

CITY OF SPRINGDALE  
Committee Agendas  
Monday, August 29<sup>th</sup>, 2016  
Multipurpose Room #236  
City Administration Building  
Meetings begin at 5:30 p.m.

Ordinance Committee by Chairman Mike Overton:

1. **A Discussion** concerning the procedure to be followed for submitting ordinances and resolutions. Item presented by: Chairman Mike Overton.
2. **An Ordinance** amending Section 110-56(1) of the Code of Ordinances of the City of Springdale, Arkansas; declaring an emergency; and for other purposes. (Street and storm drainage). Item presented by: Brad Baldwin, Director of Engineering. (1-2)
3. **An Ordinance** amending Chapter 26, Article II.5 of the Code of Ordinances of the City of Springdale, Arkansas; declaring an emergency; and for other purposes. (Carnivals and circuses). Item presented by: Ernest Cate, City Attorney. (3)

Street & CIP Committee by Chairman Rick Evans:

4. **A Resolution** amending Section 4.6 of the Springdale Drainage Criteria Manual. Item presented by: Brad Baldwin, Director of Engineering. (4)
5. **A Resolution** authorizing the continuation of streetscape improvements to Emma Avenue pursuant to the Downtown Master Plan through the installation of controlled access points. Item presented by: Patsy Christie, Director of Planning. (5)
6. **A Resolution** authorizing award of a construction contract for the 5573 Elm Springs Road Demolition Project #CP-1609. Item presented by: James Breakfield, Staff Engineer. (6-13)

Finance Committee by Chairman Eric Ford:

7. **A Resolution** amending the 2016 budget of the Springdale Police Department. Item presented by: Mike Peters, Chief of Police. (14-16)
8. **A Resolution** authorizing an extension of a copy machine contract for the buildings department. Item presented by: Wyman Morgan, Director of Administration & Finance. (17-18)
9. **A Resolution** authorizing a change in the authorized staff and amending the 2016 budget of the Information Technology Department. Item presented by: Wyman Morgan, Director of Administration & Finance. (19-24)
10. **A Report** pertaining to the proposed sale of 206 Blair Street. Item presented by: Wyman Morgan, Director of Administration & Finance. (25-152)

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING SECTION 110-56(1) OF THE CODE OF ORDINANCES OF THE CITY OF SPRINGDALE, ARKANSAS; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.**

**WHEREAS**, Chapter 110, Article III of the Code of Ordinances of the City of Springdale, Arkansas, contains the provisions and regulations pertaining to street and storm drainage construction in the City of Springdale, Arkansas;

**WHEREAS**, Section 110-56 of the Code of Ordinances of the City of Springdale, Arkansas, provides the minimum standards for storm drainage systems;

**WHEREAS**, Section 110-56(1) of the Code of Ordinances of the City of Springdale, Arkansas, should be amended to revise the materials used in storm drainage systems;

**WHEREAS**, it is in the best interest of the citizens of the City of Springdale, Arkansas, to amend Section 110-56(1) of the Code of Ordinances of the City of Springdale, Arkansas;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF SPRINGDALE, ARKANSAS:**

**Section 1:** Section 110-56(1) of the Code of Ordinances of the City of Springdale, Arkansas, is hereby amended to read as follows:

**Sec. 110-56. – Storm drainage system standards.**

Plans and specifications for proposed storm drainage systems shall be equal to the following minimum standards.

- (1) *Pipe:*
  - ab. Reinforced concrete pipe shall conform to AASHTO M 170 for circular pipe and to AASHTO M 206 FOR ARCH-SHAPED PIPE. Class III shall be the minimum class of pipe used. The joint seal shall be cement mortar, three parts sand and one part cement, or cold-applied preformed plastic gaskets conforming to AASHTO M 198, type B.
  - ba. All pipes for residential driveways shall be reinforced concrete pipe of a type specified in subsection (b), (c), or (d) herein. All pipes for commercial driveways shall be reinforced concrete as specified in subsection (b) herein.
  - c. Corrugated steel pipe shall conform to AASHTO M 36, AASHTO M 190 for coated pipe and to AASHTO M 218 for sheets-to-form pipe. As an alternate to bituminous-coated pipe, pre-coated pipe meeting the requirements of AASHTO M 245 and M 246, for type B, may be substituted.
  - d. The manufacturing and furnishing of corrugated aluminum pipe shall conform to the requirements of AASHTO M 196 and to AASHTO M 197 for sheets-to-form pipe.
  - e. Other pipe materials will be accepted with the approval of the planning and community development director or his/her designated representative.
  - f. Flared end sections may be used when approved by the planning and community development director or his/her designated representative and shall be of the same

material as the pipe for a given installation, except bituminous coating will not be required for metal ends when specified for the pipe. The steel sheets shall have a thickness of 0.064 inch or more.

- g. The reinforced concrete flared end sections for circular and arch concrete pipe shall meet the applicable requirements for class II or higher class of pipe.
- h. Corrugated metal pipe shall be capable of withstanding a H-20 load.
- i. Coupling bands for corrugated metal pipe shall be the same metal as used in the pipe and shall be a single or couple piece with bolts and angles.

**Section 2:** All other provisions of Chapter 110-56 of the Code of Ordinances of the City of Springdale, Arkansas, not specifically amended by this ordinance shall remain in full force and effect.

**Section 3: Emergency Clause.** It is hereby declared that an emergency exists and this ordinance, being necessary for the preservation of the health, safety and welfare of the citizens of Springdale, Arkansas, shall be in effect immediately upon its passage and approval.

**PASSED AND APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Doug Sprouse, Mayor

ATTEST:

\_\_\_\_\_  
Denise Pearcc, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Ernest B. Cate, City Attorney

That which is underlined is added and that which is stricken through is deleted.

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING CHAPTER 26, ARTICLE II.5 OF THE CODE OF ORDINANCES OF THE CITY OF SPRINGDALE, ARKANSAS; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.**

**WHEREAS**, Chapter 26, Article II.5 of the Code of Ordinances of the City of Springdale, Arkansas, contains the regulations pertaining to carnivals and circuses in the City of Springdale;

**WHEREAS**, the City of Springdale is in need of revising the regulations pertaining to carnivals and circuses;

**WHEREAS**, it is in the best interest of the City of Springdale, Arkansas, for the City Council of the City of Springdale, Arkansas, to amend Section 26-49 of the Code of Ordinances of the City of Springdale, Arkansas.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF SPRINGDALE, ARKANSAS:**

**Section 1:** Section 26-49 of the Code of Ordinances of the City of Springdale is hereby amended to read as follows:

**Sec. 26-49. - Location of site, restriction on number of carnivals or circuses.**

All carnivals and/or circuses shall be operated only in a C-5, C-2, or P-1 zone, at Arvest Ballpark, at Luther George Park, at Walter Turnbow Park, or at the Rodeo Grounds at Emma Avenue and Old Missouri Road. The carnival and/or circus shall also comply with all setback requirements for the zone in which the carnival or circus is located. For carnivals and/or circuses conducted on a parking lot of another business, there shall be a maximum of three permits issued for such location per calendar year.

**Section 2:** All other provisions of Chapter 26 of the Code of Ordinances of the City of Springdale, Arkansas, not specifically amended by this Ordinance shall remain in full force and effect.

**Section 3: Emergency Clause.** It is hereby declared that an emergency exists and this ordinance, being necessary for the preservation of the health, safety and welfare of the citizens of Springdale, Arkansas, shall be in effect immediately upon its passage and approval.

**PASSED AND APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Doug Sprouse, Mayor

ATTEST:

\_\_\_\_\_  
Denise Pearce, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Ernest B. Cate, City Attorney

That which is underscored is added; that which is stricken through is deleted.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AMENDING SECTION 4.6 OF THE  
SPRINGDALE DRAINAGE CRITERIA MANUAL**

**WHEREAS**, pursuant to Section 106-1 of the Code of Ordinances of the City of Springdale, Arkansas, the City has adopted the City of Springdale Drainage Criteria Manual

**WHEREAS**, Section 4.6 of the Springdale Drainage Criteria Manual is in need of revision;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SPRINGDALE, ARKANSAS, that:**

**Section 1:** Section 4.6 of the Springdale Drainage Criteria Manual is hereby amended to read as follows:

**4.6 CULVERT TYPES AND SIZES**

The only permissible types of culverts under ~~all~~ public roadways, within public rights of way and easements, or to be maintained by the City of Springdale and streets are reinforced concrete box, round, or elliptical concrete pipe or pipe arch.

The minimum size of pipe for all culverts shall be 18" or the equivalent sized elliptical pipe or arch pipe. Box culverts may be constructed in sizes equal to or larger than 4' x 3' (width versus height), except as approved by the ~~City Staff~~ Director of Engineering.

If material other than reinforced concrete pipe is to be used under roadways, it shall be approved by the City Staff on a case by case basis.

Flared, precast concrete and metal pipe aprons may be used in lieu of headwalls to improve the hydraulic capabilities of the culverts.

**Section 2:** All other provisions of the Springdale Drainage Criteria Manual not specifically modified herein shall remain in full force and effect.

**PASSED AND APPROVED**, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Doug Sprouse, Mayor

**ATTEST:**

\_\_\_\_\_  
Denise Pearce, City Clerk

**APPROVED:**

\_\_\_\_\_  
Ernest B. Cate, City Attorney

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION AUTHORIZING CONTINUATION OF  
STREETSCAPE IMPROVEMENTS TO EMMA AVENUE  
PURSUANT TO THE DOWNTOWN MASTER PLAN  
THROUGH THE INSTALLATION OF CONTROLLED  
ACCESS POINTS.**

**WHEREAS**, the City of Springdale desires to continue making streetscape improvements along Emma Avenue as provided for in the Downtown Master Plan;

**WHEREAS**, one of the goals of the Master Plan is to convert Emma Avenue to a slower, safer, more comfortable street where it is easier to park and frequent local businesses; and

**WHEREAS**, by installing controlled intersections with a four-way stops at Shiloh Street; Main Street and Commercial Street and a three-way stop at Holcomb Street and Emma Avenue traffic will move at a much more controlled manner and allow cross traffic opportunities to exit and enter the street in a safer manner.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SPRINGDALE, ARKANSAS**, that the Public Works Department is hereby authorized and instructed to install four way stops at Emma Avenue and Shiloh Street; Emma Avenue and Main Street; and Emma Avenue and Commercial Street and a three way stop at Emma Avenue and Holcomb Street.

**PASSED AND APPROVED** this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Doug Sprouse, Mayor

**ATTEST:**

\_\_\_\_\_  
Denise Pearce, CITY CLERK

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Ernest B. Cate, CITY ATTORNEY

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING AWARD OF A  
CONSTRUCTION CONTRACT FOR THE 5573 ELM  
SPRINGS ROAD DEMOLITION PROJECT #CP-1609**

**WHEREAS**, the Right-of-Way is to be cleared for future construction of the Elm Springs Road and 56<sup>th</sup> Street intersection roundabout associated with Project #12BPS7&8 (Tract 59), and;

**WHEREAS**, a vacant residence previously purchased by the City requires demolition and basement fill, and;

**WHEREAS**, sealed competitive construction bids were received and opened on August 23, 2016, and;

**WHEREAS**, D&R, LLC. was the low bidder with a lump sum bid of \$20,477.00;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL  
FOR THE CITY OF SPRINGDALE, ARKANSAS, that:**

The Mayor is hereby authorized to execute a construction contract for the 5573 Elm Springs Road Demolition Project with D&R, LLC., in the amount of \$20,477.00 with a 10% construction contingency (\$2,047.00). The total project cost shall not exceed \$22,524.00 without Council approval.

**PASSED AND APPROVED** this \_\_\_\_\_ day of September, 2016

\_\_\_\_\_  
Doug Sprouse, Mayor

ATTEST:

\_\_\_\_\_  
Denise Pearce, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Ernest Cate, City Attorney

**CITY OF SPRINGDALE  
BID INVITATION**

Bid Number: CP-1609

**BID OPENING LOCATION:**  
City of Springdale  
Multi-Purpose Room (Room# 236)  
201 Spring Street  
Springdale, AR 72764

**MAIL TO:**  
City of Springdale  
Engineering Office  
201 Spring Street  
Springdale, AR 72764

**DELIVER TO:**  
City of Springdale  
Engineering Office  
201 Spring Street  
Springdale, AR 72764

Bid Opening Date: Tuesday, August 23, 2016 Time: 2:00 PM

Sealed bids for furnishing the commodities and/or services described below will be received at the above-noted mail and delivery locations until the above-noted bid opening date and time, and then publicly opened at the above-noted bid opening location. Bids must be submitted on this form, with attachments when appropriate, or bids will be rejected. Late bids and unsigned bids will not be considered.

In compliance with this Bid Invitation and subject to all the Conditions thereof, the undersigned offers and agrees to furnish any and all items upon which prices are quoted, at the price set opposite each item.

Company Name: DJRLC  
Address: P.O. Box 561  
City: Bentonville State: AR Zip: 72712  
Federal Tax ID or Social Security No.: 57-1237570

Name (Type of Print): Jerry Ramsey  
Title: Member  
Phone: (479) 381-4300 Fax: \_\_\_\_\_  
E-mail address: jwramsey63@yahoo.com  
Signature: Jerry Ramsey  
Signature must be legible, original (not photocopied) and in ink.  
Unsigned bids will be rejected.

Item No.	Description	Quantity	Unit	Unit Price	Amount
1.	<p>Demolition located at 5573 Elm Springs Road, Washington County per the attached work list</p> <p>To meet the requirements of the attached Specifications and Drawings attached to and made a part of this bid, LUMP SUM <u>\$20,477<sup>00</sup></u></p> <p>Tracts must be priced individually on the Work List but bid will be awarded by the Lump Sum.</p> <p>Contacts for Technical Information: James Breakfield, Project Manager (479-750-8105) Contacts for Bidding Information: Wyman Morgan (479-750-8152), or James Breakfield (479-750-8105)</p> <p>Bid price shall include all labor, materials, and equipment necessary to perform the work as specified, and shall further include all licenses, fees, permits, royalties, and <u>all taxes</u>. Bid price shall represent full compensation for completion of the work. Payment will be made in full upon completion of the project.</p> <p><u>Bid Bond in the amount of 5% of total bid price required of all bidders at time of bid opening or bid will be rejected. Personal and company checks are not acceptable as Bid Bonds.</u> See Condition 3 on page 2 of Bid Invitation.</p> <p>Omission of any reference to, or the exclusion of, applicable local/state/federal regulations or requirements within these bid documents and specifications does not exempt the successful bidder and members of their organization from the responsibility of compliance with said regulations or from the liability for non-compliance. Any cost associated with this compliance shall be included in the bid.</p> <p>The successful bidder will be required to submit Notice of Intent (NOI) to ADEQ within 3 days after receipt of the Notice to Proceed letter with the intention of starting work on this project immediately. All work shall be completed within forty-five (45) working days from the starting date on the NOI. Work not completed within this time frame shall result in the successful bidder being charged \$150.00 per day until work is completed.</p>				

CITY OF SPRINGDALE  
STANDARD BID CONDITIONS  
Project # CP-1609

1. **ACCEPTANCE AND REJECTION:** The City of Springdale reserves the right to reject any or all bids, to accept bids in whole or in part (unless otherwise indicated by bidder), to waive any informalities in bids received, and to award bids to best serve the interest of the City.
2. **PREPARATION OF BID:** Unless otherwise stated in the Bid Invitation, the following will apply. (1) unit prices shall be bid, (2) prices should be stated in units of quantity specified (feet, each, lbs., etc. ), (3) prices must be F.O.B. destination specified in bid, (4) prices must be firm and not subject to escalation, (5) bid must be firm for acceptance for 30 days from bid opening date. In case of errors in extension, unit prices shall govern. Discounts from bid price will not be considered in making awards. Bid amounts shall include costs for all materials, labor, equipment, supplies, profit and any required fees which are necessary to complete the work. The same shall apply in the event of a lump sum price contract. All bids shall be submitted on the forms provided in the bid packet. All blank spaces for bid prices must be filled in, in ink or typewritten, in both words and figures, and fully completed and executed when submitted. Each proposal must be submitted in a sealed envelope bearing on the outside the name of the Bidder, his address, his Arkansas Contractor's license number, and the name of the project for which the bid is submitted. If forwarded by mail, the sealed envelope containing the bid must be enclosed in another envelope addressed to the City of Springdale and be identified as a bid proposal. Any proposals received after the specified bid opening time will not be accepted and will be returned unopened to the bidder.
3. **BID BONDS AND PERFORMANCE BONDS:** A Bid Bond in the form of a cashier's check, certified check, or surety bond issued by a surety company, in an amount stated in the Bid Invitation, must accompany bid. Personal and company checks are not acceptable as Bid Bonds. Failure to submit a Bid Bond as required will cause a bid to be rejected. The Bid Bond will be forfeited as liquidated damages if the successful bidder fails to provide a required Performance Bond within the period stipulated by the City or fails to honor their bid. Cashier's checks and certified checks submitted as Bid Bonds will be returned to unsuccessful bidders; surety bonds will be retained. If required, the successful bidder will furnish a Performance Bond in an amount stated in the Bid Invitation and in the form of a cashier's check, certified check, or surety bond issued by a surety company, unless otherwise stated in the Bid Invitation, as a guarantee of delivery of goods/services in accordance with the specifications and within the time established in the bid. Personal and company checks are not acceptable as Performance Bonds. In some cases, a cashier's check or certified check submitted as a Bid Bond will be held as the Performance Bond of the successful bidder. Cashier's checks or certified checks submitted as Performance Bonds will be refunded shortly after payment has been made to the successful bidder for completion of all items of the bid; surety bonds will be retained. Surety bonds must be issued by a surety company authorized to do business in Arkansas, and must be signed by a Residential Local Agent licensed by the Arkansas State Insurance Commissioner to represent that surety company. Resident Agent's Power-of-Attorney must accompany the surety bond. Certain bids involving labor will require Performance Bonds in the form of surety bonds only (no checks of any kind allowed). In such cases, the company issuing the surety bond must comply with all stipulations herein and must be named in the U. S. Treasury listing of companies holding Certificates of Authority as acceptable sureties on Federal Bonds and as acceptable reinsuring companies. Any excess between the face amount of the bond and the underwriting limitation of the bonding company shall be protected by reinsurance provided by an acceptable reinsuring company.
4. **INSURANCE:** Insurance shall be carried and maintained during the life of the contract and shall include the City of Springdale as additional insured. Contractor shall furnish a copy of the Certificate of Insurance to the City prior to execution of the contract. Minimum amounts of coverage required are as follows:

Workmen's Compensation	-	Shall comply with State Law
Employer's Liability	-	\$50,00 and \$100,000
General Liability	-	\$25,000 and \$50,000 Bodily Injury \$25,000 Property Damage
5. **EXAMINATION OF SITE:** Bidders are required to inform themselves of all conditions under which the work is to be performed.
6. **REGULATIONS:** Exclusion of reference to any applicable regulations regarding any aspect of work to be performed on the project will not relieve the contractor from his liability for compliance. The City of Springdale will not be held liable for any fines or damages resulting from noncompliance by the contractor.
7. **LICENSES AND CERTIFICATIONS:** Contractor is responsible for compliance with all local, state, and federal requirements regarding licenses and certifications necessary to perform various work tasks. Furthermore, Contractor shall comply with all requirements for permitting and reporting associated with the work to be performed. Contractor shall provide copies of all licenses and certifications upon request. All permitting and/or reporting fees shall be considered inclusive to the work and reflected in the associated bid item pricing.
8. **CONTRACT TIME:** Contractor shall labor to complete the project within the time allotment identified in the contract documents. Requests for time extension shall be received in writing and should identify any hardships or events beyond the contractor's control and provide an explanation for any perceived circumstances that they believe will warrant a time extension.
9. **LIQUIDATED DAMAGES:** The project shall be completed within the specified contract time and accepted in whole by the City or liquidated damages will be applied to the amount identified in the contract documents. The liquidated damages are in place to reimburse the City for the expense of continued administration and oversight as well as any cost associated with delayed public use of the proposed improvement. Liquidated damages will be deducted from the payment due the contractor or from the project retainage where applicable.
10. **PROTECTION OF PRIVATE PROPERTY:** It is the contractor's responsibility to ensure the safety of the general public and their work crews while performing work on the project. Furthermore, the contractor shall protect all areas outside of the project limits and bear full responsibility to remedy damage to private property to the satisfaction of the landowner and the City.
11. **NOTICE OF NONDISCRIMINATION:** The City of Springdale complies with all civil rights provisions of federal statutes and related authorities that prohibit discrimination in programs and activities receiving federal financial assistance. The City does not discriminate on the basis of race, sex, color, age, national origin, religion or disability, in the admission or access to buildings, programs, or services offered by the City, as well as with regard to the City's hiring or employment practices. Complaints of alleged discrimination and inquiries regarding the City's nondiscrimination policies may be directed to the City's ADA/504/Title VI Coordinator, Gina Lewis, 201 Spring Street, Springdale, AR 72764; (479) 750-8535, (Voice/TTY 711), or the following email address: [glews@springdaleAR.gov](mailto:glews@springdaleAR.gov). This notice is available from the ADA/504/Title VI Coordinator in large print, on audiotape and in Braille.

Project # CP-1609  
Associated with  
12BPS7&8: 56<sup>th</sup> Street Improvements  
Elm Springs Road Roundabout  
Tract 59

**Bid Requirements**

Bid price shall include all insurance, taxes, permits, ADEQ notifications, license, labor, equipment, and material necessary to complete the work. Bidders are strongly encouraged to inspect the premises prior to bidding. All demolition work must be done according to the method and requirements contained in the "SPECIAL PROVISIONS" and the "Work List" which will be attached and made a part of the bid and contract.

Contractor shall comply with all state, local and federal laws associated with this work. All structures must be completely removed, including slabs, footings, foundations, posts, poles and all debris. Determination of the extent of work necessary for complete removal of the structures is strictly the responsibility of the bidder. If necessary, suitable backfill material will be utilized to leave area in a safe and level condition.

It is understood that all combustible materials, construction material and all other rubbish, including shrubbery and trees which are cut or uprooted to facilitate operations, will be cleared from the premises by the contractor and, in all other respects, the premises will be left in a generally level, safe, and sanitary condition in which it can be mowed and maintained safely. The contractor shall endeavor to avoid unnecessary damage or destruction of trees, shrubs, and plants on the premises.

**NOTE: CONTRACTOR MUST FILE TEN (10) DAY NOTICE WITH ARKANSAS DEPARTMENT OF ENVIRONMENTAL QUALITY (ADEQ); HOWEVER, BIDS SHOULD INCLUDE REGISTRATION FEE ON EACH PROJECT. Dumping of demolition waste materials shall be at a landfill permitted by the Arkansas Department of Environmental Quality (ADEQ) or at an un-permitted site approved by ADEQ. Contractor must call ONE CALL for location of other utilities at this job site.**

In the event that utility lines or facilities become impaired in any way by reason of performance of this operation by the contractor, the contractor shall, at his own expense, be responsible for all replacement utility service in lieu of those affected. **Contractor must call ONE CALL for location of other utilities at this job site.**

For demolition, State law requires a contractor's license for jobs over \$20,000.00 Changes in the scope of work must have prior approval by the City's Project Manager in order to be eligible for payment.

**CITY OF SPRINGDALE**  
**DEMOLITION CONTRACT**

Project # CP-1609  
Associated with  
12BPS7&8: 56<sup>th</sup> Street Improvements  
Elm Springs Road Roundabout  
Tract 59

**Work List**

**Demolition:**

Demolition activities involve the removal of all structures (including foundations) as shown on the attached exhibit. These structures consist of a one story residential structure with basement ("A"), a detached garage ("B"), a storage shed ("C"), and a covered porch ("D"). Approximate areas and locations for these structures are contained on the demolition exhibit.

Also included in the demolition activities is septic system abandonment. Two septic tanks (unknown size) are present on the property. One tank is nonfunctioning while the other was the active septic system for the house. Both tanks are to be abandoned in accordance with the special provisions.

Furthermore, the following items are to be removed from the site: gravel driveway, basement retaining wall, stone outcrop in front yard, and any fence running east/west along the northern portion of the property.

**Note #1: Demolition contractor required to remove and dispose of all personal property left in these buildings. This work shall be included in the demo price.**

**Note #2: Contractor is responsible for compliance with all erosion control regulations pertaining to this work and during the re-establishment of vegetation in disturbed areas.**

**Note #3: Contractor is responsible for obtaining an NOI from ADEQ and a demolition permit from the City of Springdale Building Inspection Department.**

**CITY OF SPRINGDALE  
SPECIAL PROVISION**

**DEMOLITION AND BACKFILL OF BASEMENT AREA**

**GENERAL**

A residential structure with basement and several detached structures are to be demolished as part of the right-of-way clearing for the future construction of the 56<sup>th</sup> Street Improvements Project (12BPS7&8). A demolition exhibit is attached which identifies the type and size of all structures as well as a narrative description of the property and each building. All structures identified for demolition have been inspected and found free of any asbestos containing materials. All utility services to this property have been retired. Following demolition of this building, the basement area must be filled in compliance with this special provision and compacted to 95% standard proctor. All disturbed areas shall be smooth graded, topsoiled and seeded.

**DESCRIPTON OF WORK:**

Prior to beginning any work, the contractor will be responsible for obtaining a NOI from ADEQ and a demolition permit from the City of Springdale Building Inspection Department.

The contractor shall establish appropriate erosion control measures before commencing work on the site that will ensure that no construction debris or sediment will escape the site. The site topography is such that drainage heads southwest. Therefore, at a minimum, controls will be required along the western and southern disturbance limits.

The demolition will consist of the removal of the four structures show on the attached exhibit along with removal of the gravel driveway, stone outcrop, rear retaining wall and some fencing along the northern part of the property. Any items currently stored on the property or within one of these structures shall be disposed of by the contractor in accordance with all applicable regulations. Contractor shall preserve the existing concrete driveway apron and storm drainage facilities along the roadway. The existing trees can remain if left in good condition upon completion of the work. Contractor shall preserve all fencing along the south, west, and eastern property limits. The contractor will also be responsible for the abandonment of the existing septic tanks as described in the special provision associated with that item.

The contractor shall be responsible for compaction of approved fill material installed in 8" lifts. Fill material shall have a USCS Classification of GM, GC, GP, SP, SC, or chert gravel with a maximum liquid limit of 40 and a maximum plastic limit of 20. The plasticity requirements may be waived provided that the fill has a minimum 65% retained on the No. 200 sieve. The contractor shall be responsible for providing the proctor for material approval and compaction evaluation. All compaction testing will be provided by the City of Springdale at no cost to the contractor.

The contractor shall provide for all labor, equipment, and materials necessary to perform the work. Payment will be made in full upon completion of the project. The contractor will not be required to submit a performance and payment bond or provide a maintenance bond upon conclusion of the project.

## SPECIAL PROVISIONS

### SEPTIC SYSTEM ABANDONMENT

**Description.** This work consists of the abandonment of septic systems to include proper pumping out, collapsing, and backfilling with clean material, in accordance with all applicable local, state, and federal regulations. Work shall also include submittal of all necessary documentation to local and state agencies as required.

**Basis of Payment.** Payment for the abandonment of the septic system shall be included in the lump sum (LS) bid for this project. This amount shall be considered full compensation for all materials, labor, tools, equipment, and other incidentals necessary to properly pump out, collapse, and backfill with clean material an existing septic system in accordance with all applicable local, state, and federal regulations including excavation, backfill, compaction, septic tank structure abandonment, concrete, crushed stone, gravel, cleanup, seeding, mulching, fertilizing, and every other item required for a complete septic system abandonment. Payment shall also be full compensation for submittal of all necessary documentation to local and state agencies as required.

## SITE DESCRIPTION

Subject property is located along the south side of Elm Springs Road in Springdale. The property is located approximately 0.2± road mile west of the intersection of Elm Springs Road and Oak Grove Road. The physical address of the subject property is 5573 Elm Springs Road.

Subject site contains an indicated 43,249± SF, or 0.99± acre. Subject site, overall is near rectangular in shape. The topography is gently sloping. The subject property is not indicated to lie within the 100-Year Flood Zone; however Flood Zone Area is located just south of the subject property.

The subject site is improved with a 3607± square foot (SF) single-family dwelling, two outbuildings, and site improvements. The dwelling was constructed in 1993±. The dwelling is of one-story with walk-out basement design. The exterior walls of the structure are frame with brick veneer. The subfloor of the basement is concrete slab, while the main dwelling area is wood. The floor structure is a crawlspace. The roof structure is wood joists and decking and the roof cover is composition shingle. There is also a two-car attached garage containing approximately 683± SF. An 114± SF heated and cooled storage space is located between the dwelling and garage. This space is included in the total dwelling square footage. The dwelling contains approximately 2086± SF on the main level and approximately 1521± SF on the basement level. The dwelling includes a covered porch (84± SF) located at the front with a concrete sidewalk, a covered porch (121± SF) located at the rear with a concrete sidewalk, and a patio (266± SF) located at the rear. The patio is located off the basement. A retaining wall juts out of the exterior wall and forms the east and west walls of the patio. The interior layout of the dwelling on the first floor consists of a living room, dining room, kitchen/dining area, utility room with sink, master bedroom, master bathroom ( shower only), two guest bedrooms, and guest bathroom (tub/shower combination). The basement is located off the kitchen/dining area. The interior layout of the basement level consists of a living room/game room, three bedrooms, and one bathroom. Interior finishes include laminate, tile and carpet floor cover, drywall, wood paneling, laminate countertops, etc. The dwelling has central heat and air. The dwelling contains one wood burning fireplace. Gutters and downspouts were also noted.

Additional improvements include a 495± SF heated/cooled storage building with 456± SF attached porch. Approximately 288± SF of the porch is covered. The storage building has two garage doors. There is also a 48± SF storage building. The storage buildings were indicated to have been constructed in 1993±. Subject property includes concrete paving, landscaping, etc.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION AMENDING THE 2016  
BUDGET OF THE CITY OF SPRINGDALE  
POLICE DEPARTMENT**

**WHEREAS**, the Police Department has received funds that have not been appropriated from drug seizures; and

**WHEREAS**, the Police Chief has requested that some of these funds be appropriated for building maintenance;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SPRINGDALE, ARKANSAS**, that the 2016 budget of the City of Springdale Police Department is hereby amended as follows:

<u>Department</u>	<u>Account No.</u>	<u>Description</u>	<u>Present Budget</u>	<u>Increase</u>	<u>Decrease</u>	<u>Proposed Budget</u>
Police	10105014217021	Drug Seizure Funds	67,900	18,807		86,707

**PASSED AND APPROVED** this 13<sup>th</sup> day of September, 2016

\_\_\_\_\_  
Doug Sprouse, Mayor

ATTEST:

\_\_\_\_\_  
Denise Pearce, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Ernest B. Cate, City Attorney



# CITY of SPRINGDALE

POLICE DEPARTMENT  
OFFICE OF THE CHIEF OF POLICE

---

**To:** Wyman Morgan  
**From:** Chief Mike Peters  
**Date:** 8/25/2016  
**Re:** Transfer of money for building remodel / maintenance

---

Wyman,

I am requesting the transfer of \$18,807.00 from the Police Department Asset Forfeiture account to Police Department budget account 101-0501-421-70-21 for building maintenance and remodel.

We contacted 3 companies but only Evans Construction and Remodeling turned in a bid. The construction bid was for \$17,807.00 and our IT department inspected the space and will do some work that they estimate will be around \$1,000.00.

Total transfer request \$18,807.00

Please let me know if you have any concerns with this.

Sincerely,

A handwritten signature in black ink that reads 'Mike Peters'.

Mike Peters  
Chief of Police



# CITY of SPRINGDALE

POLICE DEPARTMENT

CRIMINAL INVESTIGATIONS DIVISION

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## MEMORANDUM

FROM: Captain Frank Gamble  
TO: Chief Mike Peters  
DATE: August 24th, 2016  
RE: Remodeling project

We made contact with three construction companies in an attempt to get bids for the police department remodeling project. We contacted Evans Construction and Remodeling, All in One Remodeling, and DaVinci Construction. We have only been able to get an estimate from Evans Construction for the remodel. I have attached a copy of the quote to this memo.

I have spoken with our IT department and was advised that they would need approximately \$1000.00 to network to the city system.

If you have any questions please feel free to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read "Frank Gamble".

Captain Frank Gamble

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING AN EXTENSION OF A  
COPY MACHINE CONTRACT FOR THE BUILDINGS  
DEPARTMENT**

**WHEREAS**, the Buildings Department has leased a copy machine from Professional Business Systems for the last five years, and

**WHEREAS**, the current contract expires on September 24, 2016 and Professional Business Systems has offered to extend the contract for 36 months and reduce the monthly lease payment from \$271.00 to 104.76, and

**WHEREAS**, Mike Chamlee has requested approval of the contract extension;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SPRINGDALE, ARKANSAS**, that the Mayor is hereby authorized to execute a 36 month lease agreement at \$107.76 per month with Professional Business Systems for the Buildings Department.

**PASSED AND APPROVED** this 13<sup>th</sup> day of September, 2016.

---

Doug Sprouse, Mayor

ATTEST:

---

Denise Pearce, City Clerk

APPROVED AS TO FORM:

---

Ernest B. Cate, City Attorney



2905 South Walton Blvd.  
 Suite 5, Metro Market  
 P.O. Box 2730  
 Bentonville, AR 72712

### Agreement Extension

FULL LEGAL NAME OF LESSEE			ADDRESS	
Springdale City of Building Inspector			107 Spring Street	
CITY	STATE	ZIP	PHONE	FAX
Springdale	AR	72764	479-750-8154	
BILL TO (IF DIFFERENT FROM ABOVE):				

**Equipment Information:**

ID#	Model/Description	Serial Number
8442	Konica Minolta BHC220 Full Color MFP	AOED013013456
	FK-502 Fax Kit	NSN
	MK-720 Fax Mount Kit	NSN
	DF-617 Document Feeder	AOHUWY1274559
	DK-507 Copy Desk	AOXWWY4101984

**Effective 09/24/16, extend contract for 36 months, new expiration 09/23/19**

**Reduce monthly base from \$271.00 to \$104.76**

**Reduce monthly b/w contracted allowance from 4,000 to 1,500 | Overages to be billed at \$0.012**

**Increase monthly color contracted allowance from 0 to 100 | Overages to be billed at \$0.095**

**Change overage billing cycle to annual (18,000 b/w per year | 1200 color per year)**

9/24/16 - 9/23/19

**Agreement Extension for 36 Month(s)**

Agreement ID# 1393-01 Effective Date 9/24/2016

- No changes to the agreement.
- Process with these changes: terms and conditions of original contract remain in effect

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Customer

Print: \_\_\_\_\_ Title: \_\_\_\_\_  
Name

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Professional Business Systems

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING A CHANGE IN THE  
AUTHORIZED STAFF AND AMENDING THE 2016 BUDGET  
OF THE INFORMATION TECHNOLOGY DEPARTMENT**

**WHEREAS**, the Information Technology Department is currently only authorized a staff of five (5) employees to support technology for the entire organization, and

**WHEREAS**, the volume of work required from this department has steadily increased and the additional work required to develop a geographic information system (GIS) will require an increase in the authorized staff, and

**WHEREAS**, the job description for a GIS Manager has been developed and was rated at a pay grade of 26 and a pay range from \$46,091 to \$68,438;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SPRINGDALE, ARKANSAS**, that the position of GIS Manager in the Information Technology Department at a pay grade 26 is hereby authorized and the budget of the Information Technology Department is amended as follows.

