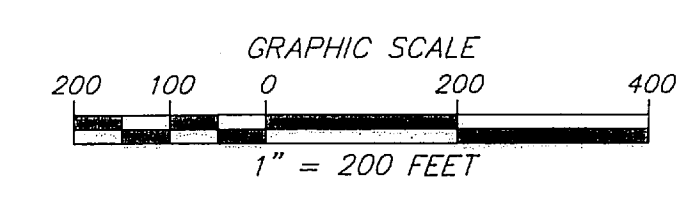
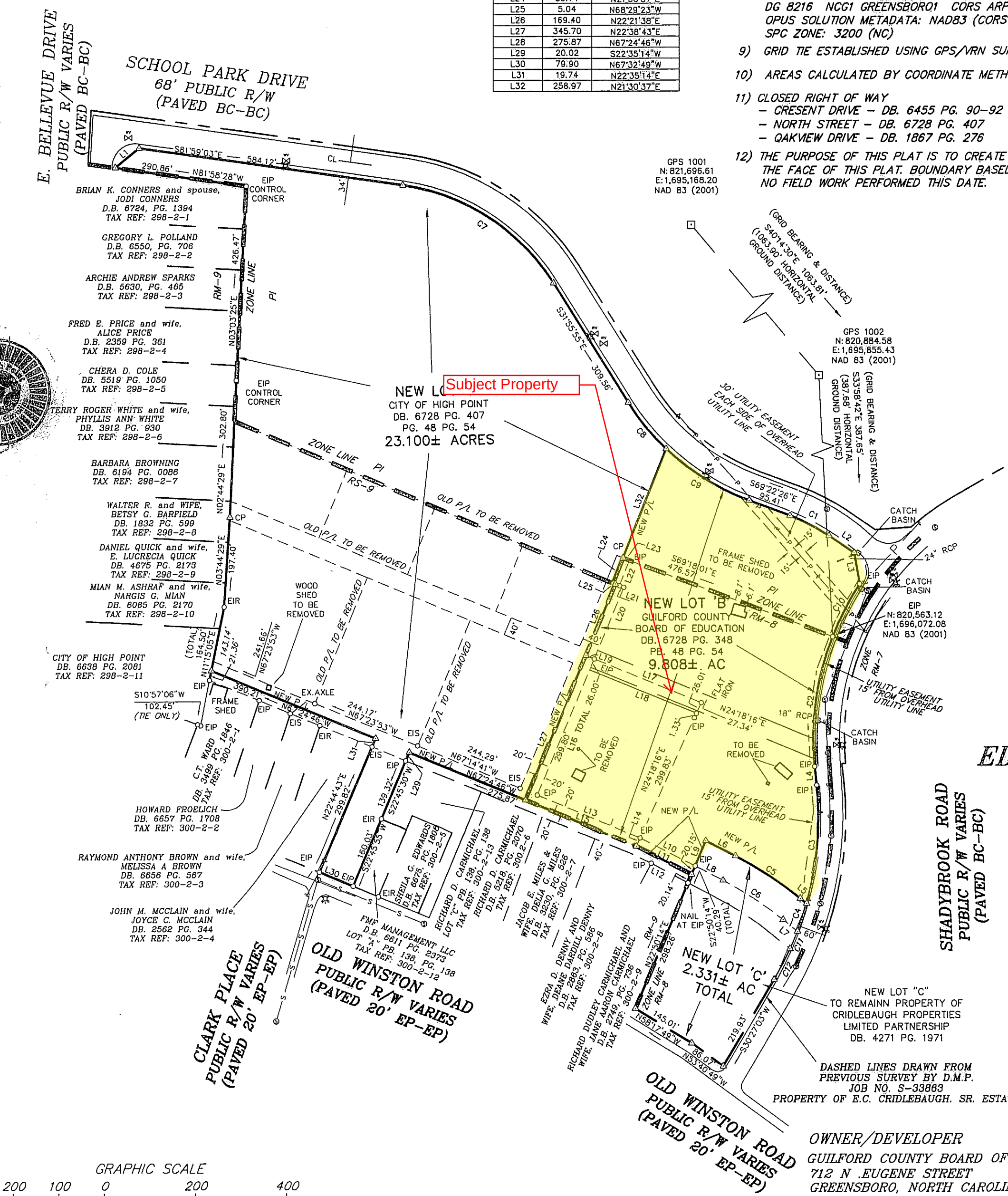
COMBINATION OF DEEDED TRACTS

TAX REF. 308-1-7	DB. 6728 PG. 407
TAX REF. 300-4-4	DB. 6728 PG. 407
TAX REF. 300-4-3	DB. 6728 PG. 407
TAX REF. 300-4-2	DB. 6728 PG. 407
TAX REF. 300-4-5	DB. 6728 PG. 407
TAX REF. 300-4-6	DB. 6728 PG. 407
TAX REF. 300-4-7	DB. 6728 PG. 407
TAX REF. 300-2-11	DB. 6728 PG. 407
TAX REF. 300-3-1	DB. 6728 PG. 348
TAX REF. 300-4-1	DB. 6728 PG. 407
TAX REF. 300-3-3	DB. 6728 PG. 348
TAX REF. 300-2-10	DB. 4271 PG. 1971

CREATING LOTS A,B,&C
SCHOOL PARK DRIVE AND
SHADYBROOK ROAD
HIGH POINT TOWNSHIP
GUILFORD COUNTY
HIGH POINT, NORTH CAROLINA

OWNER/DEVELOPER
GUILFORD COUNTY BOARD OF EDUCATION
712 N EUGENE STREET
GREENSBORO, NORTH CAROLINA 27401
CITY OF HIGH POINT
P.O. BOX 230
HIGH POINT, NORTH CAROLINA 27261

SURVEYED AND MAPPED
DAVIS-MARTIN-POWELL & ASSOCIATES, INC.
ENGINEERING - LAND PLANNING - SURVEYING
6415 OLD PLANK ROAD
HIGH POINT, NORTH CAROLINA 27265
(336) 886-4821 FAX (336) 886-4458
DATE: SEPTEMBER 8, 2008 SCALE: 1"=200'
SURVEYED BY: DW DRAWN BY: EDV/CP JOB NO. 080085
CHECKED BY: JW



DRAWING NAME: K:\dwg\080085.dwg Record - Record Sep 11, 2008 - 11:49am

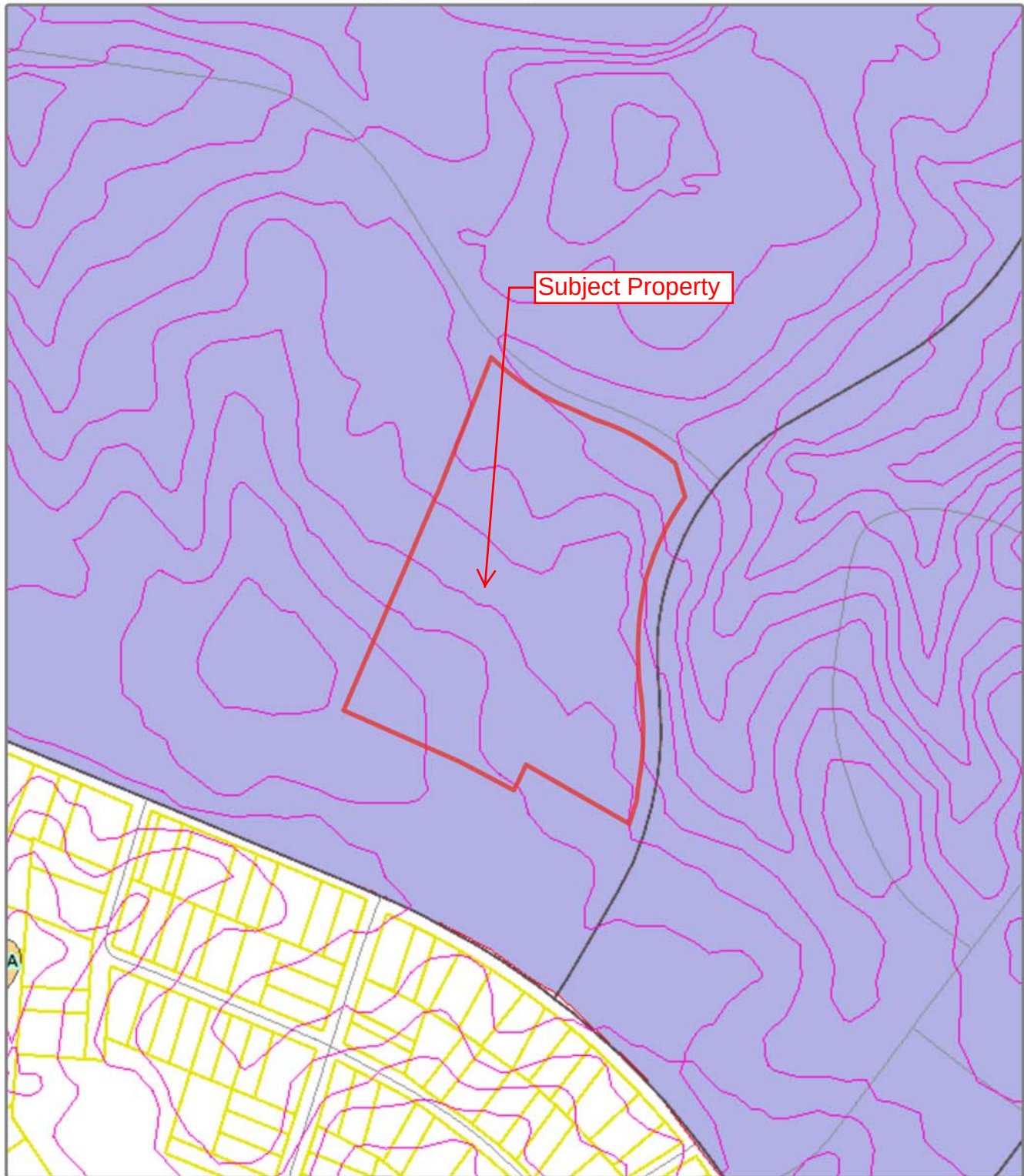
Guilford County 2010 Aerial



Disclaimer: While every effort is made to keep information provided over the internet accurate and up-to-date, Guilford County does not certify the authenticity or accuracy of such information. No warranties, express or implied, are provided for the records and/or mapping data herein, or for their use or interpretation by the User.

Map Scale
1 inch = 551 feet

Topographical Map - 5' Contours



Disclaimer: While every effort is made to keep information provided over the internet accurate and up-to-date, Guilford County does not certify the authenticity or accuracy of such information. No warranties, express or implied, are provided for the records and/or mapping data herein, or for their use or interpretation by the User.

Map Scale
1 inch = 323 feet
10/22/2012



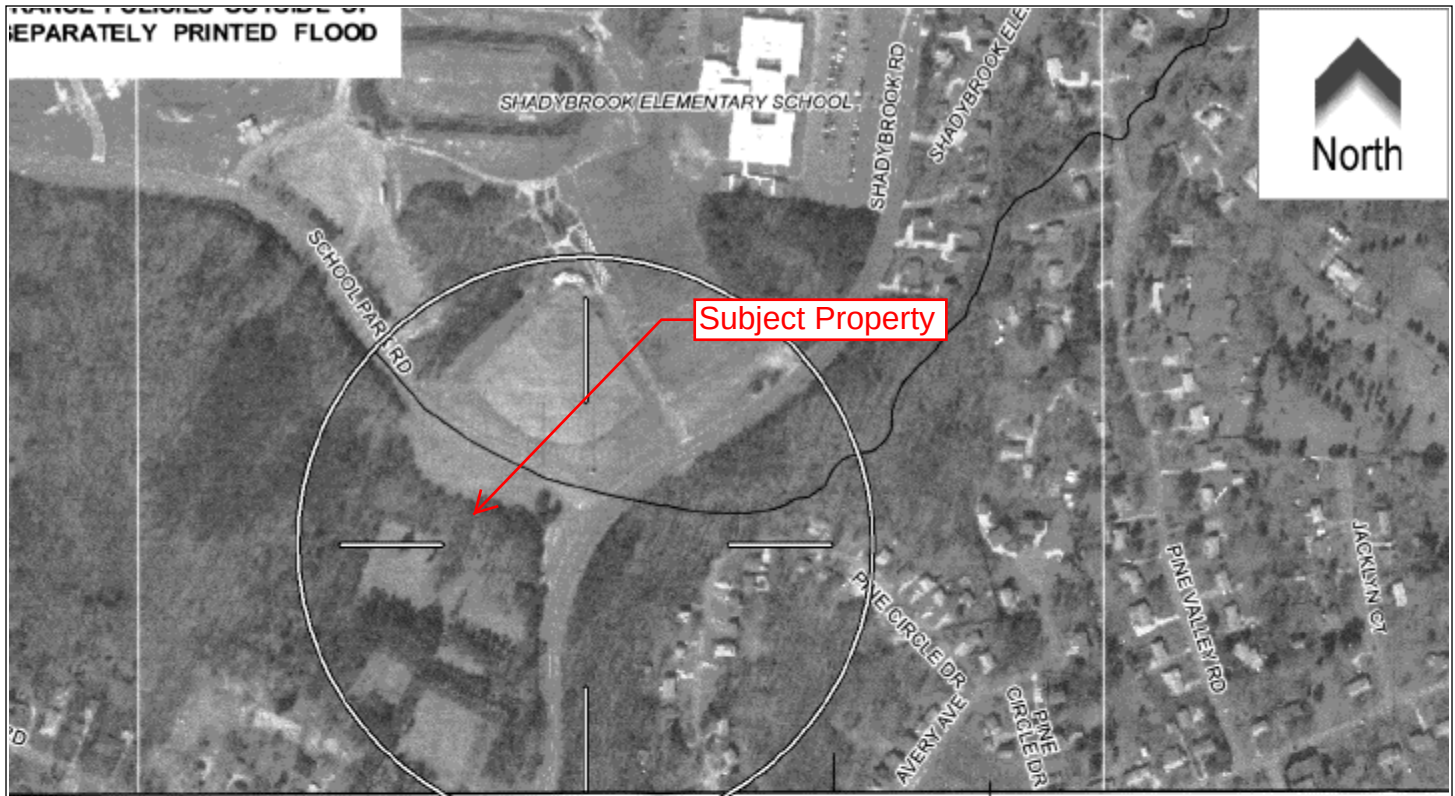
STDBonline.com
FLOODSOURCE
FLOODSCAPE™



PROPERTY ADDRESS:

305+Shadybrook+Rd%2C+High+Point%2C+NC%2C+27265

MAPS & SERIES COPIES OF
SEPARATELY PRINTED FLOOD



FLOODSCAPE™

Flood Hazards Map

Map Number
3710689200K

Effective Date
January 2, 2009

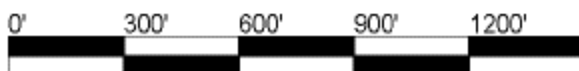
Flood Legend

- High flood risk
- Moderate flood risk
- Low flood risk

This report makes no representations or warranties concerning its content, accuracy or completeness.

STDBonline.com
469.574.1234

Powered by FloodSource
877.77.FLOOD
www.floodsource.com





2007042606

GUILFORD CO, NC FEE \$26.00
PRESENTED & RECORDED:

05-23-2007 03:35:09 PM

JEFF L. THIGPEN
REGISTER OF DEEDS
BY: W. STEVEN PARRISH
DEPUTY

BK: R 6728

PG: 348-352

4 DRAWN BY: Fred P. Baggett, City Attorney, City of High Point
RETURN TO: City Attorney, City of High Point, P.O. Box 230, High Point, NC
Brooks from Pickus (Fuller)

NORTH CAROLINA

SPECIAL WARRANTY DEED

GUILFORD COUNTY

THIS SPECIAL WARRANTY DEED is made on this 21 day of May, 2007, by the **CITY OF HIGH POINT, NORTH CAROLINA**, a North Carolina municipal corporation, hereinafter referred to as "Grantor", to the **GUILFORD COUNTY BOARD OF EDUCATION**, hereinafter referred to as "Grantee";

WITNESSETH:

THAT the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does hereby grant, transfer and convey unto Grantee, in fee simple, those certain tracts or parcels of land situated in the City of High Point, High Point Township, Guilford County, North Carolina, and more particularly described as follows:

FOR DESCRIPTION SEE EXHIBIT "A" ATTACHED
HERETO AND INCORPORATED HEREIN BY REFERENCE.

The property identified above is conveyed subject to all easements, rights-of-way, and restrictions of record, if any exist. The property transfer accomplished by this Deed was approved by the High Point City Council at a meeting held on May 21, 2007.

THE PROPERTY IDENTIFIED ABOVE IS CONVEYED ON AN AS IS BASIS AS TO ALL ENVIRONMENTAL MATTERS AND ALL OTHER PHYSICAL MATTERS AND CONDITIONS.

For back reference, see a Deed recorded in Book 6460, Page 2631 and Book 6450, Page 2050, Guilford County Registry. See also a plat recorded in Plat Book 9, Page 32 and Plat Book 9, Page 12, Guilford County Registry.

Exhibit A

Tract 1:

BEING ALL OF Lot No. 10 of the Mary J. Motsinger Estate, map of which is recorded in the Office of the Register of Deeds of Guilford County, North Carolina in Plat Book 9, at Page 12. Lot No. 10 fronts 254 feet of the North side of Crescent Drive, is 300 feet deep on the East side, is 254 feet wide on the North side and is 300 feet deep on the West side and contains 1.75 acres, more or less.

Tract II:

A STRIP OF LAND described as follows: BEGINNING at a point located on the East side of North Street which point is located 6 feet South of the Southeast intersection of Oakview Drive and North Street as shown on the map of Mary J. Motsinger Estate, which said map is recorded in Plat Book 9, at Page 12, in the Office of the Register of Deeds of Guilford County, North Carolina; thence North along the eastern line of North Street 26 feet to a point located in the center of Oakview Drive; thence in a southeastern direction along the center line of Oakview Drive 254 feet; thence in a southern direction 26 feet to an iron post which said iron post is located in the common lines of Lots 10 and 11 on said map, which iron post is located 26 feet South of the center line of Oakview Drive and 6 feet South of the South line of Oakview Drive; thence in a Northwestwardly direction 254 feet to the point and place of BEGINNING, and being a 6 foot sidewalk and the southern one-half of Oakview Drive which is located immediately North of Lot No. 10 as shown on said map.

Tract III:

BEGINNING at an iron pipe on the western public right of way of Shadybrook Road, the southeastern property corner of Guilford County Board of Education (formerly High Point Board of Education) (P.B. 48, Pg. 54) said point being South $27^{\circ}13'12''$ West 130.39 feet (chord bearing and distance) from the southwestern corner of Shadybrook Road with School Park Drive; thence from said Beginning having a N.C. Grid Coordinate of $N=820,563.12$ $E=1,696,072.08$ (NAD 83) and with the western right-of-way of Shadybrook Road having a curve to the left, a chord bearing and distance of South $07^{\circ}48'36''$ West 289.19 feet; a radius of 619.67 feet, and an arc of 291.88 feet to an iron pipe on said right-of-way; thence continuing South $05^{\circ}54'25''$ East 41.38 feet to an iron pipe; thence continuing with said right of way and a curve to the right having a chord bearing and distance of South $04^{\circ}57'16''$ West 261.33 feet, a radius of 705.37 feet, and an arc of 262.85 feet to a point on said right-of-way; thence with a new property line the following four (4) calls, North $50^{\circ}54'30''$ West 18.13 feet to a point; thence with a curve to the left a chord bearing and distance of North $56^{\circ}48'14''$ West 170.02 feet a radius of 827.62 feet, and an arc of 170.32 feet to a point; thence North $62^{\circ}41'58''$ West 73.20 feet; thence South $22^{\circ}50'14''$ West 60.18 feet to an iron pipe on the northern right of way of

Crescent Drive (40' undeveloped R/W); thence South $22^{\circ}50'14''$ West 20.15 feet to a point on the centerline of Crescent Drive; thence with said centerline North $62^{\circ}39'09''$ West 136.22 feet to a point; thence North $24^{\circ}18'16''$ East 20.00 feet to an iron pipe on the northern 40 foot right of way of Crescent Drive; thence continuing North $24^{\circ}18'16''$ East 327.17 feet to a bent flat iron; in the centerline of Oakview Drive (unopened); thence with said centerline North $67^{\circ}32'48''$ West 253.98 feet to an iron pipe; thence continuing North $67^{\circ}32'48''$ West 20.00 feet to the centerline Intersection of Oakview Drive with North Street; thence with the Centerline of North Street the following three courses, North $22^{\circ}21'38''$ East 169.40 feet to a point; thence North $68^{\circ}29'23''$ West 5.04 feet to a point; thence North $21^{\circ}30'37''$ East 59.74 feet to a point in said centerline; thence South $68^{\circ}18'01''$ East 15.00 feet to an iron pipe the southwest corner Guilford County Board of Education (formerly High Point Board of Education) (P.B. 48, Page 54); thence with said Board of Education South $69^{\circ}18'01''$ East 476.57 feet to the point of BEGINNING.

The above is shown on map titled boundary survey for "Shadybrook Property" as prepared by Davis-Martin-Powell & Associates, Inc. (Job No. S-45590).

TO HAVE AND TO HOLD property identified above and all privileges and appurtenances thereunto belonging unto Grantee in fee simple.

And the Grantor covenants with the Grantee that it has done nothing to impair the fee simple title to the property identified above which Grantor received and that Grantor will forever warrant and defend said fee simple title to the aforesaid property against the lawful claims of all persons and/or entities claiming by, under or through Grantor, except for the exceptions hereinabove stated.

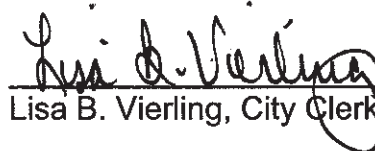
IN WITNESS WHEREOF, the Grantor has duly executed this Deed on the day, month, and year first above written.

**CITY OF HIGH POINT,
NORTH CAROLINA**



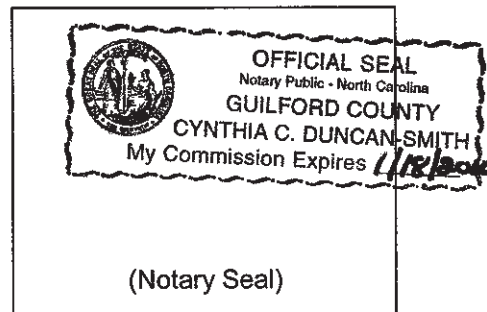
By: 
John Faircloth, Mayor Pro Tem

Attest:


Lisa B. Vierling, City Clerk

STATE OF NORTH CAROLINA
COUNTY OF GUILFORD

I, the undersigned Notary Public, hereby certify that LISA B. VIERLING, either being personally known to me or a person proved to me by satisfactory evidence, personally appeared before me this day and acknowledged that she is the City Clerk of the City of High Point, North Carolina, Grantor, and that by authority duly given and as the act of the aforesaid City, the foregoing Deed was voluntarily executed in its name by its Mayor Pro Tem, sealed with its official seal, and attested by her as its City Clerk for the purposes stated therein. Witness my hand and official stamp or seal on this 21 day of May, 2007.



My Commission Expires: 1/18/2010


Notary Public
Cynthia C. Duncan-Smith

NORTH CAROLINA

GUILFORD COUNTY

THIS SHARED USE AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 2006 by and between the **GUILFORD COUNTY BOARD OF EDUCATION**, a body corporate organized and existing pursuant to the laws of the State of North Carolina (the "Board"), and **THE CITY OF HIGH POINT**, a North Carolina municipality (the "City");

WITNESSETH:

THAT WHEREAS, the predecessor to the Board, the High Point City Board of Education (the "City Board"), owned certain real property vacant land near Simeon Stadium suitable for a future middle school (the "School Site"), which is now held by The Board; and the City owns sports fields that are used by both city residents and the Board for soccer and other sports (the "Athletic Complex"); and the City also owns property adjacent to the School Site (which also includes the "Soccer Area") all as shown on Exhibit A attached hereto (the Athletic Complex and Soccer Area are referred to collectively as the "Facilities" in this Agreement); and

WHEREAS, the City intends to construct sports fields and soccer fields on the Soccer Area using city funds, which facilities will be of benefit to the citizens of High Point and Guilford County and to Guilford County students and the Board needs additional sports fields and uses and intends to continue using the fields and facilities at the Athletic Complex;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL COVENANTS AND PROMISES SET FORTH HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Construction of Additional Soccer and Sports Fields on the Property.**

- a. The City shall construct, at its sole effort and expense, with no financial participation whatsoever from the Board, soccer and sports fields, lights, rest room facilities, a snack bar or concession area, seating, irrigation, and parking and vehicle stacking area on the Soccer Area designated in Exhibit A. An area designed and usable as a softball field will be reserved, but may be used for other purposes. If a middle school is constructed on the School Site, the Board will be responsible for constructing the softball field.
- b. The Soccer Area shall be constructed in compliance with all Guilford County, City of High Point, school or other standards, rules and regulations, and it must meet the specifications for school fields set by any supervising or governing agency, entity or body.
- c. Any public street improvements required as a result of the improvements to the Soccer Area or the use by the City or the Board of the Soccer Area shall be the sole responsibility of the City.

2. **Use of The Athletic Complex.**

- a. The City owns the Athletic Complex that is used by both the City and the Board for sports activities including soccer, lacrosse, baseball, track and practice fields.
- b. The Board currently pays a set fee for use of the Athletic Complex. The City agrees to allow the Board free use of the Facilities at times and using the schedule agreed to under Section 4 of this agreement.

3. Maintenance of all Facilities.

- a. The City agrees to do the following:
- b. Maintain the Facilities in good condition for use as athletic facilities, including mowing, painting, reasonable repairs, lining, irrigation, maintenance of equipment such as nets and goals, and any other maintenance necessary to use the fields as school athletic facilities;
- c. Pay all utilities on the Facilities, such utilities to include water, electricity, gas, sewer and any other fees for services required for the operation of the Facilities as athletic facilities;
- d. Manage and schedule events at the Facilities when not in use by the Board; and

4. Shared Use of Facilities.

- a. The Board shall have the right to use and control the Facilities for school competitions for the schools named in Exhibit C or for any such school regional, conference, state or national competitions. Sports requiring the use of such fields include (but are not limited in the future to), soccer, lacrosse, and track and field.
- b. The parties agree to create a master schedule, which will be maintained by City. The Master schedule will be updated at least twice a year, by August 1 and January 15, outlining all of the projected school events for each semester. The Board will have priority scheduling for all school events including conference and non-conference events, make up or rained out events that are rescheduled and playoff games, meets or matches. The Board will give City reasonable notice of make-up and conference play off events or other eligible events not placed on the master schedule at the designated times above.
- c. The City shall have the right to schedule the Facilities for use by it or others who contract for use with the City at all other times. The City agrees to abide by all of the rules and regulations of the Board upon property owned by the Board, including but not limited to its prohibition of the use of alcohol or tobacco products.

5. Gate Receipts, Security, Cleanup.

- a. Each party is entitled to the gate and concession receipts from its use of the Facilities. Each party is responsible for security, cleaning, and trash removal at its events and functions.

6. Construction of Middle School on School Site.

If the Board constructs a middle school on the School Site, and if any improvements made by the City on its property in the "Soccer Area" interfere with the siting of the new school, then the City will remove such improvements at its expense immediately upon notice from the

Board. The City and the Board agree that for purposes of calculating impervious surface percentages, the properties of both parties contiguous to each other shall be considered jointly. In the event that the Board of Education is required to construct a retention or detention pond, the parties agree that the pond will be located so as to cause the least interference with the full and complete use of the property owned by the Board. The City agrees to cooperate with the Board and to permit the Board to locate the retention or detention pond upon so much of the property deeded from the Board to the City pursuant to this Agreement as is required in order for the Board's property to be fully utilized as a school facility.

7. Without the express written permission of the other party, which shall not be unreasonably withheld as long as the purposes of this agreement are fulfilled, neither party shall use any of its respective property which is the subject of this agreement except for the purposes described in this agreement, or convey any such property to a third party.

8. **Consideration.**

The City shall pay to the Board, by July 15 of each fiscal year, a use fee of \$10.00 and other good and valuable consideration, including the cost of constructing and maintaining the Facilities and their use by the Board as provided herein.

9. **Insurance.**

Both parties are self-insured for liability, and each shall be responsible for any respective claims or suits arising out of its use of the Property. Each party indemnifies and holds harmless the other party for any claim or suit for damages or injury occurring on the Property.

10. **Property Damage.**

Each party, within thirty (30) days after written demand by the other party, shall reimburse the other party for the costs of repairing or replacing any damaged or stolen property of the other party which has occurred during the first party's control and operation of the other party's property.

11. **Term.**

This term of this Agreement shall commence on January 1, 2006 and shall terminate on December 31, 2016, and shall automatically renew for successive ten year terms unless written notice of non-renewal is given by written notice to the other party at least 90 days before expiration of the term.

12. **Miscellaneous.**

- a. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remainder of this Agreement shall remain in full force and effect.

- b. Entire Agreement. This Agreement, including the appendices and exhibits hereto which are incorporated herein by reference, constitutes the entire understanding between the parties with respect to the subject matter hereof. No modification of this Agreement shall be valid unless it is in writing and is signed by each party to this Agreement.
- c. No Waiver. The waiver of any term or condition of this Agreement by any party shall not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other term or condition of this Agreement.
- d. Applicable Law. This Agreement shall be governed by, and be construed in accordance with, the laws of the State of North Carolina, without giving effect to procedural rules or legal principles respecting conflicts of laws.
- e. Headings. Section and paragraph titles and headings herein contained are inserted only for convenience and are not intended to be construed as a part of this Agreement or as a limitation upon the scope of the particular portion of this Agreement to which they refer.
- f. Counterparts. This Agreement may be executed in multiple counterparts, the combination of which shall constitute a single Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized representatives, by authority duly given, all on or as of the date first above written.

GUILFORD COUNTY BOARD OF EDUCATION

ATTEST:

By: _____
Chairman

By: _____
Secretary

THE CITY OF HIGH POINT

ATTEST:

By: _____
Title:

By: _____

LOT 'A'
HIGH POINT
128 PG. 407
48 PG. 54
0± ACRES

GPS 1002
N: 820,884.58
E: 1,695,855.43
NAD 83 (2001)

(GOOD BEARING & DISTANCE)
S33°56'42"E 307.65'
(307.68' HORIZONTAL
GROUND DISTANCE)

NEW LOT 'B'
GUILFORD COUNTY
BOARD OF EDUCATION
DB. 6728 PG. 348
PB. 48 PG. 54
9.808± AC

NEW LOT 'C'
2.331± AC
TOTAL

SHADYBROOK ROAD
PUBLIC R/W VARIES
(PAVED BC-BC)

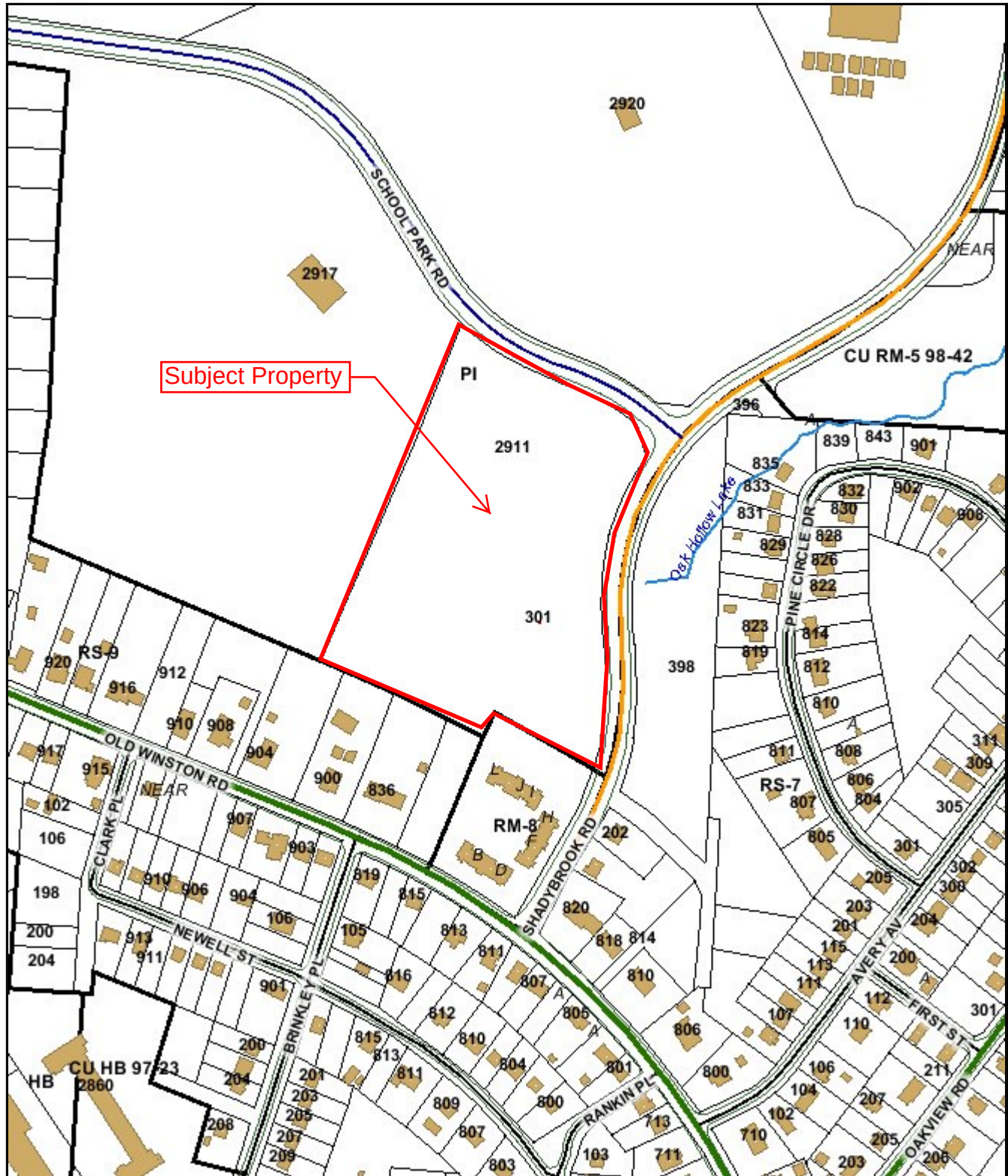
NEW LOT 'C'
TO REMAIN PROPERTY OF
CRIDLEBAUGH PROPERTIES
LIMITED PARTNERSHIP
DB. 4271 PG. 1971

DASHED LINES DRAWN FROM
PREVIOUS SURVEY BY D.M.P.
JOB NO. S-33863
PROPERTY OF E.C. CRIDLEBAUGH, SR. EST

OWNER/DEVELOPER
Michael S. Clapp, MAI, CRE
GUILFORD COUNTY BOARD OF
712 N. EUGENE STREET

OLD WINSTON ROAD
PUBLIC R/W VARIES
(PAVED 20' EP-EP)

Zoning Map City of High Point



Disclaimer: While every effort is made to keep information provided over the internet accurate and up-to-date, The City of High Point does not certify the authenticity or accuracy of such information. No warranties, express or implied, are provided for the records and/or mapping data herein, or for their use or interpretation by the User.