<u>Department</u>	<u>Account No.</u>	<u>Description</u>	<u>Budget</u>	<u>Increase</u>	<u>Decrease</u>	<u>Budget</u>
IT	10101054163001	Regular Salaries	258,490	16,540		275,030
IT	10101054163501	FICA/Medicare	22,080	1,410		23,490
IT	10101054163502	Insurance	35,970	1,500		30
IT	10101054163503	Pensions	15,510	990		16,500
				<u>20,440</u>		

**PASSED AND APPROVED** this 13<sup>th</sup> day of September, 2016.

\_\_\_\_\_  
Doug Sprouse, Mayor

ATTEST:

\_\_\_\_\_  
Denise Pearce, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Ernest B. Cate, City Attorney



**POSITION TITLE: GIS Manager**

---

Exempt (Y/N): No                      GRADE: 26                      DEPARTMENT: Information Systems  
DATE PREPARED: August 2016                      SUPERVISOR: IT Director

---

**SUMMARY**

This position involves planning, organizing, and directing GIS activities. Work involves responsibility for providing technical expertise and supervision for the day-to-day implementation and operation of the GIS activities, managing GIS vendor contracts, planning and organizing system development activities, and other GIS activities. Project management of major applications with ties to GIS.

Work is performed independently within established policies, procedures, and guidelines and is reviewed through reports, conferences, and system performance.

**ESSENTIAL DUTIES AND RESPONSIBILITIES**

1. Assists in the development and management of GIS project plans including defining requirements, tasks, and resources assignments, ensuring that approved quality levels and deadlines are met.
2. Develops standards for GIS deployment and use within the City.
3. Prepares GIS project plans and schedules to include coordinating resources, tasks, and work assignments.
4. Manages GIS related teams of City staff and vendors to ensure that GIS project objectives and time lines are met.
5. Provide decision support related to all aspects of geographic information for staff, administrators, Mayor and City Council.
6. Provides GIS related technical guidance and assistance to project teams.
7. Serves as a liaison with GIS vendors for the proper acquisition, installation, operation and maintenance of GIS-related resources.
8. Supervise the collection and assignment of addresses and other geographic information critical for E 911 dispatchers and other emergency services related to geography.
9. Provides the City's Public Safety systems with the most recent and accurate GIS data available.
10. Manage the City's GIS website and mobile mapping applications.

11. Ensure that City department systems have the latest GIS data.
12. Ensure that City staff using GIS has training and technical support as needed.
13. Interface with other departments or outside agencies regarding future GIS projects.
14. Participate in state and regional GIS partnerships, including Benton and Washington County, the Northwest Arkansas Regional Planning Commission and the Arkansas Geographic Information Office (AGIO).
15. Ensure that needed geographic information is being delivered throughout city government in a timely manner.
16. Perform any other related duties as required or assigned.

#### **QUALIFICATIONS**

To perform this job successfully, an individual must be able to perform each essential duty mentioned satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required.

#### **EDUCATION AND EXPERIENCE**

Technical degree required in such disciplines as Computer Engineering, CPA, etc, plus 7 years related experience and/or training, and 5 years related management experience, or equivalent combination of education and experience.

#### **COMMUNICATION SKILLS**

Ability to read, analyze, and understand common scientific and technical journals, financial reports, and legal documents; Ability to respond to complex or difficult inquiries or complaints from customers, regulatory agencies, or members of the business community.

#### **MATHEMATICAL SKILLS**

Ability to work with mathematical concepts such as probability and statistical inference, and fundamentals of plane, algebra, solid geometry and trigonometry.

#### **CRITICAL THINKING SKILLS**

Ability to apply principles of logical or scientific thinking to a wide range of intellectual and practical problems. Ability to deal with nonverbal, logical or scientific symbolism such as formulas, scientific equations, and graphs. Ability to deal with a variety of abstract and concrete variables.

#### **REQUIRED CERTIFICATES, LICENSES, REGISTRATIONS**

Must have any combination of education and experience equivalent to graduation from an accredited four-year college or university with major course work in geography, computer science, planning engineering, or related fields, and thorough experience with geographic information system design, implementation, and management, including considerable experience in both administrative and project supervision. Must possess a valid Driver's License and a driving record acceptable to the City's insurance carrier.

#### **PREFERRED CERTIFICATES, LICENSES, REGISTRATIONS**

Not indicated.

**SOFTWARE SKILLS REQUIRED**

Advanced: Contact Management, Database, Word Processing/Typing

Intermediate: Alphanumeric Data Entry, Presentation/PowerPoint, Programming Languages, Spreadsheet

Basic: 10-Key

**INITIATIVE AND INGENUITY****SUPERVISION RECEIVED**

Under general direction, working from policies and general directives. Rarely refers specific cases to supervisor unless clarification or interpretation of the organization's policy is required.

**PLANNING**

Considerable responsibility with regard to general assignments in planning time, method, manner, and/or sequence of performance of own work, in addition, the work operations of a group of employees, all performing basically the same type of work.

**DECISION MAKING**

Performs work operations which permit frequent opportunity for decision-making of minor importance and also frequent opportunity for decision-making of major importance, either of which would affect the work operations of small organizational component and the organization's clientele.

**MENTAL DEMAND**

Close mental demand. Operations requiring close and continuous attention for control of operations. Operations requiring intermittent direct thinking to determine or select the most applicable way of handling situations regarding the organization's administration and operations; also to determine or select material and equipment where highly variable sequences are involved.

**ANALYTICAL ABILITY / PROBLEM SOLVING**

Directed. Supervisory and/or professional skills using structured practices or policies and directed as to execution and review. Interpolation of learned things in moderately varied situations where reasoning and decision-making are essential.

**RESPONSIBILITY FOR WORK OF OTHERS**

Carries out supervisory responsibilities in accordance with the organization's policies and applicable laws. Responsibilities may include but not limited to interviewing, hiring and training employees; planning, assigning and directing work; appraising performance, rewarding and disciplining employees; addressing complaints and resolving problems.

Supervises a small group (1-3) of employees in the same or lower classification. Assigns and checks work; assists and instructs as required, but performs same work as those supervised, or closely related work, most of the time. Content of the work supervised is of a non-technical nature and does not vary in complexity to any great degree.

Supervises the following departments: N/A

**RESPONSIBILITY FOR FUNDS, PROPERTY and EQUIPMENT**

Occasionally responsible for organization's property where carelessness, error, or misappropriation would result in moderate damage or moderate monetary loss to the organization. The total value for the above would range from \$5,000 to \$150,000.

**ACCURACY**

Probable errors would not likely be detected until they reached another department, office or patron, and would then require considerable time and effort to correct the situation. Frequently, possibility of error that would affect the organization's prestige and relationship with the public to a limited extent, but where succeeding operations or supervision would normally preclude the possibility of a serious situation arising as a result of the error or decision.

**ACCOUNTABILITY****FREEDOM TO ACT**

Generally controlled. General processes covered by established policies and standards with supervisory oversight.

**ANNUAL MONETARY IMPACT**

The amount of annual dollars generated based on the job's essential duties / responsibilities. Examples would include direct dollar generation, departmental budget, proper handling of organization funds, expense control, savings from new techniques or reduction in manpower.

Very small. Job creates a monetary impact for the organization up to an annual level of \$100,000.

**IMPACT ON END RESULTS**

Modest impact. Job has some impact on the organizations end results, but still from an indirect level. Provides assistance and support services that facilitates decision making by others.

**PUBLIC CONTACT**

Regular contacts with patrons, either within the office or in the field. May also involve occasional self-initiated contacts to patrons. Lack of tact and judgment may result in a limited type of problem for the organization.

**EMPLOYEE CONTACT**

Contacts with other departments or offices and also frequently with individuals in middle level positions; consulting on problems which necessitate judgment and tact in presentation to obtain cooperation or approval of action to be taken. Also, important contacts with associates as required in advanced supervisory jobs.

**USE OF MACHINES, EQUIPMENT AND/OR COMPUTERS**

Computer software programming, level ii technician support, project management; system analyst and comprehensive computer software support/help and/or web site development and connectivity.

**WORKING CONDITIONS**

Not indicated.

**ENVIRONMENTAL CONDITIONS**

The following work environment characteristics described here are representative of those an employee encounters while performing essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the functions of this job, the employee is regularly exposed to wet or humid conditions; occasionally exposed to outdoor weather conditions. The noise level in the work environment is usually moderate.

**PHYSICAL ACTIVITIES**

The following physical activities described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions and expectations.

Not indicated.

While performing the functions of this job, the employee is continuously required to sit; regularly required to talk or hear; frequently required to walk; and occasionally required to stand, use hands to finger, handle, or feel, reach with hands and arms, climb or balance, stoop, kneel, crouch, or crawl. The employee must occasionally lift and/or move up to 50 pounds; frequently lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision; distance vision; color vision; peripheral vision; depth perception; and ability to adjust focus.

**ADDITIONAL INFORMATION**

Not indicated.

# Real Estate Contract (Commercial)



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FORM SERIAL NUMBER: 073633-600145-0821134

1. PARTIES: Northwest Arkansas Child Care Resource & Referral Center, Inc.  
DBA: Child Care Aware of Northwest Arkansas

(individually, or collectively, the "Buyer") offers to purchase, subject to the terms and conditions set forth herein, from CITY OF SPRINGDALE

(individually or collectively, the "Seller"), the real property described in Paragraph 2 of this Real Estate Contract (the "Property").

2. ADDRESS AND LEGAL DESCRIPTION:

206 BRAR, SPRINGDALE, AR 72764

3. PURCHASE PRICE: Buyer shall pay the following to Seller for the Property (the "Purchase Price")

\$ ~~720,000.00~~ ~~305,000.00~~ payable as follows:  
\$ 325,000.00

# Real Estate Contract (Commercial)



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FORM SERIAL NUMBER: 073633-600145-0821134

4. **CONVEYANCE:** Unless otherwise specified, conveyance of the Property shall be made to Buyer by  general warranty deed  special warranty deed, in fee simple absolute, except it shall be subject to

recorded instruments and easements if any, which do not materially affect the value of the Property. Unless expressly reserved herein, **SUCH CONVEYANCE SHALL INCLUDE ALL MINERAL RIGHTS OWNED BY SELLER CONCERNING AND LOCATED ON THE PROPERTY, IF ANY, UNLESS OTHERWISE SPECIFIED IN PARAGRAPH 17. IT IS THE RESPONSIBILITY OF THE BUYER TO INDEPENDENTLY VERIFY AND INVESTIGATE THE EXISTENCE OR NONEXISTENCE OF MINERAL RIGHTS AND ANY LEGAL RAMIFICATIONS THEREOF.** Seller warrants and represents only signatures set forth below are required to transfer legal title to the Property. Seller also warrants and represents that Seller has peaceable possession of the Property, including all improvements and fixtures thereon, and the legal authority and capacity to convey the Property by a good and sufficient general warranty deed, free from any liens, leaseholds or other interests.

5. **TITLE INSURANCE:** Buyer and Seller understand that Listing Firm and Selling Firm are not licensed title insurance agents as defined by Arkansas law and do not and cannot receive direct or indirect compensation from any Closing Agent regarding the closing process or the possible purchase of title insurance by one or more of Buyer and Seller. Regardless of the policy chosen, Buyer and Seller shall have the right to choose their Closing Agent(s). Within 10 days of acceptance, Seller shall furnish to Buyer a commitment for an American Land Title Association (ALTA) owner's title insurance policy in the amount of the Purchase Price issued by a company of Seller's choice authorized to insure title to real property in the State of Arkansas and which company is reasonably acceptable to Buyer.

Where the title commitment shows special exceptions to title other than those standard exceptions contained in the ALTA commitment form, and where such special exceptions relate to restrictions, conditions, defects or other matters that would interfere with Buyer's use or adversely affect the value of the Property, then within 30 days of delivery of the title commitment, Buyer shall deliver written notice thereof to Seller. Such notice shall state specifically those exceptions to which Buyer objects. All objections not specifically enumerated within such a timely delivered notice shall be deemed to be waived by Buyer.

Within 30 days of Buyer's delivery of notice of objections to Seller, Seller may cure such objections or have the exceptions waived or removed by the title company issuing the commitment. If, within such 30 day period, Seller fails to cure and/or waive such objections and exceptions, or within that period, Seller delivers written notice to Buyer that it will not so cure, then within 15 days from delivery of such notice from Seller or the end of the period within which Seller may cure (whichever is applicable), Buyer shall have the option to:

- Terminate this Real Estate Contract by delivering written notice thereof to Seller, in which event all sums paid or deposited by Buyer shall be returned to Buyer; or
- Agree to purchase the Property as scheduled subject to such objections and exceptions with no reduction in the Purchase Price; or
- Agree to extend the Closing date for 30 days to give Seller additional time to cure such objections. If Buyer fails to deliver notice of termination or grant an extension of the Closing date within that period, the objections shall be deemed to be waived and the transaction shall close as scheduled.

Seller shall furnish the committed owner's title insurance policy as soon as practicable after Closing, and shall pay all expenses related to the owner's title insurance policy.

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# Real Estate Contract (Commercial)



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FORM SERIAL NUMBER: 073633-600145-0821134

**6. NON-REFUNDABLE DEPOSIT:** The Non-Refundable Deposit (hereinafter referred to as "Deposit") is funds tendered by Buyer to Seller to compensate Seller for liquidated damages that may be incurred by Seller resulting from Buyer failing to close on this transaction. The liquidated damages shall include, but not be limited to, Seller's time, efforts, expenses and potential loss of marketing due to Seller's removal of property from the market.

The Deposit is not refundable to Buyer unless failure to close is exclusively the fault of Seller or if Seller cannot deliver marketable title to the Property. Paragraphs that constitute exclusive fault of the Seller include, but are not limited to, Paragraphs 5, 8, 11, 13B, 15B, 17, 18, or 20, as a termination pursuant to each of the listed paragraphs would cause Seller to forfeit the Deposit back to Buyer. The Deposit will be credited to Buyer at Closing. Buyer shall hold Listing Firm and Selling Firm harmless of any dispute regarding the Deposit. Buyer expressly acknowledges the Deposit is not to be held by either Listing Firm or Selling Firm. The Deposit may be commingled with other monies of Seller, such sum not being held in an escrow, trust or similar account.

**A.** The Deposit is not applicable.

**B.** Buyer will pay to Seller the Deposit in the amount of \$ \_\_\_\_\_

i. Within \_\_\_\_\_ days following the date this Real Estate Contract has been signed by Buyer and Seller

ii. Within three (3) business days of execution of Paragraph 4(a) of the Inspection Repair & Survey Addendum; or

iii. Other: \_\_\_\_\_

**7. EARNEST MONEY:** Earnest money is in the amount of \$ 0 ("Earnest Money"), which shall apply toward Buyer's Purchase Price or Closing Costs. If at least one or more of the conditions of Paragraphs 5, 13B, and 20 (if any) have not been fulfilled, performed or removed, Earnest Money shall be promptly refunded to Buyer. If Buyer fails to fulfill his obligations under this Real Estate Contract, or if after all conditions have been met Buyer fails to close this transaction, Earnest Money may, at the sole and exclusive option of Seller, be retained by Seller as liquidated damages. Alternatively, Seller may return Earnest Money and assert all legal or equitable rights that may exist as a result of Buyer breaching this Real Estate Contract. Buyer warrants, represents and acknowledges that the check tendered will be honored upon presentation to Buyer's bank, and that Buyer shall be in default of this Real Estate Contract if the check is not honored upon first presentation to Buyer's bank. Buyer understands that failure to tender Earnest Money as required by this Paragraph 7 shall constitute a breach of this Real Estate Contract. Buyer and Seller agree that in the event of any dispute concerning entitlement to Earnest Money, Listing Firm may interplead Earnest Money into a court of competent jurisdiction, and upon such interpleading of Earnest Money, both Listing Firm and Selling Firm shall be released from liability to Buyer and Seller. Listing Firm shall be reimbursed for all costs and attorney's fees from the funds entered for interpleading.

**A.** Earnest Money is tendered by Buyer in the form of  cash  check. If Earnest Money is tendered by check, it will be made payable to  Listing Firm,  Closing Agent  Other \_\_\_\_\_  
Earnest Money will be deposited by Listing Firm no later than three (3) business days following the date this Real Estate Contract has been signed by Buyer and Seller.

**B.** Earnest Money will be tendered by Buyer in the form of  cash  check. If Earnest Money is tendered by check, it will be made payable to  Listing Firm,  Closing Agent  Other \_\_\_\_\_  
Earnest Money will be deposited within three (3) business days following the date this Real Estate Contract has been signed by Buyer and Seller. (If Earnest Money is not to be tendered within three (3) business days after this Real Estate Contract has been signed by Buyer and Seller, see Paragraph 17.)

**C.** No Earnest Money will be tendered. References to Earnest Money in this Real Estate Contract shall not be applicable and are deemed deleted.

The principal broker shall also be responsible and accountable for any funds delivered to an escrow agent selected by the principal broker, but shall not be responsible for funds delivered to an escrow agent selected by the parties.

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FORM SERIAL NUMBER: 073633-600145-0821134

**8. SURVEY:** Buyer has been given the opportunity to obtain a new certified survey. Should Buyer decline to obtain a survey as offered in Paragraph 8A of this Real Estate Contract, Buyer agrees to hold Seller, Listing Firm and Selling Firm involved in this Real Estate Contract harmless of any problems relative to any survey discrepancies that may exist or be discovered (or occur) after Closing.

**A.** A new survey satisfactory to Buyer, certified to Buyer within thirty (30) days prior to Closing by a registered land surveyor

showing property lines only     ALTA Certified Survey

showing all improvements, easements and any encroachments will be provided and paid for by:

Buyer     Seller     Equally split between Buyer and Seller.

**B.** No survey shall be provided.

**C.** Other \_\_\_\_\_

Specific Survey Requirements: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Should Buyer agree to accept the most recent survey provided by Seller, this survey is for information purposes only and Buyer will not be entitled to the legal benefits of a survey certified in Buyer's name.