Map Scale
1 inch = 332 feet

PUBLIC AND INSTITUTIONAL (PI) DISTRICT

Purpose and Intent:

The PI, Public and Institutional District is intended to accommodate mid- and large-sized public, quasipublic, and institutional uses which have a substantial land use impact or traffic generation potential. It is not intended for public and institutional uses customarily found within residential areas.

Additional Requirements:

Accessory residential uses in the Public and Institutional (PI) District, including single-family detached dwellings, two-family dwellings, townhouse dwellings, multifamily dwellings, shall conform with the dimensional requirements for such uses in the General Office Moderate Intensity (GO-M) District as specified in Tables 4-11-3 and 4-11-4.

Permitted Uses:

AGRICULTURAL USES

Agricultural Production (crops)
Forestry

RESIDENTIAL USES

Common Area Recreation & Service Facilities
Congregate Care Facilities *D [AOD]*
Group Care Facilities *D [AOD]*
Private Dormitories *[AOD]*
Shelters for the Homeless *D [AOD]*
Shelters, Temporary *D [AOD]*

ACCESSORY USES AND STRUCTURES (See Section 9-4-13 for additional requirements for accessory structures)

Accessory Uses and Structures (customary)
Caretaker Dwellings *D [AOD]*
Communication Towers (exceeding height limits of zoning district) *S*
Communication Towers (not exceeding height limits of zoning district) *D*
Disabled Motor Vehicles *D*
Satellite Dishes/TV and Radio Antennae (Accessory) *D*
Swimming Pools *D*

RECREATIONAL USES

Athletic Fields
Clubs or Lodges
Country Clubs with Golf Courses *D*
Golf Courses *D*
Public Parks *D*
Public Recreation Facilities *D*
Riding Stables *S*
Shooting Ranges, Outdoor (Govt Owned/Operated) *S*
Sporting & Recreational Camps *D*
Sports Instructional Schools
Sports & Recreation Clubs, Indoor

Swim and Tennis Clubs *D*

EDUCATIONAL AND INSTITUTIONAL USES

Ambulance Services
Auditoriums, Coliseums, Theaters or Stadiums (capacity < 100 people) *[AOD]*
Auditoriums, Coliseums, Theaters or Stadiums (capacity > 100 people) *S [AOD]*
Cemeteries/Mausoleums *D*
Churches *[AOD]*
Colleges or Universities *[AOD]*
Correctional Institutions *S [AOD]*
Day Care Centers, Adult (29 or less) *D [AOD]*
Day Care Centers, Adult (30 or more) *D [AOD]*
Day Care Centers, Child (29 or less) *D [AOD]*
Day Care Centers, Child (30 or more) *D [AOD]*
Elementary or Secondary Schools *[AOD]*
Fire Stations
Fraternities or Sororities (Univ. or College) *[AOD]*
Government Offices
Hospitals *[AOD]*
Libraries *[AOD]*
Museums or Art Galleries *[AOD]*
Nursing and Convalescent Homes *[AOD]*
Orphanages *[AOD]*
Police Stations, Neighborhood
Post Offices
Psychiatric Hospitals *[AOD]*
Retreat Centers *[AOD]*
School Administration Facilities
Specialty Hospitals *[AOD]*

BUSINESS, PROFESSIONAL, & PERSONAL SERVICES

Automobile Parking (commercial) *S*
Funeral Homes or Crematoriums *S*
Medical, Dental or Related Offices

Revised 04-25-2011

Medical or Dental Laboratories
Rehabilitation or Counseling Services

RETAIL TRADE

None

WHOLESALE TRADE

None

TRANSPORTATION, WAREHOUSING AND UTILITIES

Airports or Air Transportation Facilities *[WCA/S]*

Communication Towers (exceeding height limits of zoning district) *S*

Communication Towers (not exceeding height limits of zoning district) *D*

Heliports *[WCA/S]*

Utility Lines and Related Appurtenances:

- Distribution Poles, Transmission Poles & Towers
- Other

Utility Service Facilities *D*

OTHER USES

Automotive Parking (subj. to Sec. 9-5-6)

High Mast Outdoor Lighting > 50' in ht. *D*

Temporary Construction, Storage or Offices; Real Estate Sales or Rental Offices (with concurrent building permit for permanent building)

Storage Trailers (accessory use) *D*

Temporary Events, including but not limited to: (Refer to Section 9-3-3(f))

- Arts and Crafts Shows
- Carnivals and Fairs
- Christmas Tree Sales
- Concerts, Stage Shows
- Conventions, Trade Shows
- Outdoor Religious Events

<i>D</i>	Must be developed according to the Development Standards in Section 9-5-1 and 9-5-2 of the Development Ordinance.
<i>S</i>	Special Use Permit Required.
<i>Z</i>	Overlay Zoning Required.
<i>WCA</i>	Prohibited in Watershed Critical Area Overlay District. See Section 9-7-4 of the Development Ordinance.
<i>R</i>	Restricted Use in a Watershed Critical Area or General Watershed Area. See Section 9-7-4 or 9-7-5 of the Development Ordinance.
<i>AOD</i>	May be prohibited in Airport Overlay District. See Table 4-4-3 of the Development Ordinance.

Revised 04-25-2011

Property Card

Address 301 305 SHADYBROOK RD

Parcel ID 0197432



Guilford County, NC

Owner/Parcel Information

Owner Name	GUILFORD COUNTY BOARD OF EDUCATION	Zoning	PI
Mailing Address	712 N EUGENE ST	Use	GOVERNMENT OWNED
City State Zip	GREENSBORO, NC 27401	Parcel Size	9.81
PIN	6892507448-000	Tax District	100
Appraisal Neighborhood	6892B06	Plat/Condo Bk & Pg	175-109
Legal Description	NEW LOT B PB175-109 WINSTON RD		

Sales History

Book & Page	Sale Date	Sale Price	Doc Type	Qualified?	Improved?
-------------	-----------	------------	----------	------------	-----------

Appraisal Values

Land	Buildings	Extra Features	Total Value
\$294,300	\$0	\$0	\$0

Extra Feature Summary

Feature Description	Size/Count	Measure	Year	Value
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Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey, or for zoning verification.

Friday, October 26, 2012

Guilford County, NC

Page 1 of 2

Property Card	Address 301 305 SHADYBROOK RD	Parcel ID 0197432
----------------------	--------------------------------------	--------------------------

Appraisal Detail (Building 0 of 0)

Improvement Details	
Bldg Number	Air Conditioning Type
Bldg Description	Heating Type
Bldg Use	Effective Year Built
Foundation	Building Grade
Exterior Wall	Heated Sq Ft
Year Built	Building Value
Style	Bedrooms
Fireplace	Bathrooms
Units	Comm. Roof Structure

Building Area Totals		
Code	Description	Sq Feet

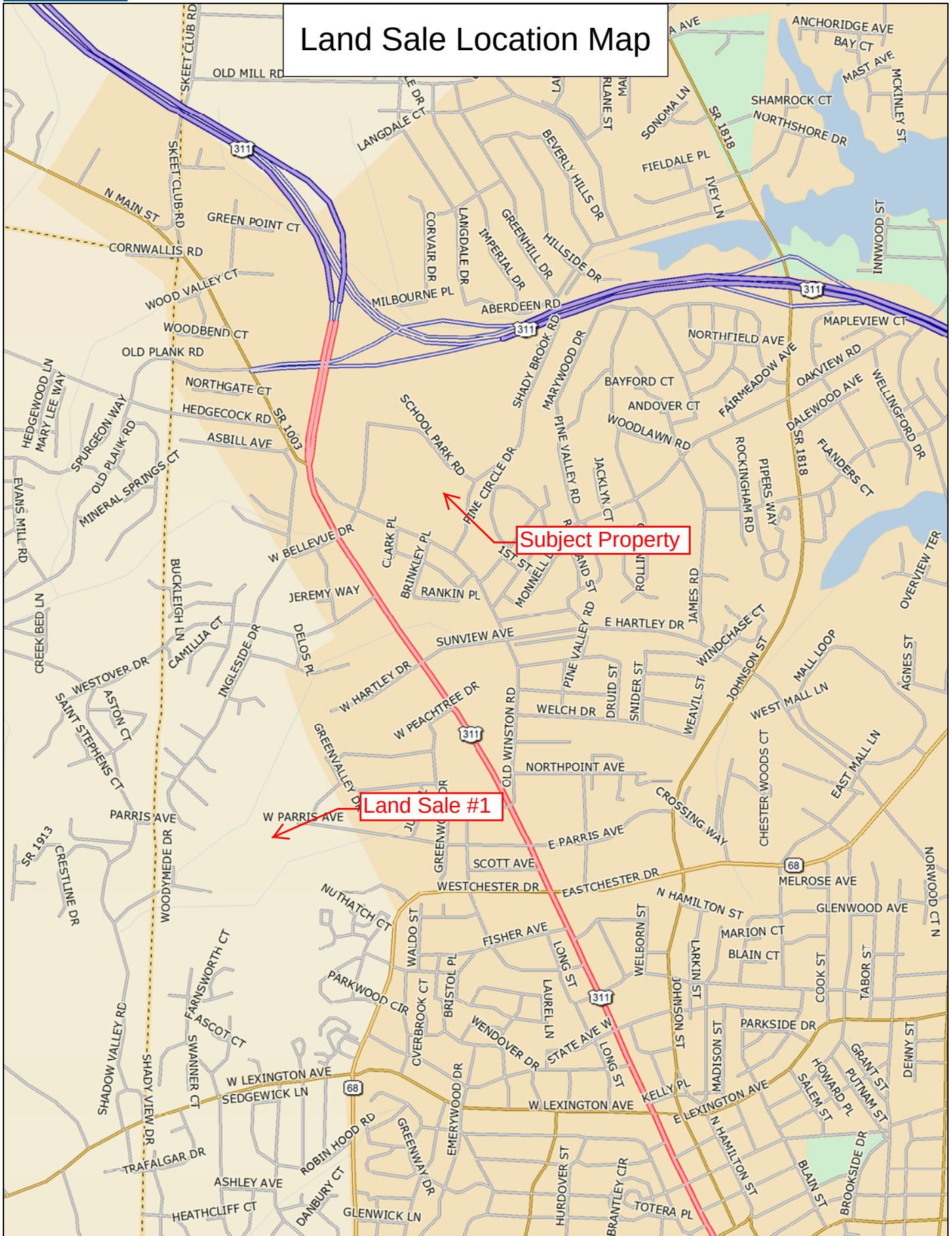
Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey, or for zoning verification.

Friday, October 26, 2012

Guilford County, NC

Page 2 of 2

Land Sale Location Map

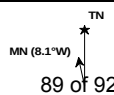


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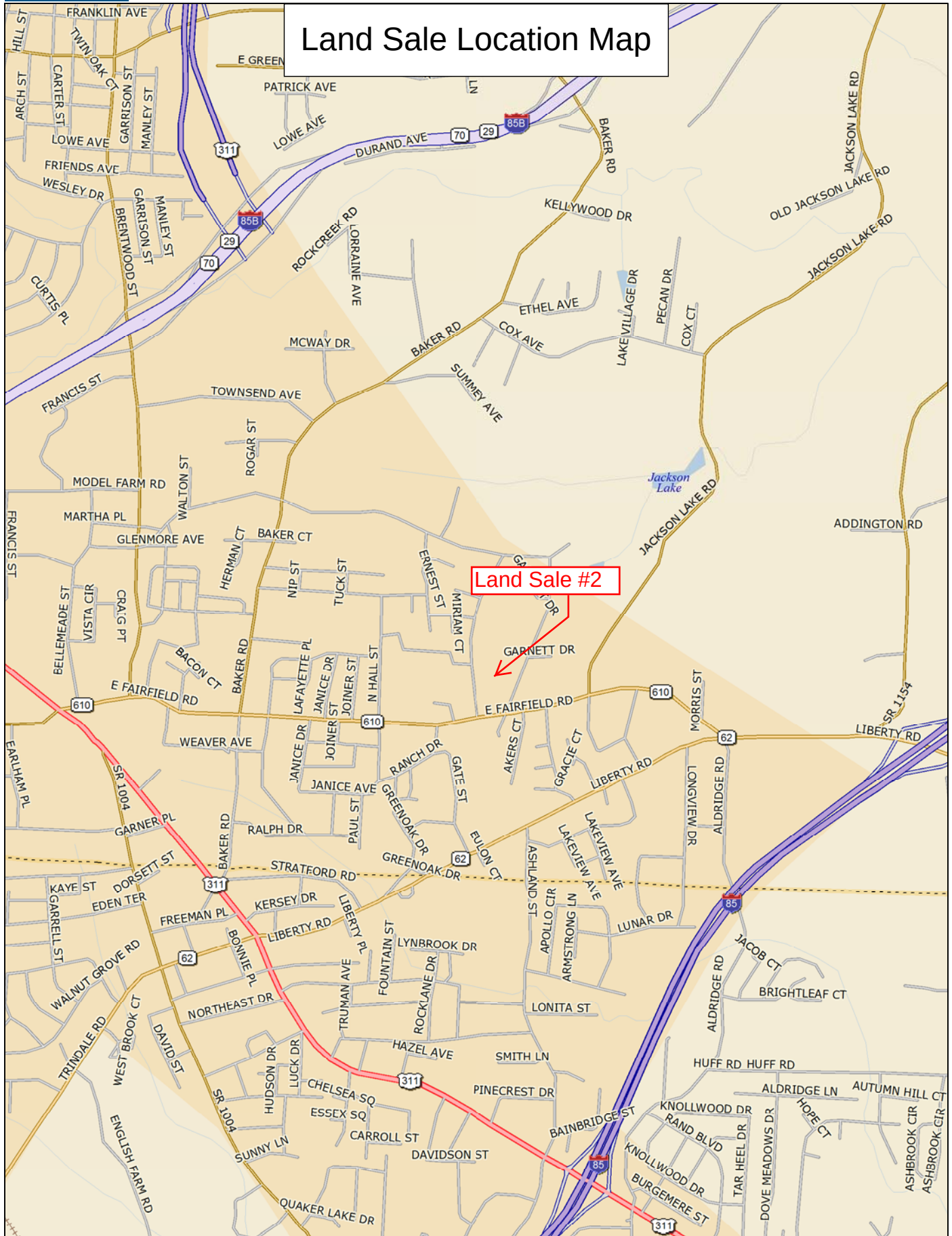
Shadybrook Road Land



89 of 92

Michael S. Clapp, MA, GIS 13-0

Land Sale Location Map

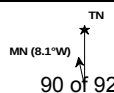


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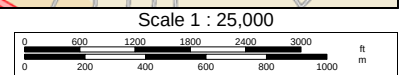
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Shadybrook Road Land