**9. PRORATIONS:** Taxes and special assessments due on or before Closing shall be paid by Seller. Any deposits on rental Property are to be transferred to Buyer at Closing. Insurance, general taxes and special assessments, rental payments and interest on any assumed loans shall be prorated as of Closing, unless otherwise specified herein.

**10. FIXTURES AND ATTACHED EQUIPMENT:** Unless specifically excluded herein, all fixtures and attached equipment, if any, are included in the Purchase Price. If any personal property is included in the Purchase Price it will be described in a separate exhibit attached hereto and incorporated by reference herein (hereinafter referred to as the "Personal Property"). The Personal Property does not include any software or related materials that Seller does not have the legal right to transfer or license to Buyer, and does not include any items leased to Seller under any operating contract. Seller agrees to execute a Bill of Sale at Closing transferring ownership of the Personal Property to Buyer.

# Real Estate Contract (Commercial)



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FORM SERIAL NUMBER: 073633-600145-0821134

11. **CLOSING:** Closing is the date and time at which Seller delivers the executed and acknowledged deed. Buyer and Seller agree the Closing date will be (month) SEPTEMBER (day) 1, (year) 2016. The Closing date may be changed by written agreement of Buyer and Seller. If the sale is not consummated by Closing date (or any written extension thereof) the parties shall have the remedies available to them in equity or at law, including the remedies available to them in Paragraph 7.

Buyer and Seller shall have the right to choose their Closing Agent(s) and are not relying on Listing Firm or Selling Firm to choose a Closing Agent. Should Buyer or Seller choose the services of a Closing Agent(s) other than Selling Firm or Listing Firm, then Buyer and Seller each jointly and severally agree to indemnify and hold Listing Firm and Selling Firm harmless for all intentional misconduct and negligent acts (including acts of omission) of the Closing Agent(s).

This Real Estate Contract shall serve as written closing instructions to the Closing Agent on behalf of the Buyer and Seller. The Closing Agent(s) is/are authorized to provide Seller's settlement statement to Listing Firm (in addition to Seller) and Buyer's settlement statement to Selling Firm (in addition to Buyer) prior to settlement so that Buyer, Seller, Listing Firm and Selling Firm shall have a reasonable opportunity to review prior to Closing.

Buyer and Seller shall each have the right to request title insurer(s), if any, issue closing protection, to indemnify against loss of closing funds because of acts of a Closing Agent, title insurer's named employee, or title insurance agent. Any cost for closing protection will be paid by the requesting party(ies). Listing Firm and Selling Firm strongly advise Buyer and Seller to inquire of the Closing Agent(s) about the availability and benefits of closing protection.

Unless otherwise agreed by Buyer and Seller, transaction costs will be paid by the party indicated below.

<u>Seller</u>	<u>Buyer</u>
Title Examination or search fees	Recording fees
Premium for owner's title insurance policy	Premium for mortgagee's title insurance policy
Preparation of conveyance documents	Preparation of loan documents
One-half of escrow fees	One-half of escrow fees
One-half of documentary stamps	One-half of documentary stamps
Other charges as customarily paid by Seller	Other charges customarily paid by Buyer
IRS Notification form	

This Real Estate Contract shall, unless otherwise specified in Paragraph 17 of this Real Estate Contract, constitute express written permission and authorization to Listing Firm and Selling Firm to disclose the terms of this Real Estate Contract (and all Addenda), including without limitation concessions provided by Buyer or Seller or other non-public personal information of Buyer and Seller regarding the purchase and sale of the Property, to any of the following: (i) an Arkansas licensed appraiser; (ii) multiple listing services for use by the members thereof; and (iii) any other person or entity which Listing Firm or Selling Firm determines, using sole discretion, may have a legitimate basis to request and obtain such information. The authorization and permissions granted in this Paragraph 11 shall not create any obligation or duty upon Listing Firm or Selling Firm to make any disclosure to any person or entity.

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# Real Estate Contract (Commercial)



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FORM SERIAL NUMBER: 073633-600145-0821134

**12. POSSESSION:** Possession of the Property shall be delivered to Buyer: (Check one)

A. Upon the Closing (Seller's delivery of executed and acknowledged Deed).

B. Other, as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**13. SELLER PROPERTY DISCLOSURE:** (Check one)

A. Buyer and Seller acknowledge that upon the authorization of Seller either Selling Firm or Listing Firm have delivered to Buyer, prior to the execution of this Real Estate Contract, a written disclosure prepared by Seller concerning the condition of the Property, but this fact neither limits nor restricts Buyer's Disclaimer of Reliance set forth in Paragraph 16 of this Real Estate Contract. The written disclosure prepared by Seller is dated (month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, and is warranted by Seller to be the latest disclosure and the answers contained in the disclosure are warranted to be true, correct, and complete to Seller's knowledge.

B. Buyer hereby requests Seller to provide a written disclosure about the condition of the Property that is true and correct to Seller's knowledge within three (3) business days after this Real Estate Contract has been signed by Buyer and Seller. If Seller does not provide the disclosure within the three (3) business days, Buyer may declare this Real Estate Contract terminated with Buyer and Seller both agreeing to sign the Termination of Contract, with Buyer to receive a refund of the Earnest Money. If Buyer finds the disclosure unacceptable within three (3) business days after receipt of disclosure, this Real Estate Contract may be declared terminated by Buyer, with Buyer and Seller both agreeing to sign the Termination of Contract, with Buyer to receive a refund of the Earnest Money. Receipt of this disclosure neither limits nor restricts in any way Buyer's Disclaimer of Reliance set forth in Paragraph 16 of this Real Estate Contract.

C. Although a disclosure form may have been completed (or can be completed) by Seller, Buyer has neither received nor requested and does not desire from Seller a written disclosure concerning the condition of the Property prior to the execution of this Real Estate Contract, but this fact neither limits nor restricts in any way Buyer's Disclaimer of Reliance set forth in Paragraph 16 of this Real Estate Contract. BUYER IS STRONGLY URGED BY SELLING FIRM AND LISTING FIRM TO MAKE ALL INDEPENDENT INSPECTIONS DEEMED NECESSARY PRIOR TO SIGNING THIS REAL ESTATE CONTRACT.

D. Buyer understands no disclosure form is available and will not be provided by Seller. BUYER IS STRONGLY URGED BY SELLING FIRM AND LISTING FIRM TO MAKE ALL INDEPENDENT INSPECTIONS DEEMED NECESSARY PRIOR TO SIGNING THIS REAL ESTATE CONTRACT.

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14. **ENVIRONMENTAL REPRESENTATION:** Seller hereby represents to Buyer that to Seller's knowledge (unless otherwise disclosed herein):

- A. The Property is not the subject of any judicial or administrative notice or action relating to hazardous waste or environmental contamination;
- B. Seller has received no notice of any claim or violation of any law or regulation having to do with environmental protection;
- C. No hazardous or toxic substances have been stored, processed, or disposed of on the Property during the period that Seller has owned the Property; and
- D. No underground storage tanks are located on the Property.

15. **TERMITE CONTROL REQUIREMENTS:** (Check one)

- A. None
- B. Seller shall provide prior to Closing, at Seller's expense, a current termite control policy issued by a licensed operator, satisfactory to Buyer

16. **BUYER'S DISCLAIMER OF RELIANCE:**

A. BUYER CERTIFIES BUYER WILL PERSONALLY INSPECT OR HAVE A REPRESENTATIVE INSPECT THE PROPERTY AS FULLY AS DESIRED PRIOR TO CLOSING. BUYER CERTIFIES BUYER HAS NOT AND WILL NOT RELY ON ANY WARRANTIES, REPRESENTATIONS, OR STATEMENTS OF SELLER, LISTING FIRM, SELLING FIRM, OR ANY AGENT, INDEPENDENT CONTRACTOR, OR EMPLOYEE ASSOCIATED WITH THOSE ENTITIES, OR INFORMATION FROM MULTIPLE LISTING SERVICES OR OTHER WEBSITES REGARDING MINERAL RIGHTS, YEAR BUILT, SIZE (INCLUDING WITHOUT LIMITATION THE SQUARE FEET IN IMPROVEMENTS LOCATED ON THE PROPERTY), QUALITY, VALUE OR CONDITION OF THE PROPERTY, INCLUDING WITHOUT LIMITATION ALL IMPROVEMENTS, APPLIANCES, PLUMBING, ELECTRICAL OR MECHANICAL SYSTEMS. HOWEVER, BUYER MAY RELY UPON ANY WRITTEN DISCLOSURES PROVIDED BY SELLER.

LISTING FIRM AND SELLING FIRM CANNOT GIVE LEGAL ADVICE TO BUYER OR SELLER. LISTING FIRM AND SELLING FIRM STRONGLY URGE STATUS OF TITLE TO THE PROPERTY, CONDITION OF PROPERTY, SQUARE FOOTAGE OF IMPROVEMENTS, QUESTIONS OF SURVEY AND ALL OTHER REQUIREMENTS OF BUYER SHOULD EACH BE INDEPENDENTLY VERIFIED AND INVESTIGATED BY BUYER OR A REPRESENTATIVE CHOSEN BY BUYER.

B. IN THE EVENT THAT THE INSPECTION, REPAIR AND SURVEY ADDENDUM IS USED, BUYER AGREES TO SIGN PAGE 4 OF THE INSPECTION, REPAIR AND SURVEY ADDENDUM PRIOR TO CLOSING IF BUYER ACCEPTS THE CONDITION OF THE PROPERTY AND INTENDS TO CLOSE.

17. **OTHER:**

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**18. CONTINGENCIES:** Buyer's offer to purchase the Property is expressly contingent upon Buyer's satisfaction of the contingencies checked below within the deadline indicated for each contingency. Buyer shall notify Seller in writing when the contingencies are satisfied. If Buyer fails to provide such written notice before the indicated deadline that a contingency checked below has been satisfied, then this Real Estate Contract shall be terminated with Buyer and Seller both agreeing to sign the Termination of Contract, with Buyer to receive a refund of the Earnest Money and Buyer and Seller shall have no further obligation to each other unless otherwise provided in this Real Estate Contract.

Contingencies (check all that apply):

- A. Obtain satisfactory financing, in Buyer's sole discretion, within \_\_\_\_\_ days after acceptance.
- B. Obtain satisfactory results of a feasibility study, in Buyer's sole discretion, within \_\_\_\_\_ days after acceptance.
- C. Obtain satisfactory results of a Property inspection, in Buyer's sole discretion, within \_\_\_\_\_ days after acceptance.
- D. Obtain satisfactory results of an environmental report, in Buyer's sole discretion, within \_\_\_\_\_ days after acceptance.
- E. Obtain satisfactory rezoning, platting, re-platting, or zoning verification, in Buyer's sole discretion, within \_\_\_\_\_ days after acceptance.
- F. \_\_\_\_\_  
within \_\_\_\_\_ days after acceptance.
- G. \_\_\_\_\_  
within \_\_\_\_\_ days after acceptance.
- H. \_\_\_\_\_  
within \_\_\_\_\_ days after acceptance.

Additional requirements related to any of above contingencies:

- ① CONTINGENT OF BOARD APPROVAL.
  - ② CONTINGENT OF SATISFACTORY APPRAISAL.
- 
- 
- 

**Seller agrees to have all utilities connected and turned on to Property.**

Sellers hereby grant to Buyer, its agents and contractors, the right to enter upon the Property to make tests and/or inspections. If the Property is damaged by Buyer or Buyer's agents or contractors during Buyer's inspections or test of the Property, Buyer shall repair and restore the Property to substantially the same condition as existed prior to conducting the inspection and test. Buyer shall indemnify Seller and its agents and hold them harmless from any and all liability, damages, claims, expenses, including reasonable attorney's fees, judgments, proceedings and causes of action of any kind to the extent caused by Buyer's inspection and testing activities with such indemnity obligation expressly surviving Closing or termination of the Real Estate Contract for any reason.

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## 19. AGENCY: (Check all that apply)

**A. LISTING FIRM AND SELLING FIRM REPRESENT SELLER:** Buyer acknowledges that Listing Firm and Selling Firm and all licensees associated with those entities are the agents of Seller and that it is Seller who employed them, whom they represent, and to whom they are responsible. Buyer acknowledges that before eliciting or receiving confidential information from Buyer, Selling Firm, which may be the same as Listing Firm, verbally disclosed that Selling Firm represents Seller.

**B. LISTING FIRM REPRESENTS SELLER AND SELLING FIRM REPRESENTS BUYER:** Buyer and Seller acknowledge that Listing Firm is employed by Seller and Selling Firm is employed by Buyer. All licensees associated with Listing Firm are employed by, represent, and are responsible to Seller. All licensees associated with Selling Firm are employed by, represent, and are responsible to Buyer. Buyer acknowledges Selling Firm verbally disclosed that Listing Firm represents Seller. Seller acknowledges Listing Firm verbally disclosed that Selling Firm represents Buyer.

**C. LISTING FIRM AND SELLING FIRM ARE THE SAME AND REPRESENT BOTH BUYER AND SELLER:** Seller and Buyer hereby acknowledge and agree that Listing and Selling Firm are the same and all licensees associated with Listing and Selling Firm are representing both Buyer and Seller in the purchase and sale of the above referenced Property and that Listing/Selling Firm has been and is now the agent of both Seller and Buyer with respect to this transaction. Seller and Buyer have both consented to and hereby confirm their consent to agency representation of both parties. Further, Seller and Buyer agree:

(i) Listing/Selling Firm shall not be required to and shall not disclose to either Buyer or Seller any personal, financial or other confidential information concerning the other party without the express written consent of that party; however, Buyer and Seller agree Listing/Selling Firm shall disclose to Buyer information known to Listing/Selling Firm related to defects in the Property and such information shall not be deemed "confidential information." Confidential information shall include but not be limited to any price Seller is willing to accept that is less than the offering price or any price Buyer is willing to pay that is higher than that offered in writing.

(ii) by selecting this option 19C, Buyer and Seller acknowledge that when Listing/Selling Firm represents both parties, a possible conflict of interest exists, and Seller and Buyer further agree to forfeit their individual right to receive the undivided loyalty of Listing/Selling Firm.

(iii) to waive any claim now or hereafter arising out of any conflicts of interest from Listing/Selling Firm representing both parties. Buyer and Seller acknowledge Listing/Selling Firm verbally disclosed that Listing/Selling Firm represents both parties in this transaction, and Buyer and Seller have given their written consent to this representation before entering into this Real Estate Contract.

**D. SELLING FIRM REPRESENTS BUYER (NO LISTING FIRM):** Seller acknowledges that Selling Firm and all licensees associated with Selling Firm are the agents of Buyer and that it is Buyer who employed them, whom they represent, and to whom they are responsible. Seller acknowledges that at first contact, Selling Firm verbally disclosed that Selling Firm represents Buyer. Any reference to "Listing Firm" in this Real Estate Contract will be considered to mean Selling Firm, both Buyer and Seller acknowledging that all real estate agents (unless Seller is a licensed Real Estate Agent) involved in this Real Estate Contract only represent Buyer.

**E. NON-REPRESENTATION:** See Non-Representation Disclosure Addendum

**20. RISK OF LOSS:** Risk of loss or damage to the Property by fire or other casualty occurring prior to the time Seller delivers an executed and acknowledged deed to Buyer is expressly assumed by Seller. Should the Property be damaged or destroyed prior to Closing, Buyer shall have the option to: (i) enter into a separate written agreement with Seller whereby Seller will agree to restore the Property to its condition at the time this Real Estate Contract was accepted, (ii) accept all insurance proceeds (in an amount not more than the Purchase Price with any proceeds in excess of the Purchase Price to remain the property of Seller) and the Property in its existing condition, or (iii) terminate this Real Estate Contract and recover the Earnest Money. Buyer and Seller agree any written agreement concerning option (i) or (ii) above shall be prepared only by licensed attorneys separately representing Buyer and Seller. Notwithstanding the choice selected in Paragraph 16, Buyer shall have the right prior to Closing to inspect the Property to ascertain any damage that may have occurred due to fire, flood, hail, windstorm or other acts of nature, vandalism or theft.

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- 21. GOVERNING LAW:** This Real Estate Contract shall be governed by the laws of the State of Arkansas.
- 22. SEVERABILITY:** The invalidity or unenforceability of any provisions of this Real Estate Contract shall not affect the validity or enforceability of any other provision of this Real Estate Contract, which shall remain in full force and effect.
- 23. MERGER CLAUSE:** This Real Estate Contract, when executed by both Buyer and Seller, shall contain the entire understanding and agreement between Buyer and Seller with respect to all matters referred to herein and shall supersede all prior or contemporaneous agreements, representations, discussions and understandings, oral or written, with respect to such matters. This Real Estate Contract shall not supersede any agency agreements entered into by Buyer or Seller and Listing Firm or Selling Firm.
- 24. ASSIGNMENT:** This Real Estate Contract may not be assigned by Buyer unless written consent of Seller is obtained, such consent not to be unreasonably withheld. It shall not be unreasonable for Seller to withhold consent if Seller is to provide financing for Buyer in any amount.
- 25. ACCEPTANCE:** The term "acceptance" as used herein shall mean the later of the two dates on which this Real Estate Contract is signed by Seller or Buyer, as indicated by their signatures below, which later date shall be the date of final execution and agreement by the parties hereto. If any date or deadline provided for herein falls on Saturday, Sunday, or a holiday, the applicable date shall be the next business day.
- 26. TIME:** Buyer and Seller agree time is of the essence with regard to all times and dates set forth in this Real Estate Contract. Unless otherwise specified, days as it appears in this Real Estate Contract shall mean calendar days. Further, all times and dates set forth in this Real Estate Contract refer to Arkansas Central time and date.
- 27. ATTORNEY'S FEES:** Should Buyer or Seller initiate any type of administrative proceeding, arbitration, mediation or litigation against the other (or against an agent for the initiating party or agent for the non-initiating party), it is agreed by Buyer and Seller (aforementioned agents being third-party beneficiaries of this Paragraph 26) that all prevailing parties shall be entitled to an award of all costs and attorney's fees incurred in defense of such initiated action against the non-prevailing party.
- 28. COUNTERPARTS:** This Real Estate Contract may be executed in multiple counterparts each of which shall be regarded as an original hereof but all of which together shall constitute one in the same.
- 29. FIRPTA COMPLIANCE, TAX REPORTING:** Buyer and Seller agree to disclose on or before Closing, to the person or company acting as Closing Agent for this transaction, their United States citizenship status, solely for the purpose of compliance with the Foreign Investment in Real Property Taxation Act (FIRPTA). In addition, Buyer and Seller shall execute all documents required by such Closing Agent to document compliance with the FIRPTA and all other applicable laws. Buyer and Seller agree that nothing in this Real Estate Contract is intended to limit the responsibility of the Closing Agent as defined pursuant to United States Treasury Regulation 1.6045-4) to (i) be the "reporting person" under state and federal tax laws (including without limitation 26 USC Section 6045(e)), and (ii) file all necessary forms regarding the Closing, including without limitation form 1099, 8288 or 8288A. By accepting the role as Closing Agent, this Real Estate Contract shall obligate the Closing Agent to fulfill their responsibilities as set forth above and as defined by the above statutes. Seller will execute an affidavit confirming compliance with FIRPTA, as prepared by the Closing Agent.