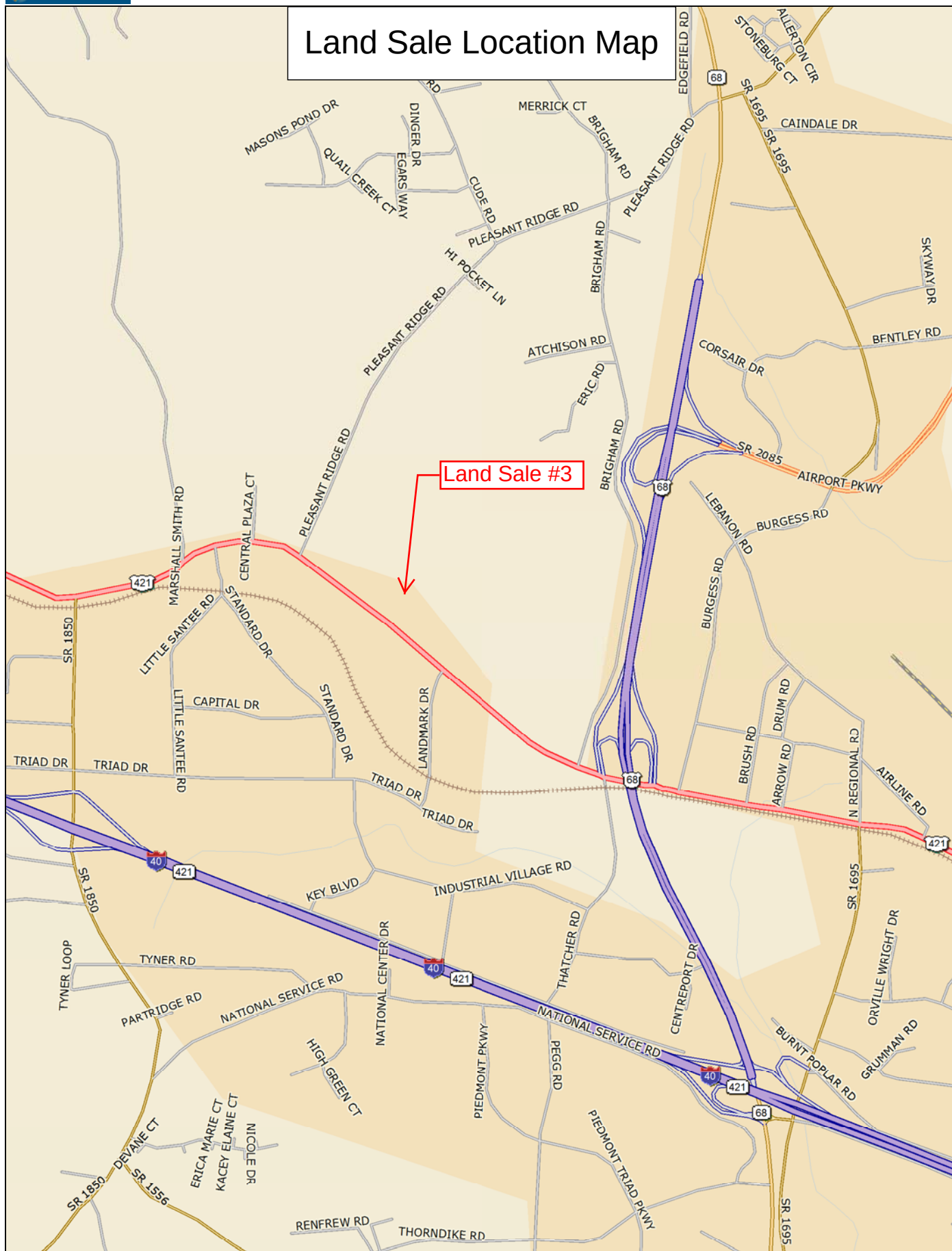


90 of 92



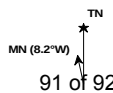
Michael S. Clapp, MA, GIS 13-0

Land Sale #3



www.delorme.com

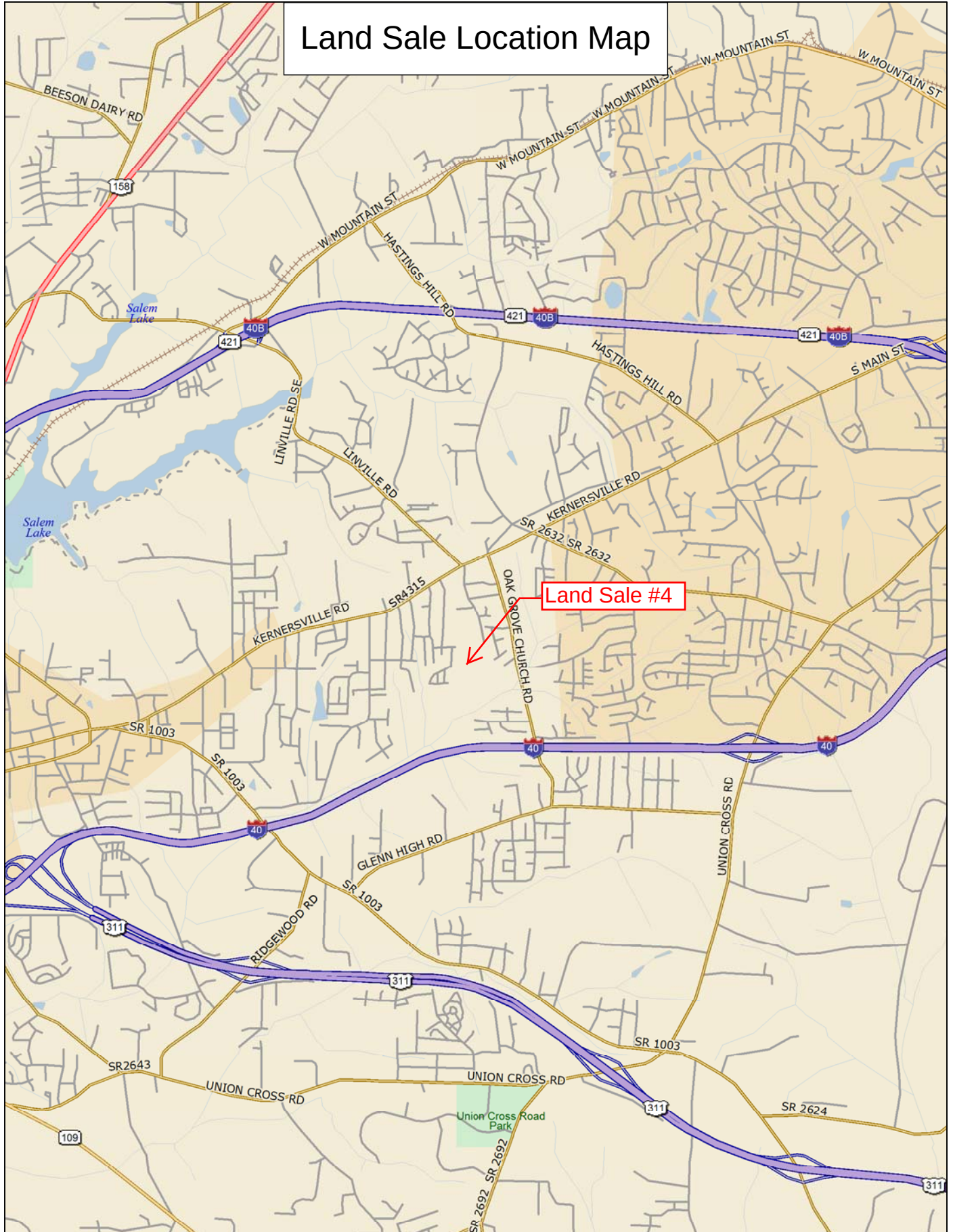
Shadybrook Road Land



91 of 92

1Michael S. Clapp, MA, CRE 13-0

Land Sale Location Map



**A Resolution Establishing a Voluntary Annexation Petition Policy
for the City of High Point**

WHEREAS, the N.C. General Statutes provide for the extension of a municipality's corporate limits through voluntary petition and establishes the process by which a municipal governing board may elect to extend the municipality's corporate limits; and

WHEREAS, N.C.G.S 160A-31 and 160A-58.1 provide for the voluntary annexation of contiguous and non-contiguous property into the corporate limits when a valid petition is signed by all the owners of real property subject to the petition; and

WHEREAS, a municipality, after adoption of a resolution of intent and after holding a public hearing, may then elect to approve the petition for annexation; and

WHEREAS, NCGS 160A-360 establishes a 60-day period in which the municipality must establish initial zoning on annexed property; and

WHEREAS, since 1988, the City of High Point has diligently sought to obtain and maintain annexation agreements with all surrounding municipalities in order to efficiently plan and provide municipal services, promote the logical and orderly extension of municipal boundaries, and reduce the uncertainty among property owners and public and private development interests; and

WHEREAS, since 1983, the City Council of High Point has adopted and maintained a comprehensive land use plan to promote the orderly development of the city and provide property owners greater certainty with respect to investment decisions by establishing land use and development policy for the entire planning area, which is established primary by annexation agreements; and

WHEREAS, when additional policy guidance is needed, the City Council has adopted area plans for small areas of the City's planning area to better address selected planning elements, systems and key issues for the area.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of High Point in order to prevent uncertainty among property owners and development interests, and to insure decisions are made within a timely manner:

SECTION 1. That the Planning & Development Department shall only accept voluntary annexation petitions when accompanied with an application by the owners of all real property in the area proposed for annexation for initial zoning, and shall process the annexation petition and zoning application concurrently so that public hearings on both requests occur at the same City Council meeting; and

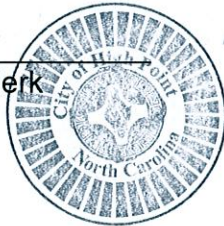
SECTION 2. That in counties where Board of County Commissioner approval of a resolution is required by State law prior to the City's approval of a voluntary annexation

ordinance, the Planning & Development Department shall accept voluntary annexation petitions and the City Clerk may certify them only when an adopted Board of County Commissioner resolution consenting to that annexation is made part of the petition submittal, and that acceptance of such annexation petitions may occur only when the approved resolution contains no conditions concerning City zoning or other land use regulations.

Adopted by City Council this 5th day of November 2012.



Lisa Vierling, CMC, City Clerk



Engineering Services Department

B. Keith Pugh, P.E.

DIRECTOR



Date: October 29, 2012

To: Pat Pate, Assistant City Manager

From: Keith Pugh, Engineering Services

BKPF

Re: City Council Agenda, November 5, 2012 – **Extension of Hartley Drive Extension Contract** – City Contract ENG-2010-003

On Monday, December 5, 2011 the City of High Point awarded Contract ENG-2010-003, Hartley Drive Extension to Vecellio and Grogan (Sharpe Brothers) as the lowest responsive bidder at the negotiated bid amount of \$9,160,375.38. This contract contains an extension clause that allows the City to extend the contract up to 100 percent beyond the original bid amount with the consent of the contractor. To date, two change orders have been approved for this work at a total value of \$82,847.79 thus bringing the total contract value to \$9,243,223.17.

The contractor for the work has made excellent progress and is on schedule to complete all contract work approximately 5 months ahead of the stated contract completion time. In fact, this contractor has completed all contract work with the City of High Point in a satisfactory manner with minimal change order requests and ahead of the available contract time. The working relationship between the City of High Point and Vecellio and Grogan (Sharpe Brothers) has been a successful one.

Engineering Services recommends this contract be extended to allow for construction of the proposed Lindsay Street improvements. This work will include: replacement of an existing cast iron water line along Lindsay; replacement/repair of an existing sewer main in Lindsay Street from English to 450 feet north of English; installation of a 72 inch storm sewer crossing pipe at Ray Avenue, an in ground water detention device at Sunset Avenue and roadway/sidewalk improvements throughout the corridor. The overall construction consists of five unique projects with funding from four different sources:

- Lindsay Street (water) - replace existing 6 inch cast iron main from N. Main to W. English
- Lindsay Street (sewer) – replace existing sewer main from W. English to approximately 450 feet north
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- Lindsay Street (storm sewer) – Install an in-ground stormwater detention area between Sunset and Maple
- Lindsay Street (roadway) – improve existing Lindsay Street from N. Main Street to W. English Street. This includes dual left turns from Lindsay onto northbound Main Street; a roundabout at the intersection of Elm Street and Lindsay; mast arm signal installation at N. Main and Parkway/Lindsay;

Engineering Services Department

PAGE 2 OF 2

HARTLEY DRIVE EXTENSION – CONTRACT EXTENSION
TO CONSTRUCT LINDSAY STREET IMPROVEMENTS

decorative crosswalk treatments; sidewalk and curb and gutter reconstruction where needed; and resurfacing throughout the length of the project.

The Engineer's Estimate for all of this proposed work is in excess of \$5,400,000.

The Contractor's proposed NCDOT Certified DBE participation for the contract extension is 10.03% (\$519,668). The proposed work to be performed by DBEs includes: concrete sidewalk, masonry drainage structures, valve and manhole adjustments, handicap ramps, material hauling, concrete curb and gutter; and, surveying.

In several cases, the unit prices contained in the original contract have been modified from the original awarded amount due to changes in the scope or nature of the work. The unit price changes allow us to construct all proposed improvements along Lindsay Street within our current project budget. Engineering Services recommends that City Council approves this contract extension in the amount of \$5,183,403.60.

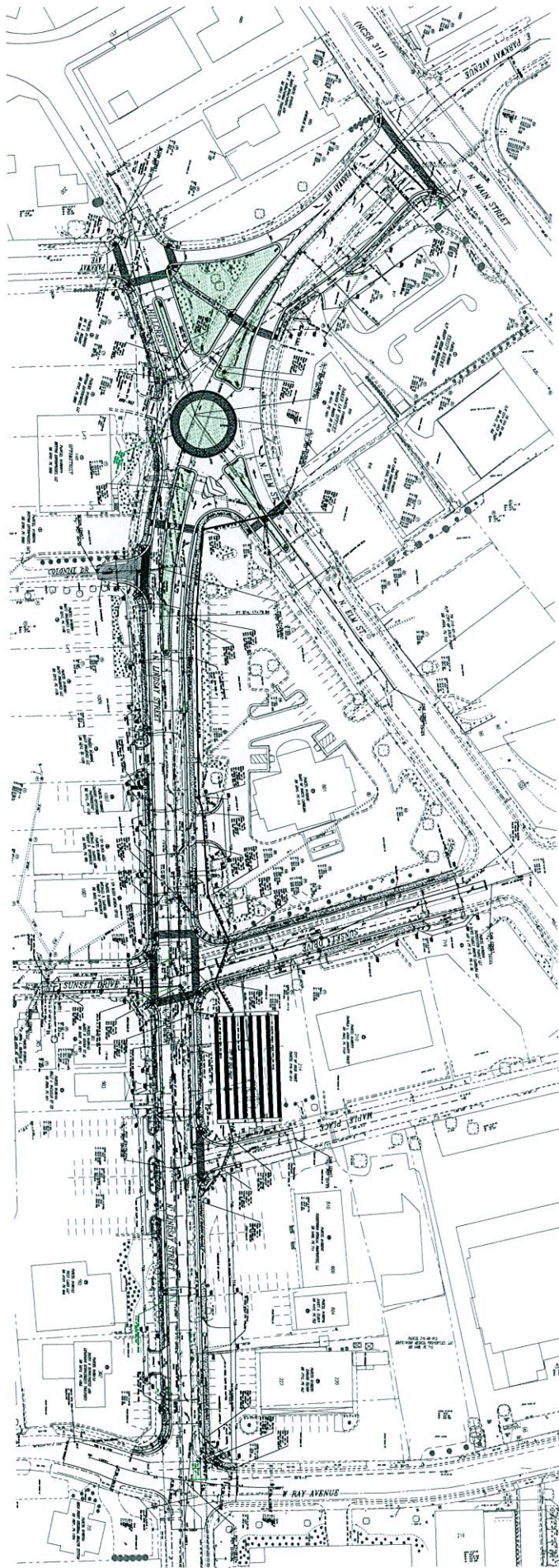
Funding is available in the following account:

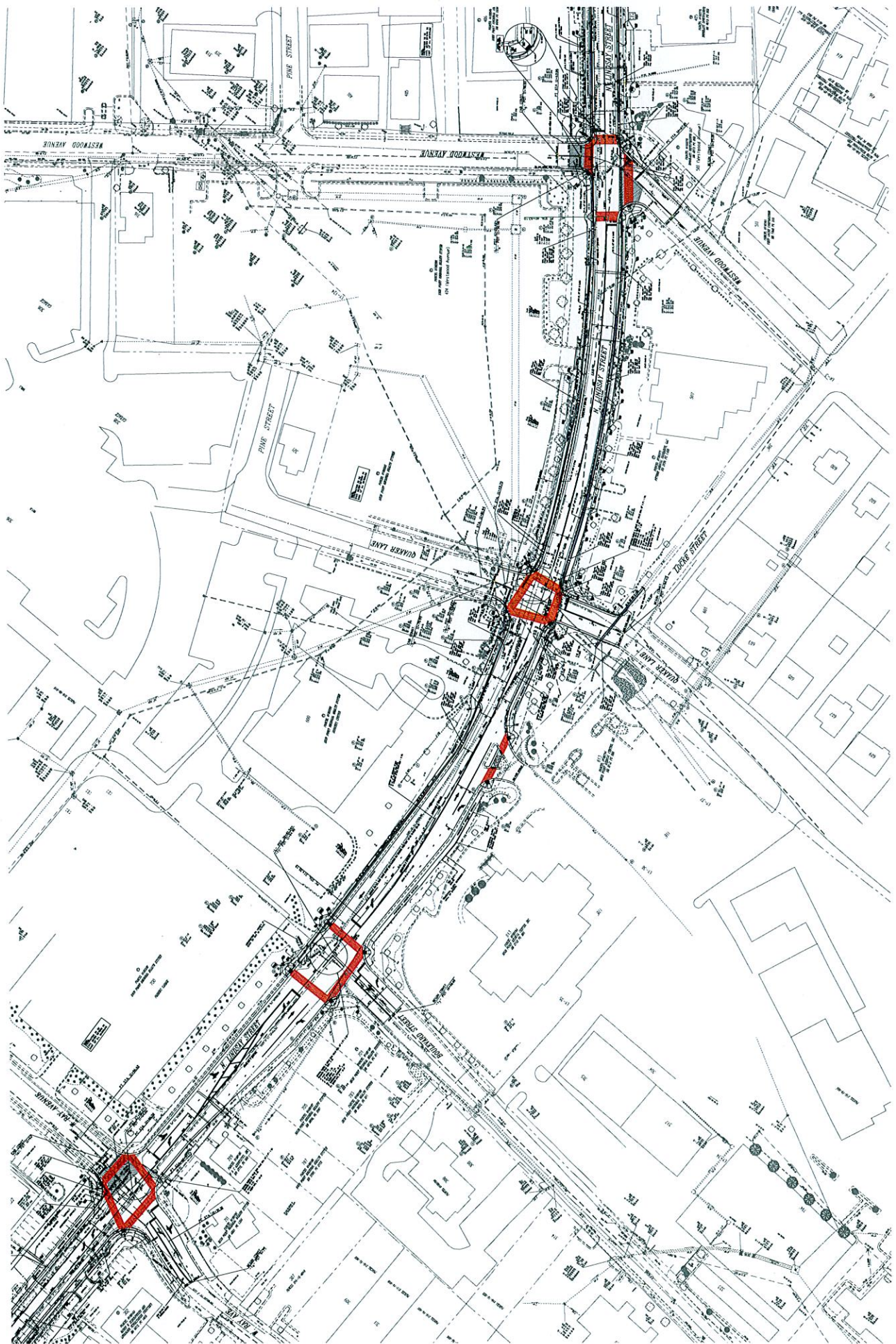
- 2004 Transportation Bonds
- Stormwater Capital Fund
- Obsolete Water and Sewer Fund
- Water Revenue Bonds

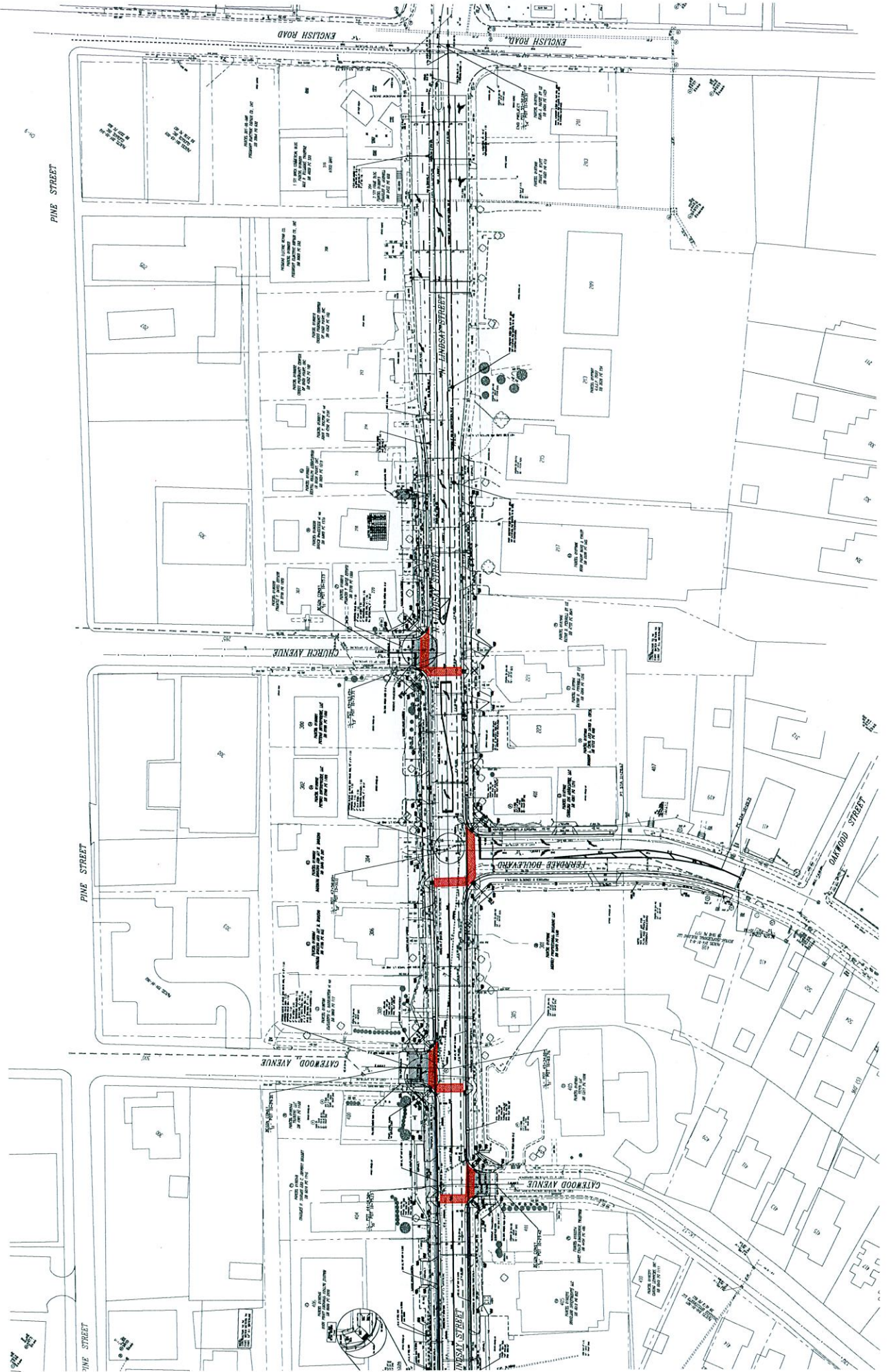
/bkp

Ec: Mr. Jeff Moore, Finance Director
Mr. Chris Thompson, Public Services Director
Mr. Leon Adams, Adams and Clark Enterprises, Inc.

Ms. Patty Sykes, Purchasing Division
Mr. Eric Olmedo, Budget & Eval Director
Mr. Mark McDonald, HPDOT Director







AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE AGREEMENT ("Amendment") is made and entered into as of the _____ day of _____, 2012 (the "Effective Date"), by and between The City of High Point, a municipal corporation created under the laws of the State of North Carolina (the "Landlord"), and North Carolina Municipal Power Agency Number 1, a public body and body politic organized under the laws of the State of North Carolina (the "Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant have previously entered into that certain Lease Agreement dated January 23, 2008 (the "Lease" capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease), for that certain land owned by Landlord and located in Guilford County, North Carolina and more particularly described on Exhibit A hereto; and

WHEREAS, Section 2.04 of the Lease requires Tenant to commence construction or installation of the Plant within five (5) years of the commencement of the initial term of the Lease, or January 23, 2013 (the "Construction Commencement Date"); and

WHEREAS, Tenant and Landlord desire to extend the Construction Commencement Date for a period of ten years; and

WHEREAS, Landlord and Tenant desire to document the foregoing and to ratify and confirm the terms, conditions and covenants of the Lease, as amended hereby.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. **Amendment to Section 2.04 of the Lease.** Landlord and Tenant agree that Section 2.04 of the Lease shall be amended to read as follows:

"Section 2.04 Additional Consideration. Tenant shall commence construction or installation of the Plant within fifteen (15) years of the commencement of the initial term of this Lease having an initial cost of at least Ten Million Dollars (\$10,000,000)."

2. **Ratification, Continuance of Obligations.** Landlord and Tenant hereby ratify and confirm all of the terms, conditions and covenants of the Lease, as amended hereby. Tenant agrees that all duties and obligations of the Tenant under the Lease, as amended hereby, shall continue in full force and effect throughout the term of the Lease.

3. **Miscellaneous.** This Amendment to Lease shall be binding upon, and shall inure to the benefit of, Landlord and Tenant and their respective legal representatives, successors and permitted assigns. The Lease, as amended by this Amendment to Lease, (i) remains in full force and effect according to its terms, and (ii) constitutes the entire agreement between Landlord and

Tenant with respect to the subject matter hereof. No prior agreement or understanding with regard to any such matter shall be effective for any purpose.

IN WITNESS WHEREOF, the parties have executed this Amendment to Lease as of the Effective Date.

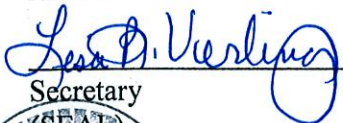
LANDLORD:

CITY OF HIGH POINT

By: 

Its: City Manager

Attest:


Secretary



TENANT:

NORTH CAROLINA MUNICIPAL
POWER AGENCY NUMBER 1

By: _____

Its: _____

Attest:

Secretary
(SEAL)

(ACKNOWLEDGMENTS ON THE FOLLOWING PAGE)

STATE OF North Carolina

COUNTY OF Guilford

I, Cynthia C. Duncan-Smith, Notary Public, for the County and State aforesaid, do hereby certify that Strib Boynton (personally known to me or having produced _____ as identification) personally came before me this day and acknowledged he is City Manager of High Point, North Carolina, and that he is authorized to do so, executed the foregoing instrument for the purposes therein stated.

Witness my hand and official seal, this the 7th day of November, 2012.

Notary Public (signature)

Cynthia C. Duncan-Smith

Notary Public (printed name)

My commission expires: 1/18/2015 (SEAL)

STATE OF _____

COUNTY OF _____

I, _____, Notary Public, for the County and State aforesaid, do hereby certify that _____ (personally known to me or having produced _____ as identification) personally came before me this day and acknowledged he is _____ of North Carolina Municipal Power Agency Number 1, and that he is authorized to do so, executed the foregoing instrument for the purposes therein stated.

Witness my hand and official seal, this the _____ day of _____, 2012.

Notary Public (signature)

Notary Public (printed name)

My commission expires: _____ (SEAL)

Engineering Services Department

B. Keith Pugh, P.E.

DIRECTOR



Date: October 29, 2012

To: Pat Pate, Assistant City Manager

From: Keith Pugh, Engineering Services *BKP*

Re: City Council Agenda, November 5, 2012 – **Extension of Hartley Drive Extension Contract** – City Contract ENG-2010-003

On Monday, December 5, 2011 the City of High Point awarded Contract ENG-2010-003, Hartley Drive Extension to Vecellio and Grogan (Sharpe Brothers) as the lowest responsive bidder at the negotiated bid amount of \$9,160,375.38. This contract contains an extension clause that allows the City to extend the contract up to 100 percent beyond the original bid amount with the consent of the contractor. To date, two change orders have been approved for this work at a total value of \$82,847.79 thus bringing the total contract value to \$9,243,223.17.

The contractor for the work has made excellent progress and is on schedule to complete all contract work approximately 5 months ahead of the stated contract completion time. In fact, this contractor has completed all contract work with the City of High Point in a satisfactory manner with minimal change order requests and ahead of the available contract time. The working relationship between the City of High Point and Vecellio and Grogan (Sharpe Brothers) has been a successful one.

Engineering Services recommends this contract be extended to allow for construction of the proposed Lindsay Street improvements. This work will include: replacement of an existing cast iron water line along Lindsay; replacement/repair of an existing sewer main in Lindsay Street from English to 450 feet north of English; installation of a 72 inch storm sewer crossing pipe at Ray Avenue, an in ground water detention device at Sunset Avenue and roadway/sidewalk improvements throughout the corridor. The overall construction consists of five unique projects with funding from four different sources:

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Engineering Services Department

PAGE 2 OF 2

HARTLEY DRIVE EXTENSION – CONTRACT EXTENSION
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decorative crosswalk treatments; sidewalk and curb and gutter reconstruction where needed; and resurfacing throughout the length of the project.

The Engineer's Estimate for all of this proposed work is in excess of \$5,400,000.

The Contractor's proposed NCDOT Certified DBE participation for the contract extension is 10.03% (\$519,668). The proposed work to be performed by DBEs includes: concrete sidewalk, masonry drainage structures, valve and manhole adjustments, handicap ramps, material hauling, concrete curb and gutter; and, surveying.

In several cases, the unit prices contained in the original contract have been modified from the original awarded amount due to changes in the scope or nature of the work. The unit price changes allow us to construct all proposed improvements along Lindsay Street within our current project budget. Engineering Services recommends that City Council approves this contract extension in the amount of \$5,183,403.60.

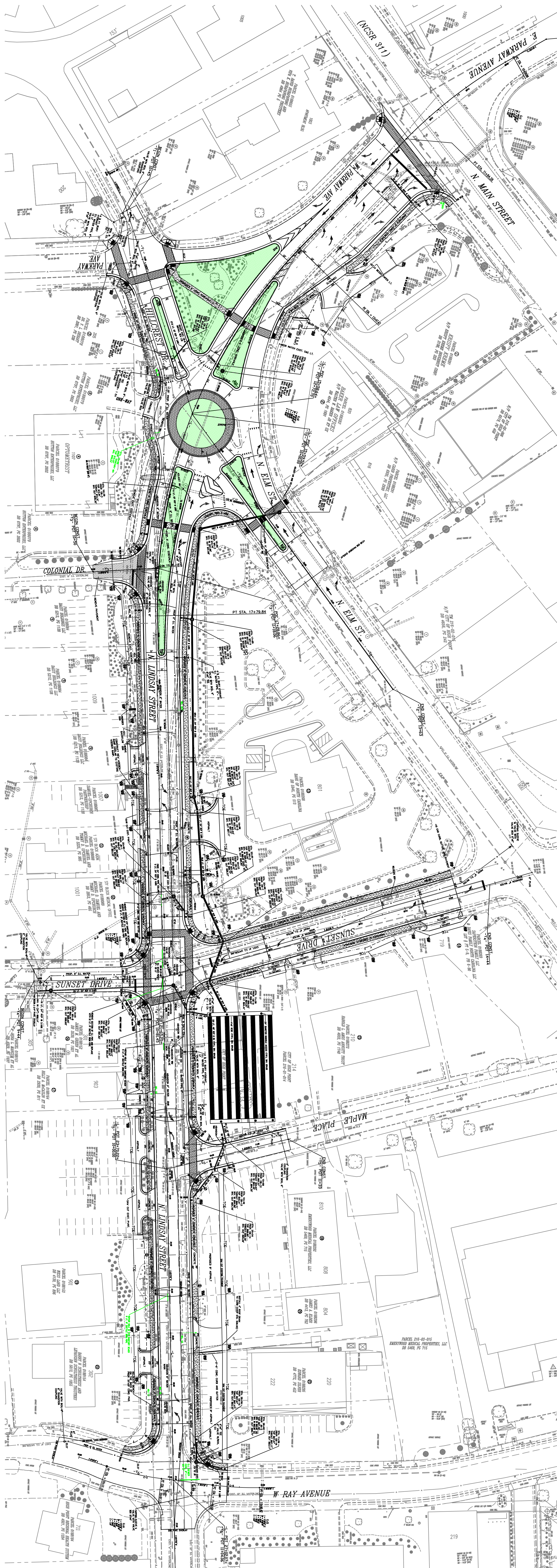
Funding is available in the following account:

- 2004 Transportation Bonds
- Stormwater Capital Fund
- Obsolete Water and Sewer Fund
- Water Revenue Bonds

/bkp

Ec: Mr. Jeff Moore, Finance Director
Mr. Chris Thompson, Public Services Director
Mr. Leon Adams, Adams and Clark Enterprises, Inc.