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**30. NOTICE:** All notices, requests and other communications under this Agreement shall be in writing and shall be delivered in person, or sent by overnight courier or certified mail, return receipt requested, addressed as follows:

If to Seller: \_\_\_\_\_

\_\_\_\_\_

With a copy to: \_\_\_\_\_

\_\_\_\_\_

If to Buyer: \_\_\_\_\_

\_\_\_\_\_

With a copy to: \_\_\_\_\_

\_\_\_\_\_

Or at such other address, and to the attention of such person, of which the parties shall have given notice as herein provided. All such notices, requests and other communications shall be deemed to have been sufficiently given for all purposes hereof on the second day after the date of the mailing thereof or the first day after being sent by overnight courier.

**31. TAX DEFERRED EXCHANGE:** Each party agrees to cooperate with the other, if requested in writing, to effect a tax deferred exchange under the provisions of the Internal Revenue Code of 1986, as amended, provided such exchange is without cost or expense to cooperating party, and the requesting party shall indemnify and hold the other harmless from and against any cost or expense or other liability, tax or action which may be incurred in connection with such exchange.

**32. LICENSEE DISCLOSURE:** (Check all that apply):

**A.** Not Applicable.

**B.** One or more parties to this Real Estate Contract acting as a  Buyer  Seller hold a valid Arkansas Real Estate License.

**C.** One or more owners of any entity acting as  Buyer  Seller hold a valid Arkansas Real Estate License.

**33. EXPIRATION:** This Real Estate Contract expires if not accepted in writing by Seller on or before  
\* (month) August (day) 30, (year) 2016, at 10  (a.m.)  (p.m.).

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# Real Estate Contract (Commercial)



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THIS IS A LEGALLY BINDING REAL ESTATE CONTRACT WHEN SIGNED BY THE PARTIES BELOW. READ IT CAREFULLY. YOU MAY EMPLOY AN ATTORNEY TO DRAFT THIS FORM FOR YOU. IF YOU DO NOT UNDERSTAND THE EFFECT OF ANY PART, CONSULT YOUR ATTORNEY BEFORE SIGNING. REAL ESTATE AGENTS CANNOT GIVE YOU LEGAL ADVICE. THE PARTIES SIGNED BELOW WAIVE THEIR RIGHT TO HAVE AN ATTORNEY DRAFT THIS FORM AND HAVE AUTHORIZED THE REAL ESTATE AGENT(S) TO FILL IN THE BLANKS ON THIS FORM.

THIS FORM IS PRODUCED AND COPYRIGHTED BY THE ARKANSAS REALTORS® ASSOCIATION. THE SERIAL NUMBER BELOW IS A UNIQUE NUMBER NOT USED ON ANY OTHER FORM. THE SERIAL NUMBER BELOW SHOULD BE AN ORIGINAL PRINTING, NOT MACHINE COPIED, OTHERWISE THE FORM MAY HAVE BEEN ALTERED. DO NOT SIGN THIS FORM IF IT WAS PREPARED AFTER DECEMBER 31, 2016.

FORM SERIAL NUMBER: 073633-600145-0821134

The above Real Estate Contract is executed by Buyer on  
(month) AUGUST (day) 5, (year) 2016, at 10  (a.m.)  (p.m.).

LINDSEY & ASSOCIATES, INC.  
Selling Firm

Signature: [Signature]

Signature: (X) Carolene Thornton

Printed Name: Rico Garcia  
Principal or Executive Broker

Printed Name: Carolene Thornton  
Buyer

Signature: J. J. Hoop

Signature: \_\_\_\_\_  
Buyer

Printed Name: TEX HOOP  
Selling Agent

Printed Name: \_\_\_\_\_  
Buyer

The above Real Estate Contract is executed by Seller on  
(month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, at \_\_\_\_\_  (a.m.)  (p.m.).

Listing Firm \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Principal or Executive Broker

Printed Name: \_\_\_\_\_  
Seller

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_  
Seller

Printed Name: \_\_\_\_\_  
Listing Agent

Printed Name: \_\_\_\_\_  
Seller

The above offer was  rejected  counter offered (Form Serial Number \_\_\_\_\_)  
on (month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, at \_\_\_\_\_  (a.m.)  (p.m.).

\_\_\_\_\_  
Seller's Initials

\_\_\_\_\_  
Seller's Initials

**APPRAISAL REPORT**

**ON**

4,743± SQUARE FOOT  
PROFESSIONAL OFFICE BUILDING  
SITUATED ON .33± ACRE OF LAND AREA;  
LOCATED AT 206 SOUTH BLAIR STREET,  
SPRINGDALE, AR; WASHINGTON COUNTY

---

**FOR**

THE CITY OF SPRINGDALE, AR  
% WYMAN MORGAN, DIRECTOR OF FINANCE AND ADMINISTRATION  
CITY ADMINISTRATION BUILDING  
201 SPRING STREET  
SPRINGDALE, AR

---

**BY**

REED & ASSOCIATES, INC.  
3739 N. STEELE BLVD., SUITE 220  
FAYETTEVILLE, ARKANSAS 72703

File No. 5810

---

**AS OF**

AUGUST 13, 2016

## **PART I - INTRODUCTION**

# *Reed & Associates, Inc.*

## *Real Estate Appraisers – Consultants*

3739 N. Steele Blvd., Suite 220, Fayetteville, AR 72703 \* 479-521-6313 \* Fax: 479-521-6315 \* www.reedappraisal.biz  
*Tom Reed, MAI \* Barbara Rhoads \* Shannon Mueller \* Brian Kenworthy \* Katie Hampton*

August 24, 2016

Wyman Morgan  
Director of Finance & Administration  
City Administration Building  
201 Spring Street  
Springdale, AR 72764

RE: 206 South Blair Street, Springdale, AR; Washington County

Dear Mr. Morgan:

In compliance with your request and for the purpose of estimating the market value of the above captioned property, I hereby certify that I have examined the subject property and have made a survey of matters pertinent to the estimation of its value.

I further certify that I have no interest, present or contemplated, in the property appraised and that my fee was not contingent upon the value estimate reported.

The following real property appraisal report contains data gathered in my investigation, information from my files, and shows the method of appraisal in detail. This report is presented under the Appraisal Report Option.

Based upon an analysis of relevant data and contingent upon the Assumptions and Limiting Conditions which follow and appear later in this report, it is my opinion the market value of the fee simple interest in the subject property, as of August 13, 2016, was as follows:

**THREE HUNDRED TWENTY THOUSAND DOLLARS**

**(\$320,000)**

The preceding value reflects terms equivalent to cash to the owner, and represents that for real property only.

**The following Extraordinary Assumptions are utilized in this report:**

- 1. Land size is approximately as indicated in this report;**
- 2. Building plumbing, electrical, and HVAC Systems are adequate, and in proper working order;**
- 3. Subject is in compliance with all applicable EPA regulations.**

**If any, or all, of these Extraordinary Assumptions prove to be untrue, the preceding value estimate could be influenced.**

Additional Assumptions and Limiting Conditions appear in the Introduction Section of this report.

The estimated exposure time for the subject property is one year or less.

Sincerely,



Tom Reed, MAI, CRE, CG0217  
REED & ASSOCIATES, INC.



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## CERTIFICATE

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

- The statements of fact contained in this report are true and correct.
- 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.
- 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.
- I, Tom Reed, have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I, Tom Reed, have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I, Tom Reed, certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Tom Reed, have completed the requirements of the continuing education program for designated members of the Appraisal Institute.

Sincerely,



Tom Reed, MAI, CRE, CG0217  
REED & ASSOCIATES, INC.



## **SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

**IDENTIFICATION OF PROPERTY:** The subject property consists of a 4,743± square foot (SF) professional office building situated on approximately .33± acre of land area. There are also various site improvements. The property is located at 206 South Blair Street, in the Central Business District (CBD) of Springdale, AR; Washington County. Subject represents the southwest corner of South Blair Street and West Meadow Avenue. The building is indicated to have been constructed in 1976±, and renovated in 2005±. The property was vacant at the date of inspection; however, is believed to have most recently occupied by the Criminal Investigation Division of the Springdale Police Department.

**HIGHEST AND BEST USE:** The highest and best use of the subject property, in my opinion, is professional office use.

<b>VALUE INDICATED BY COST APPROACH:</b>	<b>Not Utilized</b>
<b>VALUE INDICATED BY SALES COMPARISON APPROACH:</b>	<b>\$318,000</b>
<b>VALUE INDICATED BY INCOME CAPITALIZATION APPROACH:</b>	<b>\$320,000</b>
<b>FINAL ESTIMATE OF VALUE:</b>	<b>\$320,000</b>

The following Extraordinary Assumptions are utilized in this report:

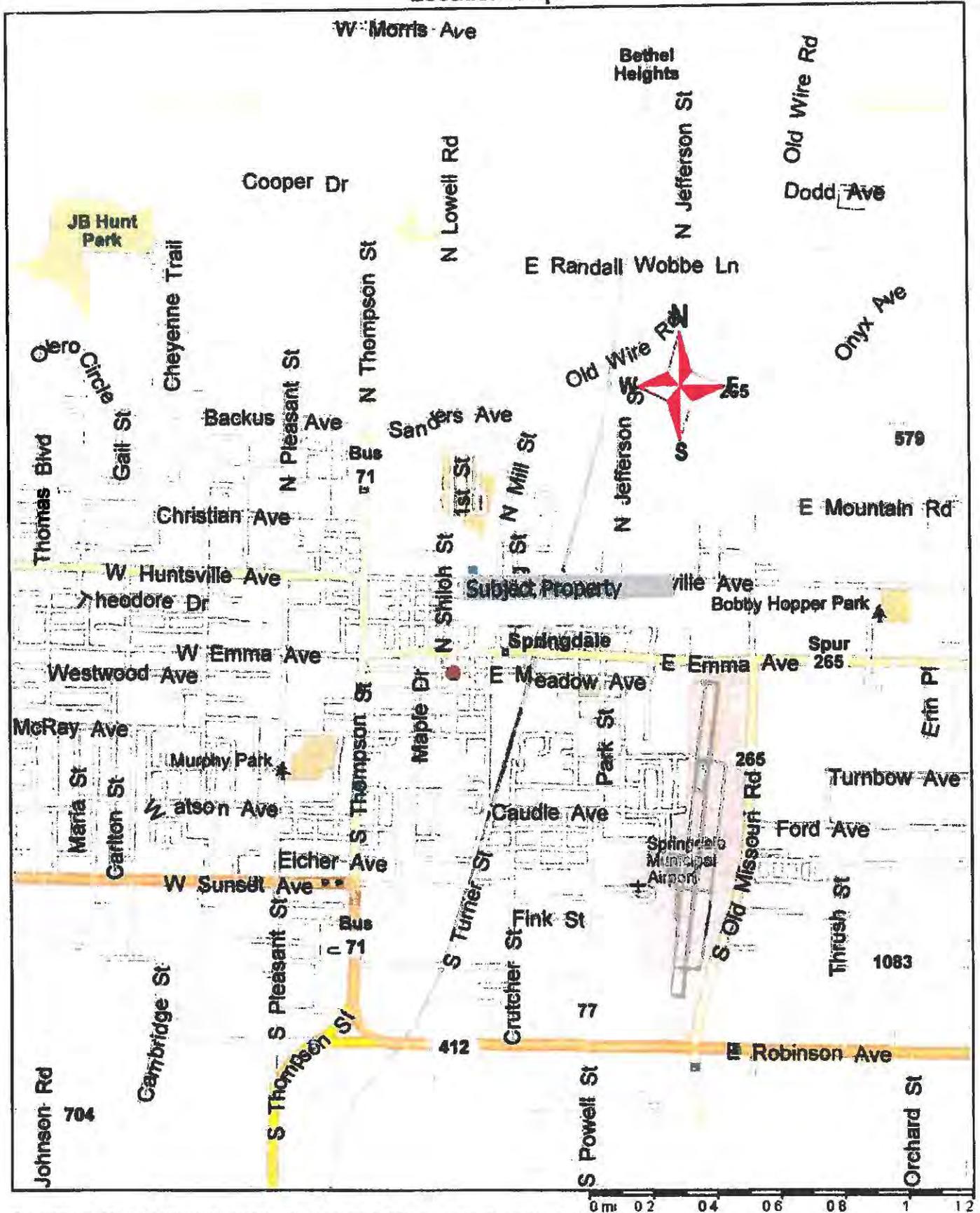
1. Land size is approximately as indicated in this report;
2. Building plumbing, electrical, and HVAC Systems are adequate, and in proper working order;
3. Subject is in compliance with all applicable EPA regulations.

If any, or all, of these Extraordinary Assumptions prove to be untrue, the preceding value estimate could be influenced.

Additional Assumptions and Limiting Conditions appear in the Introduction Section of this report.

The estimated exposure time for the subject property is one year or less.

### Location Map



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 Certain mapping and direction data © 2010 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2010 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2010 by Applied Geographic Systems. All rights reserved.

# AERIAL MAP



## **ASSUMPTIONS AND LIMITING CONDITIONS**

This Appraisal Report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title consideration. Title to the property is assumed to be good and merchantable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. 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.
8. It is assumed that all applicable zoning and use 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, certificates of occupancy, 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 or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. "Unless otherwise stated in this report, the existence of hazardous materials which may or may not be present on the property was not observed by the appraiser. No responsibility is assumed for any such conditions or any expertise or engineering

knowledge required to discover them. The client is urged to retain an expert if desired."

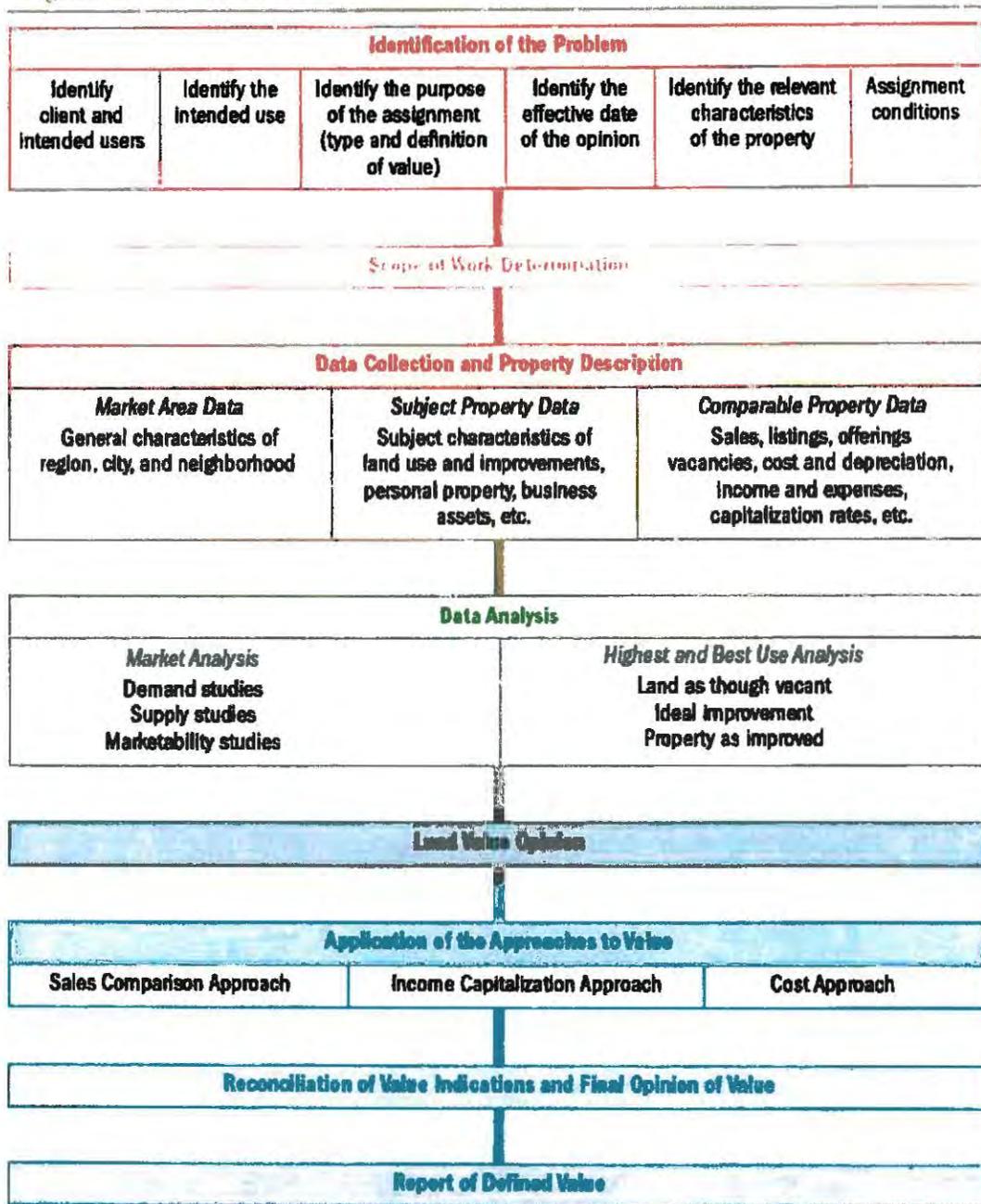
This Appraisal Report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) 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 (we) have no direct evidence relating to this issue, I (we) did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

## SCOPE OF WORK

The scope of work in this appraisal involves application of the “Valuation Process” in estimating the market value of the subject property. The “Valuation Process” is summarized as follows:

Figure 4.1 The Valuation Process



<sup>1</sup> Appraisal Institute, *The Appraisal of Real Estate – 14th Edition*, (Chicago: Appraisal Institute, 2013), P. 37.