Ms. Patty Sykes, Purchasing Division
Mr. Eric Olmedo, Budget & Eval Director
Mr. Mark McDonald, HPDOT Director



COMBINED MEETING

October 15, 2012

4:45-5:30 P.M.

ROLL CALL, PRAYER, PLEDGE OF ALLEGIANCE

Upon call of the roll, the following Council Members were present. Mayor Smothers offered the invocation; the Pledge of Allegiance followed.

Mayor Rebecca Smothers, Council Member Latimer Alexander, Council Member Britt Moore, Council Member Bernita Sims, Council Member Foster Douglas, Council Member Michael Pugh, Council Member A.B. Henley, Mayor Pro Tem Christopher Whitley, and Council Member James Corey

FINAL ACTION TAKEN AT THIS MEETING

At the conclusion of the Committee of the Whole Session, and after all matters were heard by Council, motion was made by Council Member Alexander, seconded by Mayor Pro Tem Whitley to suspend the rules in order to take final action on these matters at tonight's meeting. The motion carried by a unanimous 9-0 vote.

Motion was then made by Mayor Pro Tem Whitley, seconded by Council Member Alexander that all Committee recommendations stand as final action regarding these matters. The motion carried unanimously. [9-0 vote]

This action cancels the meeting scheduled for Thursday, October 18, 2012 at 9:00 a.m.

PRESENTATION OF ITEMS

CLOSED SESSION- ATTORNEY/CLIENT PRIVILEGE & ECONOMIC DEVELOPMENT

A motion was made by Council Member Alexander, seconded by Mayor Pro Tem Whitley to suspend the rules to enter into closed session. The motion carried unanimously. [9-0 vote]

At 4:46 p.m., Council Member Alexander made a motion to go into closed session pursuant to N.C. General Statute 143-318.11(a)(3) to consult with the city attorney in order to preserve the attorney-client privilege between the attorney and the City Council and N.C. General Statute 143-318.11(a)(4) to allow staff to brief Council on a potential economic development project. The motion was seconded by Mayor Pro Tem Whitley and carried unanimously. [9-0 vote]

Upon reconvening into open session at 5:35 p.m., the Mayor announced that there would be no action taken as a result of the closed session.

FINANCE COMMITTEE

Chaired by Council Member Alexander.

Committee Members Whitley, Smothers, Corey

(all were present)

120266 Budget Ordinance Amendment - Police Expenditures - Democratic National Convention

Adoption of a budget ordinance amendment to appropriate funds in the amount of \$177,896.00 from the Charlotte-Mecklenburg Police Department for reimbursement expenses related to the Democratic National Convention.

Attachments: [Budget Ordinance Amendment- Police Reimb DNC.pdf](#)

This matter was discussed during a Finance Committee meeting held at 4:00 p.m. prior to this meeting. The Committee recommended this matter be placed on Thursday's agenda with a favorable recommendation.

Adopted ordinance amendment appropriating funds in the amount of \$177,896.00 from the Charlotte- Mecklenburg Police Department for reimbursement expenses related to the Democratic National Convention.

A motion was made by Council Member Alexander, seconded by Council Member Sims, that this budget ordinance amendment be adopted. The motion PASSED by a 9-0 unanimous vote.

**Ordinance No. 6957/12-73
Introduced 10/15/2012; Adopted 10/15/2012
Ordinance Book, Volume XVII, Page147**

120267 On-Call Testing Services - Professional Engineering Firms

City Council is requested to approve the recommendations list of qualified professional engineering firms to provide various materials testing services on an on-call basis; and authorize the City Manager to execute related Master Professional Services Agreements with the qualified firms.

Attachments: [On Call Materials Testing Services.pdf](#)

This matter was discussed during a Finance Committee meeting held at 4:00 p.m. prior to this meeting. The Committee recommended this matter be placed on Thursday's agenda with a favorable recommendation.

Approved the recommendations list of qualified professional engineering firms to provide various materials testing services on an on-call basis; and authorized the City Manager to execute related Master Professional Services Agreements with the qualified firms.

A motion was made by Council Member Alexander, seconded by Council Member Sims, that this Contract be approved. The motion PASSED by a 9-0 unanimous vote.

120268 Contract - OneSource - LaserFiche Imaging System

Council is requested to authorize staff to enter into a contract with OneSource in an amount not to exceed \$399,837.00 for the LaserFiche Imaging System project.

Attachments: [Contract - One Source - LaserFiche Imaging System.pdf](#)

This matter was discussed during a Finance Committee meeting held at 4:00 p.m. prior to this meeting. The Committee recommended this matter be placed on Thursday's agenda with a favorable recommendation.

Authorized staff to enter into a contract with OneSource for an amount not to exceed \$399,837.00 for the LaserFiche Imaging System Project.

A motion was made by Council Member Alexander, seconded by Council Member Sims, that this Contract be approved . The motion PASSED by a 9-0 unanimous vote.

120269 Contract - RedMark - Accela Land Management System

Council is requested to authorize staff to enter into contract with RedMark Technologies, Inc. in an amount not to exceed \$497,440.00 for the implementation of the Accela Land Management System for the Planning and Development Department.

Attachments: [Contract - RedMark - Accela Land Management Project.pdf](#)

This matter was discussed during a Finance Committee meeting held at 4:00 p.m. The Committee recommended this matter be placed on Thursday's agenda with a favorable recommendation.

Authorized staff to enter into a contract with RedMark Technologies, Inc. for an amount not to exceed \$497,440.00 for the implementation of the Accela Land Management System for the Planning and Development Department.

A motion was made by Council Member Alexander, seconded by Council Member Sims, that this Contract be approved . The motion PASSED by a 9-0 unanimous vote.

120273 Resolution- "Hold Harmless" Reimbursement of Funds

Council is requested to adopt a resolution urging the North Carolina General Assembly to restore "hold harmless" payments to local governments for a reasonable period of time to allow growth in sales tax revenue to replace "hold harmless" payments, as envisioned in 2002 when reimbursements to local governments were repealed.

Attachments: [Hold Harmless Resolution 2012](#)

Since this matter did not appear on the agenda, motion was made by Council Member Alexander, seconded by Mayor Pro Tem Whitley to suspend the rules to add it to the agenda so it could be considered. The motion carried unanimously. [9-0 vote]

Chairman Alexander explained this resolution was read into the record during the Finance

Committee meeting held at 4:00 p.m. prior to this meeting. He explained the "hold harmless" funds were instituted in 2002 to make up for a loss of revenue as a result of action by the State that originally had a 10-year sunset period making the assumption that sales taxes would rise for the 122 municipalities and 17 counties that would be affected. He noted the impact to the City of High Point on this would be a loss of approximately \$565,000 in revenue or 2/3 of one cent on the property tax rate, which would be a deficit going into next year. The resolution will be forwarded to the North Carolina League of Municipalities, as well as the Guilford Delegation asking them to make all efforts to lobby for this in the 2013 session of the General Assembly.

Mayor Smothers pointed out this goes back to the lack of dependability of what has been termed state-shared revenue that has been in jeopardy over the years and continues to erode.

Adopted the Resolution of the High Point City Council Concerning Loss of "Hold Harmless" Reimbursement Funds.

A motion was made by Council Member Alexander, seconded by Mayor Pro Tem Whitley, that this Resolution be adopted . The motion PASSED by a 9-0 unanimous vote.

**Resolution No. 1263/12-64
Introduced 10/15/2012; Adopted 10/15/2012
Resolution Book, Volume XVII, Page 113**

PUBLIC SAFETY & COMMUNITY DEVELOPMENT COMMITTEE

Chaired by Council Member Sims

Committee Members Alexander, Douglas, Corey

(all were present)

There were no matters on today's agenda for consideration by the Public Safety & Community Development Committee.

PLANNING, ECONOMIC DEVELOPMENT & INFORMATION TECHNOLOGY COMMITTEE

Chaired by Mayor Pro Tem Whitley

Committee Members Sims, Henley, Moore

(all were present)

Pending Items

120240 Uptown Suburbs National Register Historic District

Consideration by the City Council and reception of public comment regarding the nomination application for the Uptown Suburbs National Register Historic District, which includes the neighborhoods of Emerywood, Sheraton Hill, The Parkway and Roland Park, and a portion of North Main Street and Johnson Place.

Attachments: [Uptown Historic District.pdf](#)

This matter has been pending since September 17, 2012.

Chairman Whitley reported this matter was placed on the pending list in his Committee due to some questions that were raised. He noted that the Planning, Economic Development & Information Technology Committee met on October 2, 2012 to discuss this matter and staff did not foresee any potential problems, nor have any other property owners commented with the exception of one property owner that inquired about whether she lived in the proposed district.

Council Member Alexander pointed out this matter was going forward regardless of Council's action and questioned why this was even on the agenda. He asked if it would be possible to just remove it from the agenda.

Bob Robbins of Planning and Development, confirmed that the North Carolina Registry Advisory Committee did meet to consider this on Thursday, October 11th and the only way the nomination could be rejected would be through a majority of the property owners included within it. He explained the reason it goes before the local governing body is because: 1) High Point is a Certified Local Government (CLG) community; and 2) Because of that, they solicit comments from the local governing body.

Mayor Smothers also questioned the purpose of it coming back to Council since action has already been taken on it by the North Carolina Registry Advisory Committee. Council Member Sims pointed out this is part of the process and felt Council should take action on it. The Mayor asked staff if there were some monies involved and Mr. Robbins noted this was done with a grant of \$15,000 with a city match of \$18,000 for a total of \$33,000. Chairman Whitley suggested situation involving matching grants like this be evaluated in the future since the city is required to put in matching dollars without having a say. Mayor Smothers agreed with Council Member Sims and pointed out since Council did have additional questions and regardless of the fact that action has already been taken by the North Carolina Registry Advisory Committee, it still should be sent forward.

At this time, Chairman Whitley moved to suspend the rules so this matter could be brought out of pending and acted on. Council Member Sims made a second to the motion which carried unanimously. [9-0 vote]

Chairman Whitley then made a motion to place this matter on Thursday's agenda with a favorable recommendation. Council Member Henley made a second to the motion.

Council Member Alexander offered a substitute motion to remove this matter from Council's agenda. Mayor Smothers asked if there was a second to the substitute motion. There being none, the substitute motion died from the lack of a second.

Mayor Smothers then called for a vote on the original motion, which carried by the following 8-1 vote:

Aye (8): Mayor Smothers, Council Member Moore, Council Member Sims, Council Member Douglas, Council Member Pugh, Council Member Henley, Mayor Pro Tem Whitley, and Council Member Corey

Nay (1): Council Member Alexander

120246 Ordinance - Text Amendment Case 12-02 - The City Project, Inc.

A request by The City Project, Inc. to amend Section 9-2-2 *Definitions*, Table 4-7-1 *Permitted Use Schedule*, and Table 5-6-1 *Off-Street Parking Requirements*, with respect to Video Sweepstakes Establishments.

Attachments: [TA12-02 Staff Report.pdf](#)

Note: This matter has been pending since September 17, 2012 and placed in the Planning, Economic Development & Information Technology Committee at that time.

PUBLIC HEARINGS ON ITEMS - 5:30 P.M.

PLANNING, ECONOMIC DEVELOPMENT & INFORMATION TECHNOLOGY COMMITTEE

Chaired by Mayor Pro Tem Whitley

Committee Members Sims, Henley, Moore

(all were present)

120270 Resolution - City of High Point - Street Abandonment Case 12-08

A request by the Technical Review Committee to abandon a portion of an unnamed public alley located from the north of the rear property line of a parcel identified as 108 Garner Place, northward to the terminus of the alley.

Attachments: [Street Abandonment SA12-08.pdf](#)

The public hearing for this matter was held on Monday, October 15, 2012 as duly advertised.

Herb Shannon of Planning and Development provided an overview of the staff report which is hereby attached in Legistar as a permanent part of these proceedings.

Following the presentation of the staff report, Chairman Whitley opened the public hearing and asked if there was anyone present who would like to comment in support of or in opposition to this street abandonment request. There being none, the public hearing was declared closed.

Following the conclusion of the public hearing, the Committee recommended this matter be placed on Thursday's agenda with a favorable recommendation.

Adopted resolution authorizing the abandonment of a portion of an unnamed public alley located from the north of the rear property line of a parcel identified as 108 Garner Place, northward to the terminus of the alley.

A motion was made by Mayor Pro Tem Whitley, seconded by Council Member Alexander, that this Resolution be adopted . The motion PASSED by a 9-0 unanimous vote.

Resolution No. 1261/12-62
Introduced 10/15/2012; Adopted 10/15/2012
Resolution Book, Volume XVII, Page 111

120271

Resolution - City of High Point - Street Abandonment Case 12-09

A request by the Technical Review Committee to abandon an unnamed public alley located north of Richardson Avenue, being further described as the public alley east and abutting property identified as 600 N. Main Street.

Attachments: [Street Abandonment SA12-09.pdf](#)

The public hearing for this matter was held on Monday, October 15, 2012 as duly advertised.

Herb Shannon of Planning and Development provided an overview of the staff report which is hereby attached in Legistar as a permanent part of these proceedings.

Chairman Whitley asked about the location of the property line and if this right-of-way is currently being used as a driveway. Mr. Shannon replied that he did not think the property owner was using it as a driveway, but was using it to store the trash receptacle/recycle bin there. Council Member Henley also questioned whether or not this is being used as a driveway and asked if the portion extending out into the BB&T parking lot had previously been abandoned. Mr. Shannon replied that this portion was abandoned several years ago.

Following the presentation of the staff report, Chairman Whitley opened the public hearing and asked if there was anyone present who would like to comment in support of or in opposition to this street abandonment request. There being none, the public hearing was declared closed.

Following the conclusion of the public hearing, the Committee recommended this matter be placed on Thursday's agenda with a favorable recommendation.

Adopted resolution authorizing the abandonment of a portion of an unnamed public alley located north of Richardson Avenue, being further described as the public alley east and abutting property identified as 600 N. Main Street.

A motion was made by Mayor Pro Tem Whitley, seconded by Council Member Sims, that this Resolution be adopted. The motion PASSED by a 9-0 unanimous vote.

Resolution No. 1262/12-63
Introduced 10/15/2012; Adopted 10/15/2012
Resolution Book, Volume XVII, Page 112

ANY OTHER NEW BUSINESS**Pending Items****120249 Appointment - Boards & Commissions - Parks & Recreation Commission**

Council is requested to confirm the reappointment of James Davis to the Parks and Recreation Commission. Reappointment to be effective immediately and will expire July 1, 2015.

Note: This matter has been pending since September 17, 2012.

120272 APPROVAL OF THE MINUTES OF PREVIOUS MEETINGS**Approval of the following Minutes:**

- Joint Meeting of the HP City Council and the Planning and Zoning Commission held Tuesday, September 25th @ 2:00 p.m.
- Finance Committee meeting held Monday, October 1st @ 4:00 p.m.
- Combined Meeting held Monday, October 1st @ 4:45/5:30 p.m.
- Planning, Econ Dev & IT Committee meeting held Tuesday, October 2nd @ 9:00 a.m.

Attachments:

[September 25 2012 Joint Meeting.pdf](#)

[October 1 2012 Finance Committee.pdf](#)

[October 1 2012 High Point City Council Combined Meeting.pdf](#)

[October 2 2012 Planning, Economic Dev. & IT Committee.pdf](#)

Approved the minutes of the preceding meetings.

A motion was made by Council Member Whitley, seconded by Council Member Corey, that these minutes be approved. The motion PASSED by a 9-0 unanimous vote.

120229 BOARDS AND COMMISSIONS VACANCY REPORT**Boards and Commissions - Vacancies**

Attached is the current list of vacancies for all Boards and Commissions.

Attachments: [term expirations 2012 October 15 2012 packet.pdf](#)

This information is being provided to Council for update purposes only.

For Information Only:**PROCLAMATION- NATIONAL LEAD POISONING PREVENTION WEEK**

Mayor Smothers read a proclamation into the record proclaiming the week of October 21 - 27, 2012 as National Lead Poisoning Prevention Week. Mike McNair, Director of Community

Development and Housing and Barbara Frye, representing United Way of Greater High Point and the Lead Safe High Point Initiative, were both present to accept the proclamation.

Status Report- Underground Utility Lines

Council Member Henley asked if the city manager could provide a status report on burying the underground utility lines in the near future.

ADJOURNMENT

There being no further business to come before Council, the meeting adjourned at 6:00 p.m. upon motion duly made and seconded.