From the preceding it can be seen that after identification of the problem, the scope of work is determined.

Subject property was last inspected by the appraiser on August 13, 2016. Photographs of the property were taken on this inspection, as well as the site and improvements examined. No one accompanied the appraiser on the inspection.

General data pertinent to the appraisal assignment was obtained from local sources.

The legal description of the subject property was obtained from Deed Records. Zoning data was obtained from the City of Springdale. Applicable property tax data was obtained through Washington County Assessment Records. The history of the property was also researched through Washington County Assessment Records.

The highest and best use of the property was determined based upon location, physical characteristics, zoning, past, present and potential use, etc.

Each of the valuation methods has been addressed in this report; however, only the Sales Comparison and Income Capitalization Approaches have been applied. Application of the Cost Approach was not considered necessary to provide credible appraisal results for the subject property.

In the Sales Comparison Approach, comparable improved sales were examined and analyzed for comparison purposes to the improved subject property. The unit of comparison was price per SF of building area. Adjustments were made to the sales based upon differences with respect to subject. The per SF value of the improved subject property was estimated from within the adjusted range of the comparables, and was multiplied by the subject building square footage to arrive at the indicated market value of the improved subject property by the Sales Comparison Approach. The Sales Comparison Approach was also utilized to estimate the market value of the subject land. This is presented in the Land Value Section of the report.

In the Income Capitalization Approach, comparable rentals were presented and utilized to project market rent and Potential Gross Income for the subject property. Vacancy/credit loss was then estimated based upon market surveys, and deducted from Potential Gross Income to arrive at Effective Gross Income. Operating expenses were then estimated based upon comparable properties, and deducted from Effective Gross Income to arrive at Net Operating Income. Net Operating Income was then capitalized into a value indication for the Income Capitalization Approach by utilization of an applicable Overall Rate derived by the Band Of Investment Method, Debt Coverage Ratio Technique, Market Abstraction, and Published Data.

The value conclusions by the Sales Comparison and Income Capitalization Approaches were reconciled to a final conclusion of defined value for the subject property.

**The final value conclusion is based upon the following Extraordinary Assumptions:**

- 1. Land size is approximately as indicated in this report;**
- 2. Building plumbing, electrical, and HVAC Systems are adequate, and in proper working order;**
- 3. Subject is in compliance with all applicable EPA regulations.**

## PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple estate of the subject property, as of the effective date.

Market Value is defined as follows:

*"The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:"*

- a.) *Buyer and seller are typically motivated;*
- b.) *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- c.) *A reasonable time is allowed for exposure in the open market;*
- d.) *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and;*
- e.) *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.<sup>2</sup>*

The effective date of value in this report is August 13, 2016. The date of this report is August 24, 2016.

The property rights appraised in this report are the Fee Simple Interest in the subject property.

Fee Simple Estate is defined as follows:

*"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."<sup>3</sup>*

The intended use of this appraisal report is to assist the client in establishing a marketing price for the property.

The intended user of this Appraisal Report is the applicable department and personnel with the City of Springdale, AR. The appraisal was requested by Wyman Morgan, Director of Finance and Administration with the City of Springdale.

<sup>2</sup> Appraisal Institute. *The Dictionary of Real Estate Appraisal* - Fifth Edition. (Chicago: Appraisal Institute, 2010), P 122-123

<sup>3</sup> Appraisal Institute. *The Dictionary of Real Estate Appraisal* - Fifth Edition. (Chicago: Appraisal Institute, 2010), P 78

## **SUMMARY OF APPRAISAL PROBLEM**

The appraisal problem in this valuation assignment is to estimate the market value of the subject property as of a current effective date. The appraisal was requested to assist the property owner in establishing a marketing price for the property.

Subject property was vacant as of the date of inspection. Data provided to the appraiser supports that the most recent occupant was the Criminal Investigation Division of the Springdale Police Department.

The City of Springdale purchased the subject property on October 5, 2004. The reported acquisition price was \$300,000. The property was substantially renovated in 2005 at a reported cost of near \$200,000±.

This appraisal request was apparently prompted by an offer to purchase the property for \$297,000. The appraiser has not been provided a copy of the offer.

**PART II – FACTUAL DATA**

## **LEGAL DESCRIPTION**

**Based on the Survey Plat presented later in this report, the legal description of the subject property is as follows:**

**Lots 1 and 2 and the East 27 feet of Lot 3, Block 8, Railroad Addition, Springdale, Arkansas, As Shown On Plat Record Book 4, Page 22, in the Washington County Circuit Clerk's Office.**



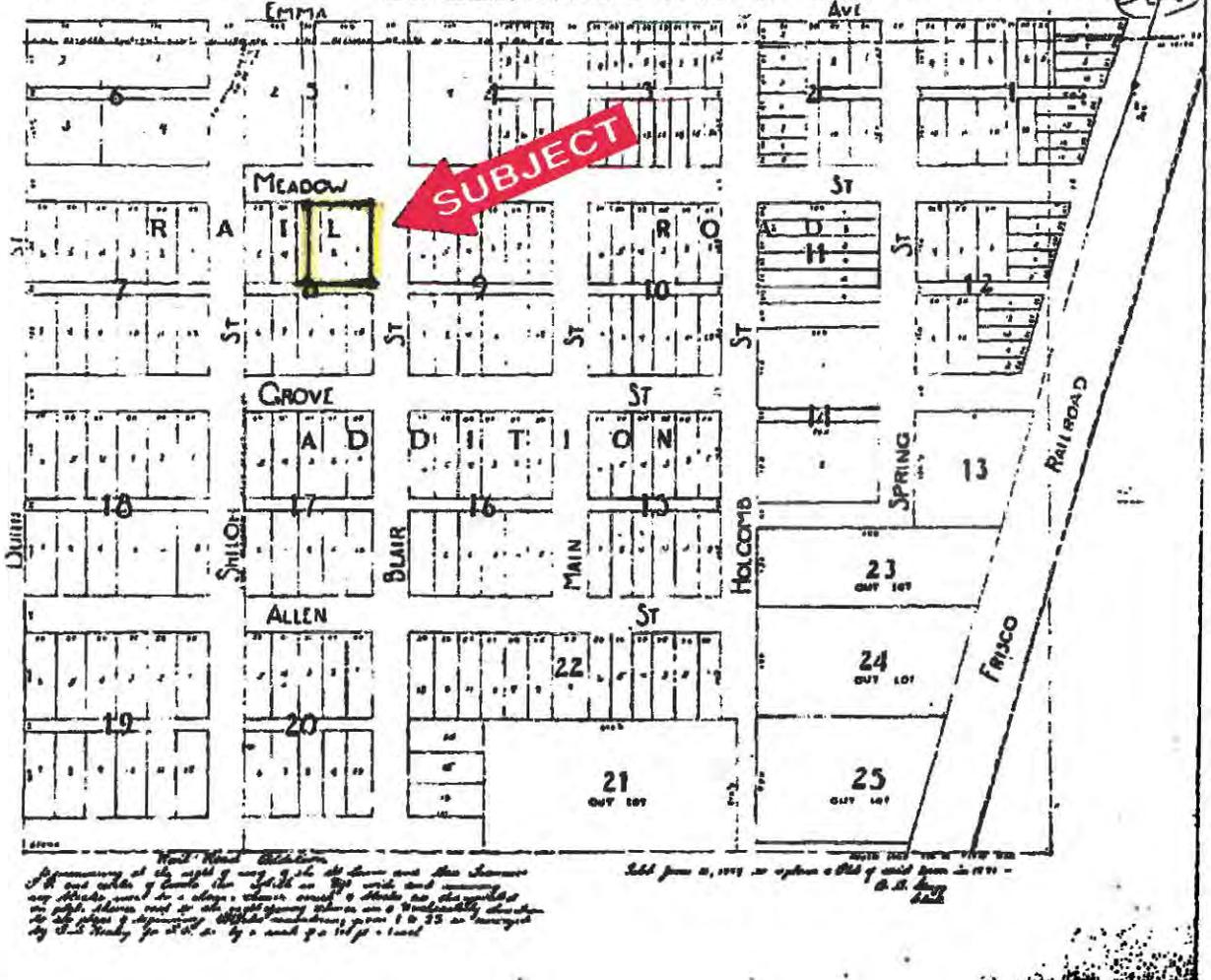
*Railroad Ave*

#22

SPRINGDALE

N

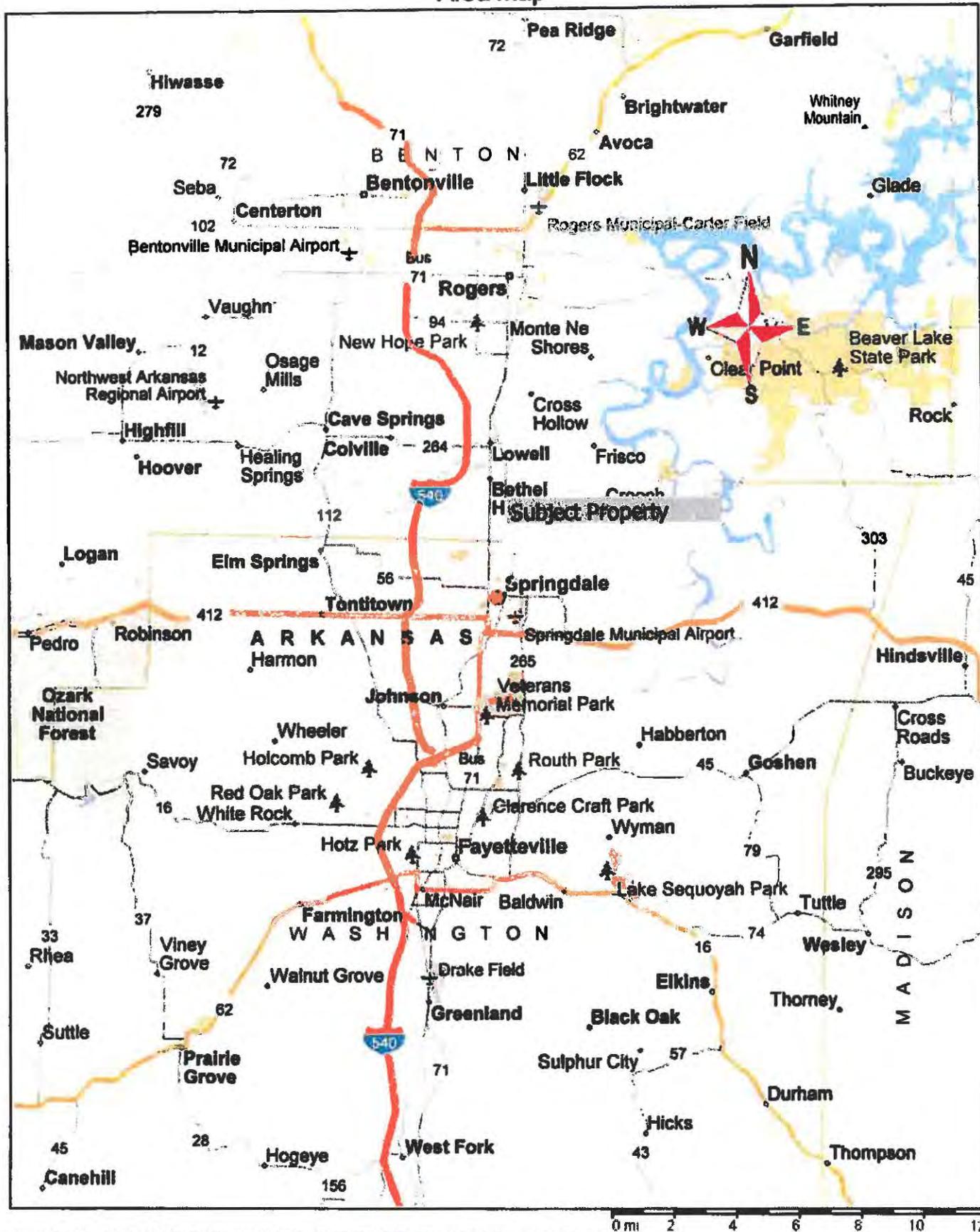
(22)



*NOTE: This plat is subject to the provisions of the act of the Legislature of the State of Texas, approved June 15, 1911, and to the provisions of the act of the Legislature of the State of Texas, approved June 15, 1911, and to the provisions of the act of the Legislature of the State of Texas, approved June 15, 1911.*

*Sub. June 15, 1911, as amended by act of the Legislature of the State of Texas, approved June 15, 1911.*

### Area Map



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## AREA DATA

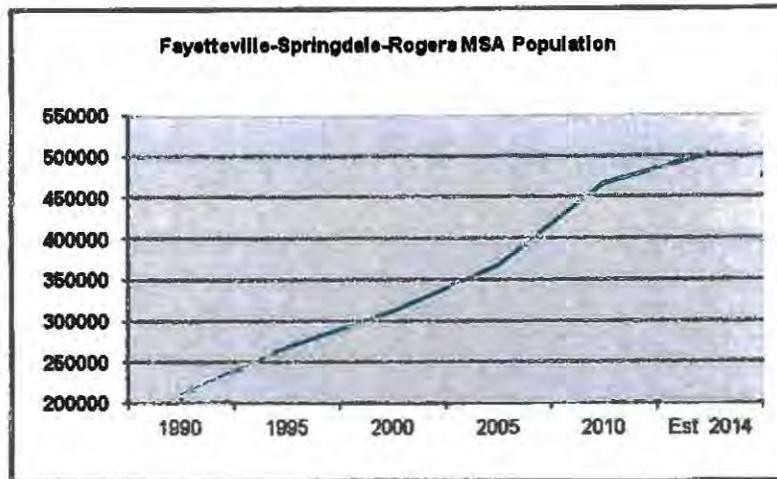
The Trade Area includes Washington and Benton Counties in Arkansas, as well as Madison County, Arkansas, and McDonald County, Missouri. The four counties are located in the extreme northwestern part of Arkansas and extreme southwestern part of Missouri, respectively, and make up the Fayetteville-Springdale-Rogers, AR Metropolitan Statistical Area (MSA). This area is bordered by the Oklahoma State line on the west, Newton County (Missouri) on the north, Carroll, Newton and Barry (Missouri) Counties on the east, and Crawford, Franklin and Johnson Counties on the south. The total land area of Benton County is indicated to be 847.36± square miles, Washington County 941.97± square miles, Madison County 834.26± square miles, and McDonald County 539.48± square miles. It should be noted that over 90%± of the population of the MSA is located in Washington and Benton Counties. As a result, this Area Data analysis primarily pertains to Washington and Benton Counties in Arkansas.

The value of real property reflects and is influenced by the interaction of basic forces that motivate human activity. These forces are divided into four major categories: Social trends; Economic circumstances; Governmental controls and regulations; and, environmental conditions. These forces exert pressure on human activities and are also affected by these activities. The interaction of all the forces influences the value of every parcel of real estate in the market.

**Social Forces:** Social forces are exerted primarily through population characteristics. The demographic composition of the population reveals the potential, basic demand for real estate services.

The 1980 Census showed population figures of 78,115 and 100,494, respectively, for Benton and Washington Counties. This totals 178,609 for the two-county area. The population of Benton County in 1990 was 97,499, while Washington County indicated a population 113,409. The combined population of the two counties in 1990 was 210,908, representing an 18.1%± increase over 1980, or 1.81%± per year. The 2000 Census indicated populations for Benton and Washington Counties of 153,406 and 157,715, respectively. The total for the two counties, 311,121, represents a 47.5%± increase over 1990, or 4.75%± per year. Based on data released by the U.S. Census Bureau, the population of the two-county area as of 2010 was 424,404, with Benton County reflecting a total of 221,339 and Washington County a total of 203,065. The growth between 2000 and 2010 is indicated to be 36.4%±, or 3.64%± per year. The estimated 2014 populations of Benton and Washington Counties, based on State & County QuickFacts, were 242,321± and 220,792±, respectively, or a total of 463,113±. The U.S. Census Bureau data reflected the population of the MSA as of 2010 to be 463,204. The estimated 2014 population of the MSA, based on State & County QuickFacts, was 501,653±.

The following chart reflects the population trend in the four-county MSA since 1990:



Source: U.S. Census

Bentonville is the County Seat of Benton County. This city is located in the north part of the county. Bentonville had a population of 11,257 in 1990, a 28.6%± increase since 1980. The 2000 population of Bentonville was approximately 19,730. This represents a 75.3%± increase since 1990. The 2010 population was indicated to be 35,301, a 78.9%± increase from 2000. The 2014± population estimate is indicated to be 41,613±. Rogers is the largest city in the county. Its 1990 population of 24,692 reflects a 41.7%± increase since 1980. The 2000 population was indicated to be 38,829. This represents a 57.3%± increase since 1990. The 2010 population was indicated to be 55,964, a 44.1%± increase from 2000. The 2014 population estimate is indicated to be 61,464±. Siloam Springs, located on the Oklahoma line in the southwest part of the county, is the third major city in Benton County. It grew from a population of 8,151 in 1980 to 10,843 in 2000, a 33%± increase. The 2010 population was indicated to be 15,039, a 38.7%± increase from 2000. The 2014 population estimate is indicated to be 15,944±.