Respectfully Submitted,

Rebecca R. Smothers, Mayor

Attest:

Lisa B. Vierling, MMC
City Clerk

**FINANCE COMMITTEE
OCTOBER 15, 2012 – 4:00 P.M.
CITY MANAGER’S CONFERENCE ROOM**

MINUTES

PRESENT:

Chairman Alexander; Committee Members Whitley, Smothers and Corey

OTHERS PRESENT:

Council Members Sims, Henley, Moore, and Douglas

STAFF PRESENT:

Strib Boynton, City Manager; Pat Pate Assistant City Manager; Randy McCaslin, Assistant City Manager; Jeff Moore, Finance Director; Marty Sumner, Police Chief; Eric Olmedo, Budget & Evaluation Officer; Steve Lingerfelt, Director of Information Services; Tom Spencer, ERP Manager; Lee Burnette, Planning Director; Keith Pugh, Engineering Director; Patty Sykes, Purchasing Director; Jeron Hollis, Public Information Officer; JoAnne Carlyle, City Attorney; Fred Baggett, Asst. City Attorney; Lisa Vierling, City Clerk; Dawn Sparks, Deputy City Clerk

MEDIA PRESENT

Paul Clark, *Rhinoceros Times*

Pat Kimbrough, *High Point Enterprise*

Update – Randleman Dam Lawsuit

Fred Baggett gave an update on the Randleman Dam lawsuit. This involves a claim by five downstream small power generators that have experienced reduced electricity output because of the impoundment of the Deep River that has affected their ability to produce the electricity that they produced before. Therefore they are damaged and entitled to compensation.

This a claim that the government action of building the dam by the Piedmont Triad Water Authority caused them such a loss of value in their small generating capacity that the government, meaning Piedmont Triad Water Authority, owes them damages.

The Court of Appeals agreed with this and the state statutes that are involved in the approval of the impoundment. Mr. Baggett has spoken with the PTRWA attorney, who is hopeful that the Supreme Court will overturn the Court of Appeals because the Court of Appeals Opinion was unanimous that the Water Authority should pay, but the Supreme Court in its discretion decided to take the review of that Court of Appeal’s opinion. So when the Supreme Court takes a case like this, it means that some of the Justices have real questions about the lower court’s decision.

Worst case scenario, if the Supreme Court winds up agreeing with the Court of Appeals, the Water Authority must pay damages, which will result in a jury trial as to the exact amount of damages. The plaintiffs have asked for \$5 million in damages. This figure has not been tested by facts or arguments, testimony, or experts, so we feel that \$5 million figure is the upper most possibility of damages. High Point's part in the Water Authority is 19%. So any jury verdict on damages would make City of High Point responsible for 19% of that amount. In addition to damages, in this kind of case the plaintiffs can get attorney's fees and their expert witness fees, which would be substantial.

The Supreme Court Opinion should be known within a few months.

Video Sweepstakes Cafes

There is a challenge of the state law that makes video sweepstakes illegal that will come before the Supreme Court. The Court of Appeals held that the State law prohibiting video sweepstakes is invalid and that video sweepstakes are not illegal under the state law under their interpretation. The State appealed that interpretation to the Supreme Court, so there will be a decision in due course in a matter of months as to whether the existing State law prohibiting video sweepstakes will stand or not. If the Supreme Court agrees with the Court of Appeals video sweepstakes will be legal until the legislature addresses it again with a new attempt to make it illegal. The legislature in the last session was divided. After the election in November there will be so many new faces that it is impossible to predict how they will feel about continuing to try and criminalize video sweepstakes.

Another issue up in the air is how much cities can tax video sweepstakes operations. Several cities have imposed very high taxes. If video sweepstakes become legal, either expressly by state law or court decision, the next thing that will happen is state taxation of video gaming. At the same time the imposed state taxes on video sweepstakes will limit local government's ability to tax them.

Resolution - Hold Harmless Funds

Council Member Alexander presented a Resolution concerning loss of hold harmless funds. Council Member Whitley made a motion, seconded by Council Member Corey to suspend the rules in order to consider the Resolution for Hold Harmless Funds. Motion passed unanimously.

Council Member Alexander stated that the COG and the Association of County Commissioners are all considering what to do with hold harmless funds. It was passed by the House and the Senate failed to hear it, which we resulting in it dying in the last session.

Fred Baggett stated that this is a budget item for the state and if they can avoid it they will. Sales taxes in 2002 were expected to grow for the ten year period so that local governments who were receiving reimbursements would have the growth and sales tax revenue coming back

to them from the state to make reimbursements unnecessary. Because of the recession that did not happen. Those 122 cities and 17 counties that were hurt by the 2002 legislation continue to suffer because of the sales tax revenues did not make up the loss of reimbursement. The state now at the end of the ten year period is free not to resume the reimbursements. Mr. Baggett felt that the cities have a good equity argument that those payments should be extended.

Council Member Alexander stated that our Northwest COG has the largest number of those impacted units by this. The COG is considering making this one of their agenda items to push for in the next session. The League worked hard last session and got it through the House but ran into cold reception in the Senate.

120266 Budget Ordinance Amendment – Police Expenditures – Democratic Convention

Adoption of a budget ordinance to appropriate funds in the amount of \$177,896.00 from Charlotte-Mecklenburg Police Department for reimbursement expenses related to the Democratic National Convention.

Marty Sumner explained that these funds are reimbursement for the Police Department for their work at the Democratic National Convention. All the equipment that the police department had to purchase for the convention is being reimbursed to the Police Department, plus the department gets to keep the purchased equipment.

A motion was made by Council Member Whitley, seconded by Council Member Corey to forward this matter to Council with a favorable recommendation for approval. Motion passed unanimously.

120267 On-Call Testing Services – Professional Engineering Firms

City Council is requested to approve the recommendations list of qualified engineering firms to provide various materials testing services on an on-call basis; and authorize the City Manager to execute related Master Professional Services Agreements with the qualified firms.

Patty Sykes explained that this service was bid out as a result of the city and all of its departments on various occasions needing testing services. The city did have an on call just for engineering services which just ended, so it was felt that this would be the right time to add maintenance, parks and recreation, public services, and others departments needing this type of service, and felt it was best to do a city wide contract with various consultants.

Responses from six very qualified contractors were received, all of whom has had experience with the city in the past. The Committee decided it would be best to do a master agreement with each of these consultants so they will be in our pool to choose from when needed.

A motion was made by Council Member Corey, seconded by Council Member Whitley to forward this matter to Council with a favorable recommendation for approval. Motion passed unanimously.

120268**Contract – OneSource – LaserFiche Imaging System**

Council is requested to authorize staff to enter into a contract with OneSource in an amount not to exceed \$399,837.00 for the LaserFiche Imaging System project.

Tom Spencer explained that CHAMPS is a committee that is a continuing technology initiative that reviews all contracts that are presented. This project will be in three phases. The Acella piece, the Lawson piece, and putting in the Police Department.

Council Member Alexander asked if they will be archiving any old images into the system. Mr. Spencer stated that archiving can happen as the staff needs it. The plan is really to integrate and build forward and then image as necessary.

Council Member Sims asked if there was a maintenance agreement that goes with the system. Mr. Spencer stated that there is and it is approximately \$70,000 per year.

Pat Pate advised that this is a part of an overall plan that the city had with the land development system implementation, and as a part of that it should be able to to accept documents online and be able to do things with them uniquely. This makes sure the imaging process integrates both with our police system and with the Lawson system.

A motion was made by Council Member Corey, seconded by Mayor Smothers to forward this matter to Council with a favorable recommendation for approval. Motion passed unanimously.

120269**Contract – RedMark – Accela Land Management System**

Council is requested to authorize staff to enter into a contract with RedMark Technologies, Inc. in an amount not to exceed \$497,440.00 for the implementation of the Accela Land Management System for the Planning and Development Department.

Tom Spencer stated that this is actually the implementation for the software that was approved in June.

Pat Pate stated that this and the LaserFiche will be the major implementation pieces that they have. The police software will need to be upgraded sometime in the next five to ten years. The biggest thing they will see next in terms of a technology issue is going to be social media applications that they are putting in as a city and some citizen interaction pieces that they will be doing.

A motion was made by Council Member Whitley, seconded by Mayor Smothers to forward this matter to Council with a favorable recommendation for approval. Motion passed unanimously.

There being no further business to come before Council, the meeting adjourned at 4:40 p.m.

Respectfully Submitted,

Dawn J. Sparks, CMC
Deputy City Clerk

Latimer Alexander, Chairman

Minutes to be Unsealed and Approved by the City Council

2010

September 20, 2010 (economic development)
October 4 2010 (economic development)
October 18, 2010 (economic development)
November 15, 2010 (economic development)

2011

April 4, 2011 (economic development)
August 4, 2011 (economic development and personnel)
October 3, 2011 (property acquisition)
December 5, 2011 (economic development)

2012

February 6, 2012 (economic development)
February 9, 2012 (economic development)
March 5, 2012 (economic development)
April 2, 2012 (economic development)
May 7, 2012 (economic development)
July 16, 2012 (economic development)
October 15, 2012 (economic development)

PUBLISH ONCE: Thursday, November 8, 2012

**RESOLUTION TO ESTABLISH A
PUBLIC HEARING DATE FOR
VOLUNTARY NON-CONTIGUOUS ANNEXATION
(Case # ANX12-05)**

WHEREAS, the City Council has been petitioned to annex the property of 350 South Land Holding, LLC; Bland Property Investments; James S. Hedgecock & Elizabeth A. Hedgecock; and Michael Raymond Hedgecock & Christy M. Hedgecock, consisting of approximately 431 acres. The area to be annexed contains multiple parcels and is generally lying south of I-40, west of Sandy Ridge Road, north of Boylston Road and east of Bunker Hill Road. The properties are also known as Guilford County Tax Parcels 0168770, 0168791, 0168792, 0168794, 0168949, 0170697, 0170699 thru 0170704, 0170710, 0170731, 0170794, 0170990, 0171055, 0171067, 0171075, 0171077, 0171092 and 0170876.

WHEREAS, the City Clerk is in receipt of said petition and has determined its sufficiency in accordance with G.S. 160A-58.1;

NOW, THEREFORE BE IT RESOLVED, THAT THE CITY COUNCIL establishes Monday, November 19, 2012, at 5:30 p.m., in the Council Chambers in the Municipal Building at 211 South Hamilton Street, High Point, North Carolina, as the date for the public hearing regarding the requested annexation.

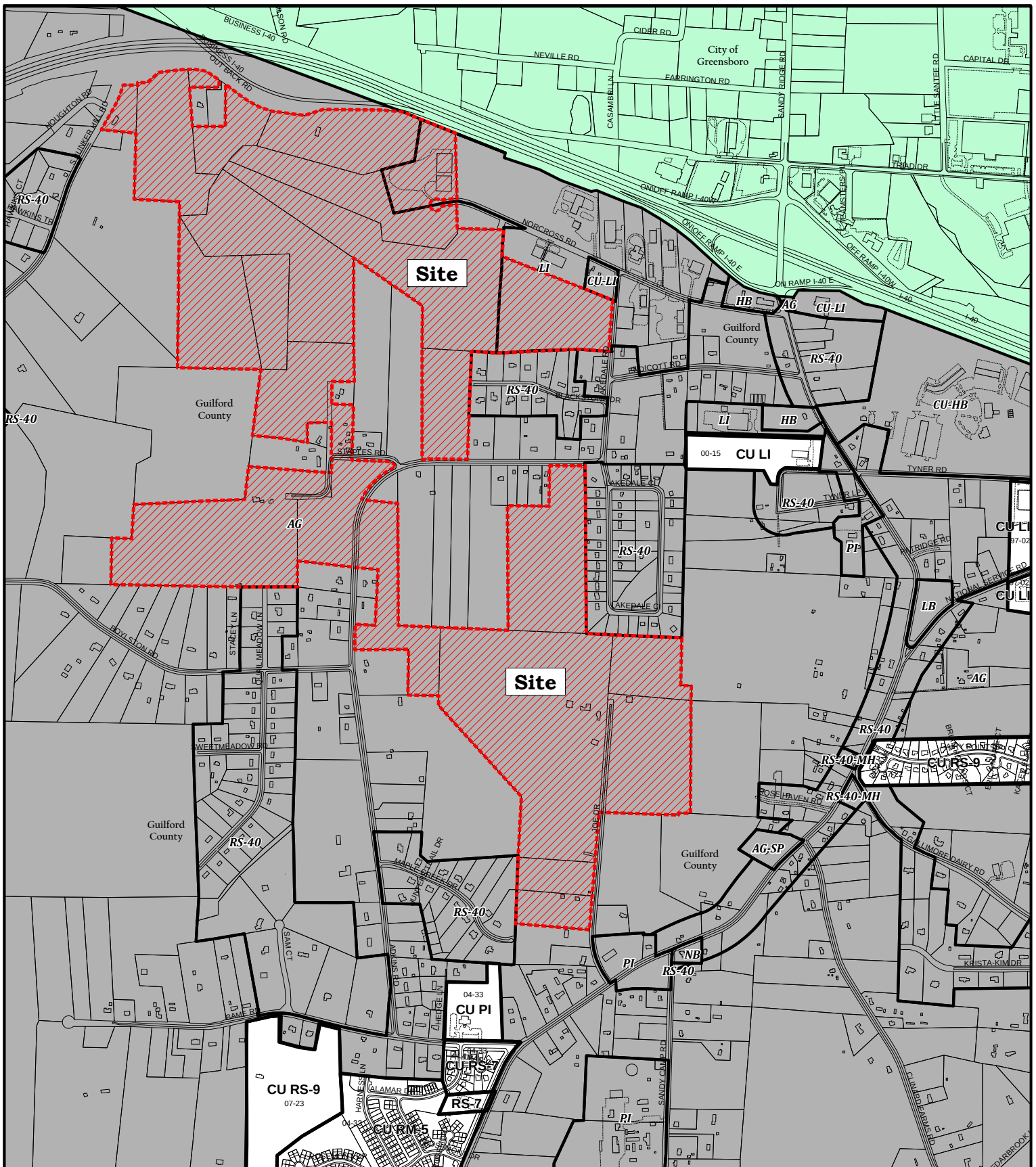
Any interested party will be permitted to be heard at the public hearing. The meeting facilities of the City of High Point are accessible to people with disabilities. If you need a special accommodation, call (336) 883-3298 or the TDD# (336) 883-8517.

Following the public hearing, the City Council shall have authority to adopt an ordinance annexing the territory described in the petition. The City Council shall have authority to make the annexing ordinance effective immediately or on any specified date within six (6) months from date of passage of ordinance.

Further information pertaining to this request is available for public inspection upon request at the Planning and Development Department in the Municipal Office Building, 211 South Hamilton Street, Room 316, High Point, North Carolina, (336) 883-3328 or FAX (336) 883-3056.

By order of the City Council,
This the 5th day of November, 2012

Lisa B. Vierling, City Clerk



ANNEXATION REQUEST ANX12-05

Applicant: 350 South Land Holding, LLC
Area: 431 acres (approximate)

Existing Zoning Boundary —————
Subject Property Boundary - - - - -

**Planning & Development
 Department**

City of High Point

Date: October 8, 2012



Scale: 1"=1,300'
 y:/ba-pz/2012/pz/anx12-05rev.mxd



October 23, 2012

To: Randy McCaslin, Assistant City Manager
From: Garey Edwards, Electric Director
Subject: Concrete Foundation Bid for the Johnson St.
100 kV Transmission project

The City several months back, sent proposals to eleven foundation contractors for the above referenced project. We held a pre-bid meeting and opened bids on October 10th. On the 10th we receive one bid and one no bid.

Purchasing decided that it was appropriate to proceed with the bid opening. Graves Construction Services submitted a bid of \$506,068.00. Our engineer's initial estimate was for standard conditions were \$350,000. There are several reasons for this increase:

- Poor soil conditions, requiring 40 foot foundation depths.
- Rock excavation.
- Construction under existing overhead electric lines.
- High level of demand for transmission construction.

Normally we would recommend re-bidding the project; however, after talking with other engineers and industry professionals, I am of the opinion that we would see the same results, at a higher price. These professionals told me with the high demand placed on the industry for transmission reliability (FERC requirements); they could not see contractor availability improving in the next 3 to 4 years. After the bid, we contacted the company that made a no-bid proposal. They said due to availability of crews, that their price was more than double the amount of the Graves bid. I have attached a letter that Jerry Ford of Southeastern Consulting Engineers sent to me outlining in greater detail these points.

I am recommending that award to **Graves Construction Services** for an amount of **\$506,068.00**. Please contact me if you have any questions concerning this recommendation.

CC: Jeff Moore
Patty Sykes
Larry Hopkins
file

Attachment

City of High Point, P.O. 230, 816 E. Green Dr., High Point, NC 27261 USA
Phone 336.883.3485 Fax: 336.883.3478 TDD 336.883.8517





Southeastern Consulting Engineers, Inc.