Some of the smaller cities and towns in Benton County include Gentry, Gravette, Pea Ridge, Lowell, Centerton, Decatur, Cave Springs, Bella Vista, etc. It should be noted that the City of Centerton, located just west of the Bentonville City Limits, reflected an increase in population from 491 in 1990 to 2,146 in 2000, and to 9,515 in 2010. The indicated increase was 343.4%± from 2000 to 2010, or 34.34%± per year. The estimated 2014 population of Centerton was 11,193±. Within the county, there are a total of 18± incorporated towns and cities. It should also be noted that Lowell, lying between Springdale and Rogers, experienced an increase in population between 1990 and 2000 of 309.6%±. The 2000 population of Lowell was indicated to be 5,013±, while the 2010 population was 7,327. The indicated increase was 46.2%±, or 4.62%± per year, between 2000 and 2010. The 2014 population estimate is indicated to be 8,334±.

Fayetteville is the County Seat of Washington County. This city is located in the north central part of the county. Fayetteville had a population of 42,099 in 1990. This represented a 15%± increase since 1980. The 2000 population of Fayetteville was indicated to be 58,047. This represents a 37.9%± increase since 1990. The 2010 population was indicated to be 73,580, an increase of 26.8%± from 2000. The 2014 population estimate is indicated to be 80,621±. Fayetteville is also the largest city in the county. Springdale is the second largest city in

Washington County. Its 1990 population of 29,941 showed a 27.6%± increase since 1980. The 2000 population of Springdale was indicated to be 45,798. This represents a 53%± increase since 1990. The 2000 population figure for Springdale includes an indicated 2,011 people living in that part of Springdale located in Benton County. The 2010 population of Springdale was indicated to be 69,797, an increase of 52.4%± from 2000. The 2014 population estimate is indicated to be 76,565±.

Some of the smaller cities in Washington County include Prairie Grove, Lincoln, Farmington, West Fork, Johnson, Elm Springs, etc. There are a total of 13± incorporated cities and towns within Washington County. A small part of Elm Springs is also located in Benton County.

The following table reflects population changes for major cities in the MSA since 2000:

City	2000	2006	2007	2008	2010	2000-2010 % Increase	July 2013 Estimate	July 2014 Estimate
Fayetteville	58,047	66,656	72,208	73,372	73,580	26.8%	78,960	80,621
Springdale	45,798	62,459	66,881	68,180	69,797	52.4%	75,229	76,565
Rogers	38,829	48,353	54,959	56,726	55,954	44.1%	60,112	61,464
Bentonville	19,730	29,530	33,744	35,526	35,301	78.9%	40,167	41,613
Lowell	5,013	7,042	7,044	7,173	7,327	46.2%	7,940	8,334
Centerton	2,146	5,477	8,162	8,593	9,515	343.4%	10,556	11,193
Siloam Springs	10,843	13,604	14,480	14,825	15,039	38.7%	15,856	15,944

Source: U.S. Census

The increased population trend is expected to continue in the Benton-Washington County area. However, it should be noted that the rate of growth has declined from what appears to have been the peak period between July 1, 2004, and July 1, 2005. The net monthly population growth in the Benton-Washington County area between July 1, 2004, and July 1, 2005, was estimated to be 1,256± people. Between July 1, 2008 and July 1, 2009, the net monthly population growth was estimated to be 748± people. This reflects a 40.5%± decline. Between 2000 and 2010, census data supports net monthly population growth of 944± people. The estimated net monthly population growth between July 1, 2011, and July 1, 2012, was 695± people. This reflects a decline of 26.4%±. The estimated net monthly population growth between July 1, 2012, and July 1, 2013, was 837± people, while the estimated net monthly population growth between July 1, 2013, and July 1, 2014, was 784±. Oversupply issues in the real estate market that became highly visible in the mid part of the past decade, as well as deterioration in economic conditions had an adverse impact on population growth. The country officially went into a recession in December 2007. The recession officially ended in June 2009; however, consumer sentiment didn't necessarily support this. The real estate market has shown significant improvement since 2012, and economic conditions have also improved. Area population growth is considered to have a positive effect on real estate values.

**Economic Forces:** Economic forces are also significant to real property values. It is necessary to analyze the fundamental relationships between current and anticipated supply and demand and the economic ability of the population to satisfy its wants, needs, and demands through its purchasing power.

For 2003, the Fayetteville-Springdale-Rogers MSA ranked 1<sup>st</sup> nationally in Forbes/Milken Institute's "Best Performing Cities: Where America's Jobs are Created" measuring economic vibrancy and potential.

For 2004, the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA) was listed as the 5<sup>th</sup> "Best Small Metro for Business" by *Forbes*. This publication also listed the MSA as #1 in job growth.

For 2005, The Milken Institute named Northwest Arkansas to the Top Ten in Job Growth.

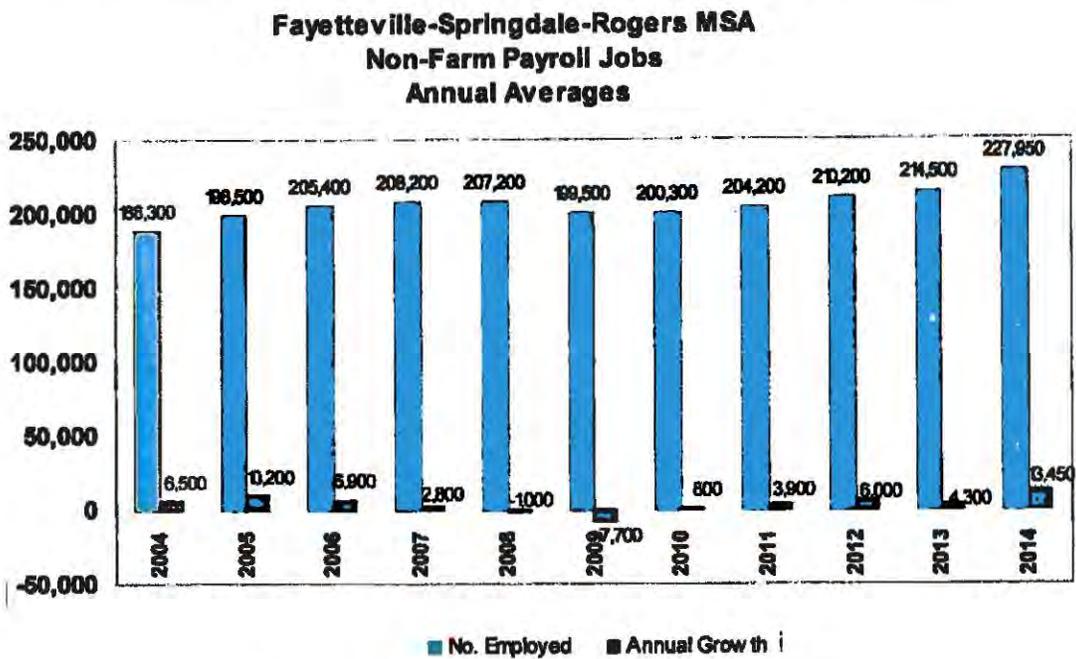
For 2013, Milken ranked the Fayetteville-Springdale-Rogers MSA second in the nation in Short-Term Job Growth. Milken defined short-term job growth as the percentage of job growth between July 2012 and July 2013. Only Santa Cruz, California, ranked higher in creating more short-term jobs among the nation's largest 200 metropolitan areas. Northwest Arkansas also ranked high in Milken's review of job creation over longer periods of time, rating 18<sup>th</sup> nationally in 1-year Job Growth and 34<sup>th</sup> in 5-year Job Growth. As a region, Northwest Arkansas was ranked as the nation's 57th Best Performing City, the highest ranked MSA in the State of Arkansas. For 2014, the Fayetteville-Springdale-Rogers MSA ranked 49<sup>th</sup> overall with respect to Best-Performing Cities. The 2014 Milken Institute Best – Performing Cities Index ranked U.S. Metropolitan Areas by how well they were creating and sustaining jobs and economic growth. The components included job, wage and salary, and technology growth.

The Job Growth USA website of Arizona State University's W.P. Carey School of Business ranked 383 of 428 Metropolitan Statistical Areas for 2013 on the basis of non-farm job growth over a 12-month moving average. The Fayetteville-Springdale-Rogers MSA ranked Number 87 nationwide for 2013. In 2014, the region ranked Number 20 nationwide in job growth.

New Geography in 2014 ranked the Fayetteville-Springdale-Rogers MSA 10<sup>th</sup> in its list of Best Cities for Job Growth.

The Fayetteville-Springdale-Rogers MSA economy, according to a report delivered to the U.S. Conference of Mayors in 2014, grew 3.8% in 2013. It is projected to grow at 4.2% annually between 2013-20, making it one of the top MSA's in the nation. The regions gross metropolitan product ranked Number Three for the 2013-20 projection.

The following chart represents Non-Farm Employment Growth for the MSA since 2000:



Source: Arkansas Department of Workforce Services

As previously indicated, the country was officially in a recession between December 2007 and June 2009. This recession, referred to as the “Great Recession”, lasted 18 months. The previous longest recorded recessions since the Great Depression, the 1973-75 recession and the 1981-82 recession, each lasted 16 months. The Great Depression lasted 43 months. The recessions in 1991 and 2001 each lasted 8 months.

The recession obviously impacted the rate of job growth in the Fayetteville-Springdale-Rogers MSA. While the United States as a whole experienced negative year on year non-farm employment growth through all of 2008, the Fayetteville-Springdale-Rogers MSA remained positive through part of the year. However, non-farm employment numbers (year on year) did turn negative in this MSA in 2008 and remained negative throughout 2009. Obviously, local economic activity was affected by the national recession. In May 2010, non-farm employment numbers (year on year) turned positive and have remained positive year over year through the latest recorded data researched, which was July 2015.

The civilian labor force in Benton County averaged 113,325 for the year 2014. Washington County averaged 108,275 for the same time period. The average civilian labor force for January-July 2015 was reported at 119,675 for Benton County and 114,375 for Washington County. In 2014, Benton County's unemployment rate averaged 4.6%, while Washington County's rate averaged 4.4%. July 2015 unemployment rates for Benton and Washington Counties were 4.4% and 4.1%, respectively. The July 2015 unemployment rates for the State of Arkansas and the

United States were 5.8% and 5.6%, respectively. All of the preceding rates represent non-seasonally adjusted rates.

U.S. Census data and Esri forecasts reflect the following income figures for the Benton-Washington County area:

Benton County				
	2000	2010	Change	2015
Median Household Income	\$40,276	\$54,592	35.5%	\$55,795
Average Household Income	\$50,556	\$66,147	30.8%	\$75,857
Per Capita Income	\$19,377	\$24,912	28.6%	\$28,077

Washington County				
	2000	2010	Change	2015
Median Household Income	\$34,883	\$45,544	31.3%	\$40,727
Average Household Income	\$44,747	\$56,617	26.5%	\$58,135
Per Capita Income	\$17,347	\$21,840	25.9%	\$22,214

Combined Counties				
	2000	2010	Change	2015
Median Household Income	\$37,483	\$50,588	35.0%	\$49,109
Average Household Income	\$47,604	\$61,551	29.3%	\$67,406
Per Capita Income	\$18,348	\$23,441	27.8%	\$25,306

The real estate market in Benton and Washington Counties expanded at a rapid rate between 2003 and mid-2006. Oversupply issues in the residential sector became very visible in 2006, particularly in the latter half of the year. There were definite indicators in 2005 that this sector of the market was headed in this direction. As of the Fourth Quarter of 2014, Benton County totaled approximately 5,971 empty, single-family and duplex lots with Final Plat filed and/or receiving final approval. The total for Washington County was approximately 4,553. Based on lot sales to end users in 2014 in the two-county area, the total empty lot supply could constitute near a 7± year inventory. This likely overstates the situation as near 13%± of the empty lot inventory represents not yet active lots. Regardless, the current lot supply in the two-county area remains significant; however, it should be noted that the supply of empty lots in Benton and Washington Counties has decreased substantially over the past few years. The decrease from Quarter Four 2013 to Quarter Four 2014 was approximately 12.2%±. Housing starts and residential construction activity in both Benton and Washington Counties have increased significantly since 2011. Interest rates remain low, which is a positive for the housing market. Rates are expected to slowly move upward in the near future. However, rates are still projected to remain in an affordable range. This, along with continued improvement in non-farm employment should sustain the downward movement in the number of empty residential lots in the two-county area. However, it should be noted that new residential subdivisions are currently being developed in the two-county area as developers/builders are indicating that a significant number of the remaining developed empty lots represent undesirable lots.

Problems in the housing market are viewed by many as what led us into the recession, and there is a belief that continued improvement in this sector is necessary for the country to completely rebound from this last economic downturn. Obviously, the decrease in home values and the high rates of residential foreclosures across the country as a result of the "Great Recession" negatively impacted consumer sentiment. Many economists feel that the housing market bottomed in the Fourth Quarter of 2011, with an average decline in value from peak to trough of 30% to 35%±. There is definite evidence that home values are rebounding. In Benton County, Multiple Listing Service (MLS) data reflects the median home price for the first half of 2015 to be \$170,000, as compared to \$141,125 for the first half of 2012. This indicates a 20.5% increase. In Washington County, the median home price for the first half of 2015 was indicated by MLS data to be \$163,250. This compares to \$135,000 for the first half of 2012. The increase calculates to 20.9%. As homeowners experience increased equity, consumer confidence should improve. Through the first half of 2015, home sales in Benton and Washington Counties were up near 15% compared to the first half of 2014.

The multi-family residential sector of the real estate market in Benton and Washington Counties was the first sector to rebound from the recent "Great Recession". In the multi-family sector, the two-county area indicated an overall vacancy rate of 1.78% in the First Quarter of 2015. The Fayetteville multi-family market has a good history of strength, due to the University of Arkansas, and reflected a First Quarter 2015 vacancy rate of 1.85%. However, it should be noted that a substantial amount of new product has been added over the past 2-3± years in the Fayetteville multi-family market, and more units are in the planning stage. The Rogers, Bentonville, Siloam Springs, and Springdale multi-family markets also appear to each be in good shape with a range of vacancy rates between 1.41% and 2.36% as of the First Quarter 2015. The Rogers and Bentonville markets in particular are doing well with vacancy rates of 1.49% and 1.41%, respectively.

With respect to the commercial market in Benton and Washington Counties, the primary concerns are the professional office, retail, and development land sectors. The professional office sector of the market, Class "A" and "B" properties, has been oversupplied for some time in the two-county area. The overall vacancy rate for Class "A" and "B" professional office space for the Third/Fourth Quarter of 2014 was 13.12%. The rate for Class "A" space alone was reported at 12.3%. These rates are for investment grade, non-owner occupied space. Obviously, job creation is critical to the absorption of office space. It should be noted that the overall professional office vacancy rate was thought to have peaked in mid/late 2010, with vacancy slowly decreasing since that time.

The retail sector of the commercial market had been the strength of the market through the first half of 2008; however, in the second half of the year vacancy began to rise. In the Fourth Quarter of 2009 the overall vacancy rate in this sector of the market was estimated between 15% and 16%. Obviously, problems in the national economy impacted the local retail community. The overall vacancy rate in the retail sector has slowly declined since 2010 and was 10.09% (Class "A" and "B" combined) in the Third/Fourth Quarter of 2014. This, too, is for investment grade, non-owner occupied space. It should be noted that the reported vacancy rate for Class "A" retail space in the Third/Fourth Quarter of 2014 was 7%.

Commercial development land must also be considered. There remains a considerable amount of potential commercial development land in the two-county area. Much of this vacant land is along the I-49 Corridor, including Interchange locations. Absorption is occurring; however, at a slow pace.

The service sector of the commercial market was a concern in Benton and Washington Counties; however, has shown improvement since 2011. This pertains to hotels/motels and restaurants. With respect to hotels/motels, the following increases in tax receipts collected between Quarter One 2014 and Quarter Four 2014 were indicated:

Bentonville	+31.2%±
Fayetteville	+26.8%±
Rogers	+17.1%±
Siloam Springs	+12.5%±
Springdale	+83.9%±

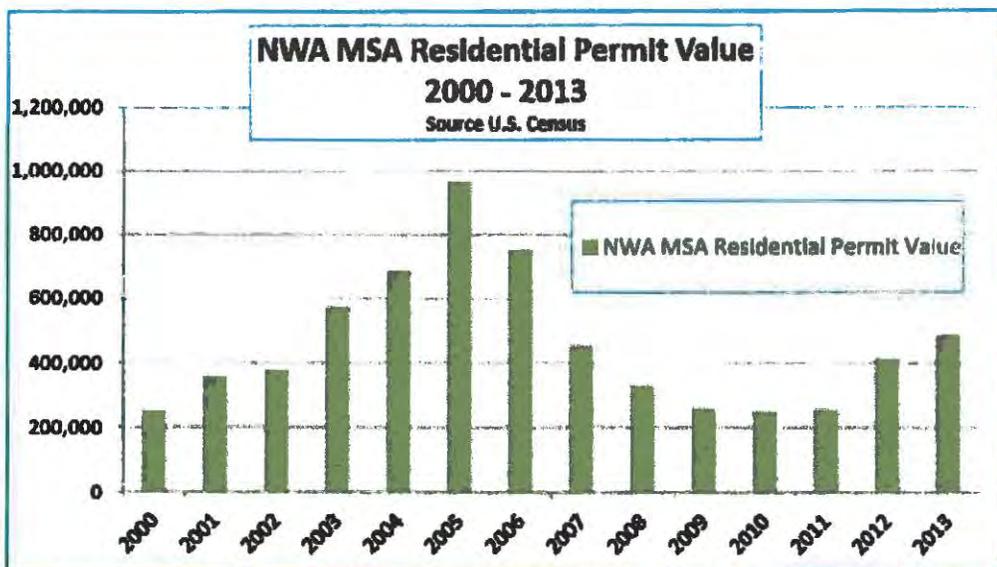
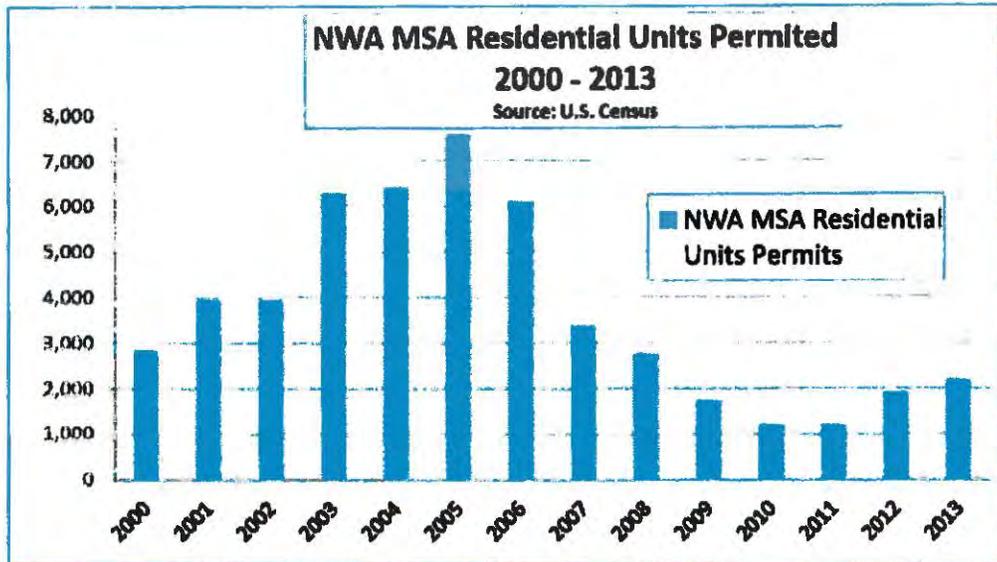
Restaurant tax receipts collected reflected the following increases between Quarter One 2014 and Quarter Four 2014:

Bentonville	+14.9%
Fayetteville	+10.9%±

Springdale and Rogers do not collect restaurant tax receipts.