October 17, 2012

Mr. Garey Edwards, P.E.
City of High Point, NC
P.O. Box 230
High Point, N.C. 27261

Ref.: Concrete Foundation Bid for the Johnson Street
100 kV Transmission Project

Dear Garey:

The City solicited proposals from eleven contractors to bid on the above referenced project. Out of the eleven contractors solicited, six contractors requested the bid documents. After holding a pre-bid meeting on September 19, 2012, the City extended the bid date two weeks to allow the contractors more time to review the project. The City received questions and requests for clarifications from 3 different contractors between the pre-bid meeting and the bid opening on October 10, 2012.

At the public bid opening on October 10th at 2:00 p.m. the City received one proposal and one "No Bid" response. After discussion with the City's Purchasing Department it was decided that it was acceptable to open the bid based on the City's Purchasing ordinances. Graves Construction Services, based out of Jackson, South Carolina, submitted the only proposal in the amount of \$506,068.00. This amount exceeds the initial project estimate of \$350,000.00. The initial project estimate assumed typical soil conditions that we have experienced on other projects. However, on Johnson Street we have encountered poor soil conditions and rock on the majority of the project.

In discussions with Graves Construction they stated that the rock and the depth (40 ft) of the foundations were the main reasons for the higher than expected bid. We also contacted the contractor that showed interest but submitted a No Bid. Based on the conversation with this contractor he stated that they were interested in the project, but the subcontractor they wanted to use could not commit to the project schedule. He also stated that their bid would have been over twice the amount that Graves Construction submitted.

The factors that we believe may have contributed to higher pricing and fewer bidders are as follows:

- Rock
 - According to the geotechnical report the contractor will encounter rock in 5 of the 12 foundations holes.
 - The rock must be removed from the foundation holes which could take several days to excavate.
 - Specialized equipment must be brought in to core drill the rock.
- Soil Conditions
 - The soil encountered along Johnson Street is rather poor in nature compared to other projects we have completed. This resulted in larger and deeper foundations than we expected.
- Proximity to the overhead distribution line.
 - This project is located in the same alignment as the City's existing overhead distribution line. The City's crew will be de-energizing the line for the contractor, however, one contractor expressed concerns getting their equipment under the line.
- High demand for transmission line equipment and construction.
 - Many investor owned utilities are building transmission facilities in response to Federal Reliability Standards and Incentives.
 - Transmission line contractors are in high demand and therefore are not bidding smaller projects like Johnson Street.
 - We have enclosed a chart showing the increase in transmission line projects across the United States in recent years.

Based on the factors above, we believe the proposal submitted by Graves Construction reflects the current market conditions and the unique soil and rock conditions of this project. We believe Graves Construction has a thorough understanding of this project and the capabilities to meet our construction schedule. Therefore, we are recommending that the City award this project to Graves Construction Services in the amount of \$506,086.00.

Please notify us of the City's decision in awarding this project and we will proceed with the execution of the Contract Document and Bonding. If you have any questions or need any additional information, please do not hesitate to contact us.

Sincerely,

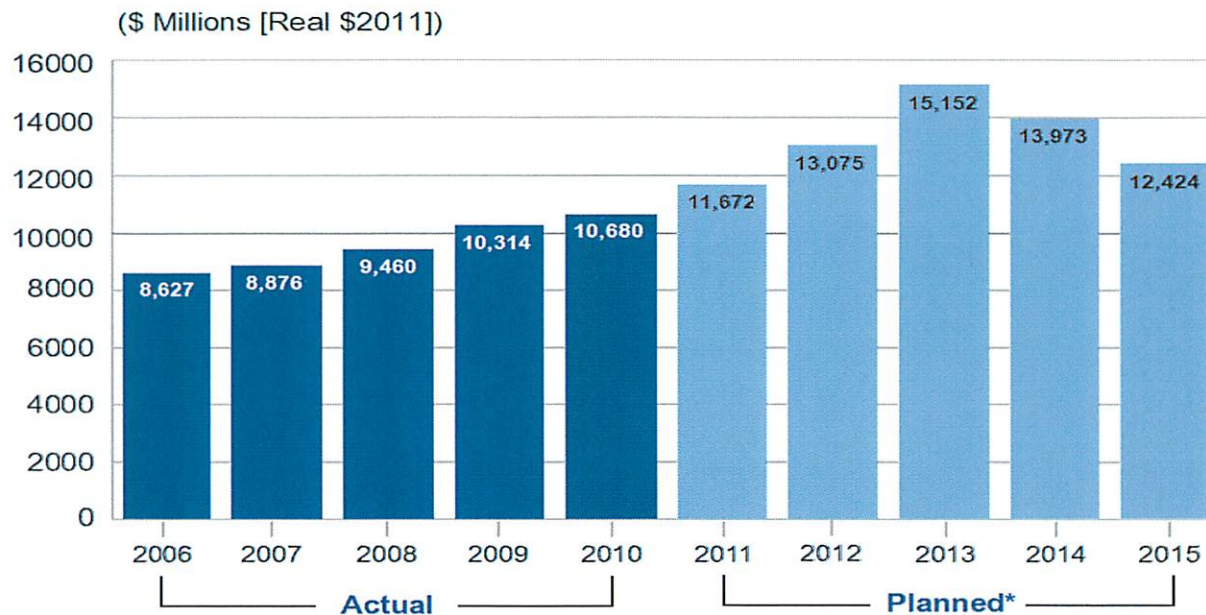
SOUTHEASTERN CONSULTING ENGINEERS, INC.

By  _____
Jerry L. Ford, Jr., P.E.

JLF/lrc

Enclosure

Actual and Planned Transmission Investment By Shareholder-Owned Utilities (2006-2015)



Note: The Handy-Whitman Index of Public Utility Construction Costs used to adjust actual investment for inflation from year to year. Forecasted investment data are adjusted for inflation using the GDP Deflator.

*Planned total industry expenditures are preliminary and estimated from 85% response rate to EEI's Electric Transmission Capital Budget & Forecast Survey. Actual expenditures are from EEI's Annual Property & Plant Capital Investment Survey and from the FERC Form 1 reports.

Source: Edison Electric Institute, Business Information Group.

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Updated as of July 2012.

Note: The Handy-Whitman Index of Public Utility Construction Costs used to adjust actual investment for inflation from year to year. Forecasted investment data are adjusted for inflation using the GDP Deflator.

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Source: Edison Electric Institute, Business Information Group.

Updated as of July 2012.

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FORMAL BID RECOMMENDATION
REQUEST FOR COUNCIL APPROVAL

DEPARTMENT: ELECTRIC

COUNCIL AGENDA DATE: 11-05-2012

BID NO.: 08-092612 CONTRACT NO.: DATE OPENED: 10/10/2012

DESCRIPTION:

Concrete Foundations

PURPOSE:

To use with transmission poles for the Johnson St project.

COMMENTS:

RECOMMEND AWARD TO: Graves Construction Services AMOUNT: \$506,068.00

JUSTIFICATION:

IT IS OUR RECOMMENDATION THAT THE ENTIRE BID BE AWARDED TO GRAVES CONSTRUCTION SERVICES IN THE AMOUNT OF \$506,068.00. THEY ARE THE LOWEST BIDDER MEETING SPECIFICATIONS.

ACCOUNTING UNIT	ACCOUNT	ACTIVITY	CATEGORY	BUDGETED AMOUNT
631799	533701	631001020505	40202	\$506,068.00
TOTAL BUDGETED AMOUNT				\$506,068.00

DEPARTMENT HEAD: Sherry Smith DATE: October 24, 2012

Digitally signed by Sherry Smith
DN: cn=Sherry Smith, o=City of High Point, ou=Electric
Dept, email=sherry.smith@highpointnc.gov, c=US
Date: 2012.05.24 09:44:25 -0400

The Purchasing Division concurs with recommendation submitted by the Electric Dept. and recommends award to the lowest responsible, responsive bidder Graves Construction Serv. in the amount of \$ 506,068.00.

PURCHASING MANAGER: Patricia H. Sykes DATE: Oct 24, 2012

Digitally signed by Patricia H. Sykes
DN: cn=Patricia H. Sykes, o=City of High Point, ou=Purchasing
Division, email=patty.sykes@highpointnc.gov, c=US
Date: 2012.10.24 14:54:40 -0400

Approved for Submission to Council FINANCIAL SERVICES DIRECTOR: Jeffrey Moore DATE: Oct 29, 2012

Digitally signed by Jeffrey Moore
DN: cn=Jeffrey Moore, o=City of High Point, ou=Finance & Investment
Services, email=jmoore@highpointnc.gov, c=US
Date: 2012.10.29 11:19:00 -0400

CITY MANAGER: Strib Boynton DATE: Oct 31, 2012

Digitally signed by Strib Boynton
DN: cn=Strib Boynton, o=City of High Point, ou=City Manager,
email=strib.boynton@highpointnc.gov, c=US
Date: 2012.10.31 09:58:58 -0400

Minutes to be Unsealed and Approved by the City Council

2010

September 20, 2010 (economic development)

October 4 2010 (economic development)

October 18, 2010 (economic development)

November 15, 2010 (economic development)

2011

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May 7, 2012 (economic development)

July 16, 2012 (economic development)

October 15, 2012 (economic development)

CITY OF HIGH POINT

MUNICIPAL OFFICE BUILDING

SPECIAL MEETING

October 29, 2012

9:00 A.M.

ROLL CALL, PRAYER AND PLEDGE OF ALLEGIANCE

Upon call of the roll, the following Council Members were present with those absent being duly noted. Mayor Smothers offered the invocation; the Pledge of Allegiance followed.

Present (5): Mayor Rebecca Smothers, Council Member Latimer Alexander, Council Member Bernita Sims, Mayor Pro Tem Christopher Whitley, and Council Member James Corey

Absent (4): Council Member Britt Moore, Council Member Foster Douglas, Council Member Michael Pugh, and Council Member A.B. Henley

PRESENTATION OF ITEM

PUBLIC HEARING: ECONOMIC DEVELOPMENT INCENTIVES

120274 Consideration of Expenditures for Economic Development Purposes- OFS Brands

Monday, October 29, 2012 at 9:00 a.m. is the date and time to receive public comments concerning the authorization of up to \$220,000 in economic development incentives for the proposed expansion for OFS Brands at 1264 Jackson Lake Road in the city.

The public hearing for this matter was held on Monday, October 29, 2012 at 9:00 a.m. as duly advertised.

Mayor Smothers prefaced the meeting by announcing that all Council Members have been briefed on the project and authorized this public hearing to be held. She then invited Loren Hill, President- High Point Economic Development Corporation to come forward to offer his remarks.

Mr. Hill noted High Point has had a very good 2012 and has had good announcements and expressed gratification to see the expansions and growth in a wide range of industries in High Point with OFS Brands being an example of that. He reported that this project involves the expansion of an existing High Point company, OFS Brands, who specializes in furniture manufacturing and logistics. If the company chooses High Point as the location for its expansion, they propose to add 188 full-time jobs over the next five years with an average wage of approximately \$40,700. The company proposes to add approximately \$9.25 million to the city's tax base for an expansion at their existing building located at 1625 Jackson Lake Road. He noted the company currently has two buildings in High Point and two in Archdale with locations in High Point on Jackson Lake Road (where this expansion will take place) and on Fraley Road. OFS Brands has approximately 200 employees in Archdale and High Point with the demographic information on the workforce in the Triad as follows: 69% White; 18% African-American; 7% Hispanic; 5% Asian; 1% with 67% being males and the remaining 33% females. Should the company choose High Point for the expansion, it has agreed to hold a job fair in Central High Point, preferably at the Morehead Recreation Center. High Point is being considered for this expansion project along with an out-of-state location. OFS Brands is asking the Council to authorize up to \$220,000 in

incentives that will be paid in installments over a four to a five year period and subject to a performance agreement where the company would need to meet benchmarks in order to get each installment. The Guilford County Board of Commissioners have set a public hearing for November 15th at which time, they will be asked to authorize \$188,000 for this project.

Mr. Hill then recognized Melissa Smith from the North Carolina Department of Commerce and noted the State is also interested in participating in this project. He reported that OFS Brands hopes to make a decision at the end of November with plans to move forward in early 2013 with this expansion. At this time, Mr. Hill introduced and turned the floor over to Ryan Menke, Senior Vice President for Supply Chain and Managing Director of the Services Division for OFS Brands.

Mr. Menke thanked the Mayor and Council for consideration of their project and proceeded to give a background and history for OFS Brands, who will be celebrating their 75th anniversary this year. He shared the following timeline with Council:

- *1937 residential furniture business*
- *1983 made the decision to switch to commercial office furnishings and have been doing this ever since*
- *1990 started their own transportation company and since this time, it has grown the company to 185 tractors, 400 trailers. This is one of the divisions being considered in this expansion.*
- *2006 entered the NC market from a manufacturing standpoint and bought Carolina Business Furniture located in Archdale and High Point. (since that time, doubled its size).*
- *2008 acquired Lowenstein located in north High Point. Lowenstein was on the verge of bankruptcy and they were able to negotiate a deal that saved 34 of those jobs and it has since been integrated into their manufacturing operations in High Point.*
- *2011 MGM Transportation announced it was closing its doors and they were able to hire 55 employees with this venture*

Mr. Menke explained this project consists of a \$9.25 million investment over 5 years and their plan is to begin the office remodeling in 2013 as well as the site work with the addition of between 150,000 to 180,000 feet within the next three years depending on the demand for their products/services with plans to add 188 jobs over a 5-year period which would essentially double their footprint as well as employee base in the North Carolina market. Additionally, the expansion will have an indirect impact of 20+ jobs for the first two years through owner-operators that they contract with for transportation of their goods. The company also plans to bring a company from Virginia to open their first diesel service center in the High Point Market and they would be on-site running their garage. He noted that there would be a direct impact due to redirection of fuel purchases to the local market with approximately \$200,000 a month in fuel purchases that would be moved from out-of-state to in-state with this expansion.

Mr. Menke mentioned some of the charitable and civic endeavors in the local community that OFS Brands and its employees are involved with: member of the High Point Chamber of Commerce; he sits on the Board of the American Home Furnishings Specialized Furniture

Carrier Association; Gold sponsor for the Reeves race for a number of years; sponsor for the Family Services oyster roast; helped with furniture needs at the High Point Library last year, etc...

In closing, Mr. Menke pointed out OFS Brands is variable on US production with less than 5% of their finished products coming from overseas--particularly Asia and just last year they moved all of their overseas with chair frames back to the United States while shutting down Chinese, Slovenian, Vietnamese and Brazilian sources. He informed Council that OFS Brands is very committed to its employees, to the local communities and they would really appreciate Council's consideration for their proposed project in High Point.

At this time, Mayor Smothers asked if there was anyone else present that would like to speak regarding this project.

Melissa Smith with the North Carolina Department of Commerce stated she would like her presence to be noted and informed Council that the Department of Commerce is very supportive of this request and they would be working on funding through the One North Carolina Fund.

The Mayor then asked if there was anyone else in the audience who would like to speak regarding the incentive request.

Lee Drezner, who resides at 1706 Scarborough Road, approached the podium and proceeded to lodge a complaint regarding a personal issue. Mayor Smothers informed him that the purpose of this public hearing was to solicit public comment regarding the OFS Brands incentives request, but some of the Council Members could talk with him after the conclusion of the public hearing and the meeting adjourns.

Mayor Smothers opened the floor for comments from Council Members. Council Member Corey prefaced his remarks by stating that his remarks are not against OFS Brands, but towards the incentive policy in general. He pointed out that many people question the concept of incentives and view incentives as either economic bribery or economic extortion. He explained High Point plays the incentive game for two main reasons: Capital investment in the local community, and the creation of new decent paying jobs. He concluded his remarks by saying that High Point can justify the use of scarce taxpayer's dollars because the Capital investment will generate new property taxes and many of the new jobs may be taken by High Point citizens.

*The Mayor asked if there were any additional comments. There being none, **Council Member Sims moved to close the public hearing. Mayor Pro Tem Whitley made a second to the motion which carried unanimously. [5-0 vote]***

Following the conclusion of the public hearing, Council approved the incentive request by OFS Brands, not to exceed \$220,000 over a 5-year period with benchmarks that will be developed within a contract to be signed by both parties.

Mayor Smothers expressed appreciation to Mr. Menke for coming. Several Council Members commended him on the details contained in his excellent presentation that demonstrated the company's integrity and commitment to this community.

A motion was made by Council Member Alexander, seconded by Mayor Pro Tem Whitley, that this matter be approved. The motion carried by the following 5-0 vote:

Aye (5): Mayor Smothers, Council Member Alexander, Council Member Sims, Mayor Pro Tem Whitley, and Council Member Corey
Absent (4): Council Member Moore, Council Member Douglas, Council Member Pugh, and Council Member Henley

ADJOURNMENT

There being no further business to come before Council, the meeting adjourned at 9:26 a.m. upon motion duly made and seconded.

Respectfully Submitted,

Rebecca R. Smothers, Mayor

Attest:

Lisa B. Vierling, MMC
City Clerk