The service sector, locally and nationally, appears to have rebounded from the “Great Recession” sooner than originally expected. It should be noted that a new full-service hotel facility is being planned for the University of Arkansas Campus in Fayetteville. This hotel is expected to feature 125-150 beds, with 13,000± square feet of conference space. It should also be noted that the construction of the 21C Museum Hotel in Bentonville, just off the “Square” in the Central Business District, has proven to be a success.

Following is a listing of building permit values for cities in Benton and Washington Counties, as indicated by the Northwest Arkansas Regional Planning Commission:



Note: The NWA MSA refers to the Fayetteville-Springdale-Rogers Metropolitan Statistical Area which includes Benton, Washington, Madison Counties in Arkansas and McDonald County in Missouri. 2013 Figures are Preliminary. Dollars are in 1,000s.

The economic base of the region consists of four basic areas: **First**, agricultural production with the primary commodities being beef cattle, dairy cattle, and poultry. The general offices of Tyson Foods, Inc., the largest poultry producer in the world, are located in Springdale in Washington County. Benton and Washington Counties have a considerable amount of rural acreage and, therefore, it would stand to reason that agriculture would be important to the area. There is also some cropland in the area, primarily green bean and orchard production (grapes). According to the USDA, Benton and Washington counties had total agricultural sales in 2012 of \$529,128,000 and 443,025,000, respectively. **Second**, influence from the University of Arkansas located in Fayetteville. Total enrollment for Fall 2014 at the University was 26,237, an increase of 3.5% since the Fall 2013. The University provides considerable employment opportunities for area residents. It is not uncommon for residents of the outlying areas of Benton and Washington Counties to work at the University. A second public academic institution, the Northwest Arkansas Community College, is located in Bentonville. Fall 2014 enrollment for the school was indicated to be 8,098, an increase of 1% from the Fall 2013. In addition to the main campus, the NWACC also has branch campuses located in Springdale, Rogers, and Farmington. NWACC recently purchased an acreage site located in the southwest part of Springdale for the construction of a new Washington County Campus. **Third**, recreational usage primarily in the northeast part of Washington County, and the southeast, east, and northeast parts of Benton County. This recreational usage is primarily provided by Beaver Lake, a Corps of Engineers Reservoir on the White River. Beaver Lake affords typical fresh water sports such as boating, fishing, skiing, swimming, etc. Each of the major cities in the two-county area also has recreational amenities. It should be noted that Arvest Baseball Park opened in the Spring of 2008 in the southwest part of Springdale. This baseball park is the home of the Northwest Arkansas Naturals (Minor League AA Affiliate of the Kansas City Royals). The location is at the southwest corner of Watkins Avenue and 56<sup>th</sup> Street, just west of I- 49. **Fourth**, the large number of manufacturing businesses and industries located within the two counties. Again, residents of outlying areas of the two counties will commute to Fayetteville, Springdale, Rogers, Bentonville, etc. to work at these facilities. The general offices of Wal-Mart, Inc., the world's largest retailer, are located in Bentonville. Wal-Mart has had a tremendous impact on the area, particularly Benton County. Over the past several years, Wal-Mart vendors have been locating branch offices in the Benton County area in order to better service their account with Wal-Mart. Both professional office and residential construction have increased significantly due to the influx of these suppliers. The general offices of J.B. Hunt, Inc., a major trucking company, are located in Lowell. As previously indicated, the general offices of Tyson Foods, Inc., the world's largest poultry processor, are located in Springdale. Wal-Mart, J.B. Hunt, and Tyson Foods are each Fortune 500 Companies. The presence of these companies drives demand for lawyers, accountants, architects, hotels, restaurants, retailers, etc. Most of the major industries are located in the larger cities in the counties. According to the 2012 Economic Census, total value of shipments by manufacturers in Arkansas was \$67,213,000. According to State & County QuickFacts, total value of shipments by manufacturers in Washington County in 2007 was \$3,497,554,000. Retail sales estimates for Benton and Washington Counties for 2007, based on State & County QuickFacts, were \$2,390,591,000 and \$2,723,279,000, respectively.

The following table represents major employers in the MSA (as of 2014):

Employer	# of Employees±	Sector/Product	Main Location
Wal-Mart Stores (Home Office, DC's & Stores)	28,000+	Retail	Bentonville
Tyson Foods	12,000+	Protein Processing/Marketing	Springdale
University of Arkansas	4,000+	Education	Fayetteville
Simmons Foods, Inc.	3,900+	Poultry Processing	Siloam Springs
J.B. Hunt Transport Services	2,600+	Transportation	Lowell
Washington Regional	2,100+	Health	Fayetteville
George's Inc.	2,000+	Poultry	Springdale
Northwest Health Systems	1,900+	Health	Bentonville/Springdale
Mercy Health Systems	1,500+	Health	Multiple
Arvest Bank	1,500+	Finance	Bentonville

Source: Employers; Local Chambers of Commerce

In addition, Northwest Arkansas is the home of several satellite offices of Fortune 500 companies supplying products to Wal-Mart Stores, Inc. These Fortune 500 companies with a presence in Northwest Arkansas include:

IBM, Coca-Cola, Proctor & Gamble, Pfizer, Gillette, Mattel, Hershey, Sara Lee, Kimberly Clark, Heinz, Colgate, Clorox, Ball Corp., Disney, General Mills, Kellogg, Hormel, Newell Rubbermaid, Johnson & Johnson, Pepsico, Philip Morris, etc.

Construction of the Crystal Bridges Museum of American Art in Bentonville has been a plus for the Northwest Arkansas economy, particularly the City of Bentonville. This museum opened in November 2011, and was a project of the Walton family. Crystal Bridges is located near the Central Business District of Bentonville, and, along with the "Downtown Bentonville" program, has been instrumental in the revitalization of the Central Business District. Near 500,000± people per year have visited Crystal Bridges Museum since its opening.

There are many financial institutions in Benton and Washington Counties. These institutions have typically provided an adequate supply of funds for residential, commercial, industrial, and agricultural growth. It should be noted that credit conditions tightened in 2008 as financial institutions dealt with problem real estate loans, and deteriorating economic conditions. The Federal Government infused funds into the financial market in an attempt to provide liquidity and ease credit. The major financial institutions in the area are located in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale, with smaller banks and branches situated in many of the smaller communities. Currently, interest rates on long-term (15-30 years) residential first mortgages are generally in the 3.25% - 4.25% range. Federal Deposit Insurance Corporation (FDIC) data indicate there are a total of 39 financial institutions in the Fayetteville-Springdale-Rogers MSA. Deposits as of Q3 2014 totaled \$8,552,000± based on the FDIC data.

Real estate development in the area has primarily been centered in the major cities, and in such smaller communities as Centerton, Farmington, Lowell, and Prairie Grove. However, rural development is also occurring with small acreage homesites visible throughout the two counties.

Economic conditions are continuing to improve in the two-county area. The local economy, for the most part, has rebounded from the recent "Great Recession." A plus for the area is continued

year over year increases in non-farm employment numbers. Continued growth in non-farm employment is crucial to the absorption of vacant commercial space. The long-term outlook is that economic forces will have a positive effect on real estate values in Benton and Washington Counties.

**Governmental Forces:** Governmental, political, and legal actions at all levels have a great impact on property values.

The county seats of Benton and Washington Counties, as previously discussed, are Bentonville and Fayetteville, respectively. These two cities are some 20± minutes apart via I-49.

County government in each county is under the direction of the County Judge and Quorum Court. Other elected county officials include the County Clerk, Circuit Clerk, Collector, Assessor, Treasurer, Sheriff, Coroner, etc.

Property taxes in Arkansas are collected at the county level and distributed to the counties, cities, and school districts. In Arkansas, all real property, except agricultural land, is to be appraised at market value. Agricultural land is valued based upon soil class productivity. The appraised value is multiplied by a 20% assessment ratio to arrive at the assessed value. The assessed value is then multiplied by the appropriate millage rate to arrive at the annual property tax. However, in 2001, a tax relief act was passed in Arkansas, which limits the annual increase in property tax from the base year. A new term was created, called Taxable Value. Taxable Value is now multiplied by the applicable millage rate to arrive at the annual real estate tax. The annual property tax is due by October 15th in the year after it is levied. Individual property taxes in Benton and Washington Counties have generally increased over the last several years due to continuing reappraisal; however, it should be noted that both Benton and Washington Counties made adjustments in real estate appraised values for property tax purposes due to the recent "Great Recession."

Benton County does not have county zoning at the present time. Washington County, however, passed an ordinance introducing zoning regulations to unincorporated parts of the county. This zoning ordinance became effective in December of 2007. This zoning is enforced by the Washington County Planning Board. The major cities in the area also have zoning regulations. There are no adverse legislative restrictions on the use and development of real property in the area. However, it should be noted that some of the cities in Benton and Washington Counties have established Overlay Districts which place limitations on development of lands within the established districts.

Benton and Washington Counties are considered to have adequate medical, school, lodging, and religious facilities to service the Trade Area.

The following table reflects area schools' enrollments for the previous years:

Area School Enrollment	Fall 2011	Fall 2012	Fall 2013	Fall 2014
Fayetteville Public Schools	9,017	9,142	9,421	9,503
Springdale Public Schools	19,381	20,141	20,647	21,120
Rogers Public Schools	14,145	14,454	14,757	15,027
Bentonville Public Schools	14,144	14,893	15,114	15,497
University of Arkansas – Fayetteville	23,199	23,199	24,537	26,237
Northwest Arkansas Community College Rogers/Bentonville	8,528	8,341	8,020	8,098
John Brown University – Siloam Springs	2,130	2,130	2,183	2,850

Source: Schools' Administration Offices

There are also private church schools in operation in the two-county area, as well as charter schools. There are a total of five charter schools in Benton and Washington Counties, with additional schools planned. Fall 2014 enrollment at the area charter schools was reported at 1,078.

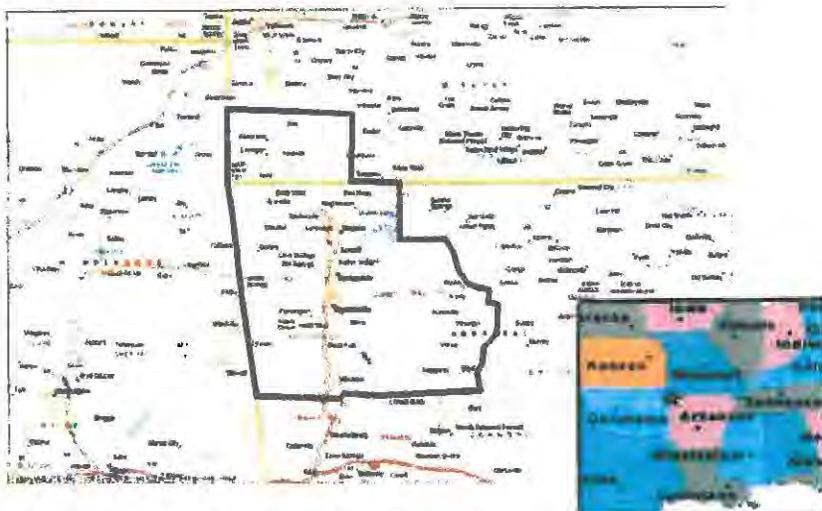
Utilities available in the rural areas of Benton and Washington Counties include electricity and telephone service. Natural gas and rural water are also available in many areas. Public water and sewer are available in the major cities, as well as in most of the smaller communities.

Overall, governmental forces in the area provide a positive effect on real property values. Lack of public water and sewer in certain areas is a drawback. However, the Two Ton Water Project and Benton-Washington County Water Authorities are addressing rural water needs in the two counties.

**Environmental Forces:** Both natural and man-made environmental forces influence real property values. Environmental forces include climatic conditions, topography and soil, natural barriers to future development, primary transportation systems, and the nature and desirability of the immediate area surrounding a property.

The two-county area has relatively warm summers and mild winters. High temperatures in summer are often accompanied by high humidity. The average daily temperature is about 57 degrees. Each year there are about 58± days when temperatures go above 90 degrees and typically only a few days when temperatures drop to freezing or below; however, the past few years have seen cold extremes where the temperature has dropped below freezing on several days. The area has an average of 4 to 5± inches of snow annually, although there have been recent years where this has been exceeded. Rainfall averages around 45± inches annually.

The following map illustrates the relationship between the cities and counties of the MSA (the four-county MSA is outlined in black):



The area is part of the Ozark Highlands. In Benton County, topography ranges from broad plains and rolling hills in the western and central parts to rocky, rough, steeper hills in the east. Much of the eastern one-third of the county is covered by Beaver Reservoir. The elevation increases from west to east and ranges from 1,000± to 1,700± feet above sea level. The elevation of Washington County also varies from 1,000± to 1,700± feet. In general, the topography of Washington County is rough along the western, eastern, southern, and northwestern boundaries. Extending through the heart of the county, from the Oklahoma line to the City of Springdale, is a plateau-like area consisting of rolling, reasonably level land. The City of Fayetteville, located in the edge of the Boston Mountain Range, is quite hilly. Soil and subsoil conditions within the two counties range from fair to good for agricultural purposes.

There are natural barriers to real property development in the area. These consist primarily of mountainous regions, rivers, etc. However, many of these barriers have a positive effect on agricultural usage.

The primary transportation routes in the two counties are I-49 and U.S. 71B (north-south), and U.S. 412 (east-west). From Fayetteville north to Bella Vista, I-49 provides divided highway access. South from Fayetteville, I-49 provides divided highway access to Interstate 40 at Alma. U.S. 71 south from Fayetteville was made a Scenic Byway in 1998. Divided highway access is now available from the region to Fort Smith to the south via I-49/40, and to Little Rock to the southeast via I-49/40. Also, U.S. 412 provides divided highway access from Tontitown westerly to Siloam Springs near the Oklahoma State Line. Divided highway access is available westerly from the region to Tulsa, Oklahoma via U.S. 412 to the Cherokee Turnpike. U.S. 71B, I-49, and U.S. 412 are each heavily traveled traffic arteries. U.S. 71B traverses Fayetteville, Springdale, Lowell, Rogers, Bentonville, and Bella Vista. U.S. 412 traverses Springdale, Tontitown, and Siloam Springs. Construction on a divided highway phase of U.S. 412 east of Springdale to near Hindsville was completed in 2001. Construction of an extension of the U.S. 412 divided highway to near Huntsville was completed in 2014. U.S. Highway 62 and State Highway 16 in

Washington County also provide east-west access, as do State Highways 12, 102, and 264 in Benton County. In addition, there are other state highways as well as county roads providing adequate access throughout the area. New major highway construction in the two-county area includes the Bella Vista Bypass and the northern Springdale Bypass. With respect to the northern Springdale Bypass, the segment of the highway west of I-49 (between I-49 & U.S. 412) will be constructed prior to the segment east of I-49. Construction of the west segment of the Northern Bypass began in 2015. Part of the Bella Vista Bypass has recently been completed; however, additional phases remain. The timing of completion is uncertain at the present time. The State of Missouri has not announced the proposed construction timing/schedule for their part of the Bella Vista Bypass. It should be noted that construction of additional lanes to I-49 in Benton and Washington Counties is being completed in phases. Some sections of the widening project have already been completed, while some sections are currently being completed. Certain sections are also proposed to be widened in the near future. Finally, several of the cities in the region are in the process of improving/constructing new transportation routes within their municipalities. It should be noted that a new Interchange opened in 2014 along I-49 in Springdale. The location is at I-49/Don Tyson Parkway in the southwest part of Springdale. This will allow good access from I-49, via Don Tyson parkway, to the Tyson Foods, Inc. general offices. Another Interchange along I-49 is proposed in Bentonville. The location is at I-49/SE 8<sup>th</sup> Street in the east part of Bentonville. This will allow good access from I-49, via 8<sup>th</sup> Street, to the Wal-Mart Stores, Inc. general offices.

A new airport for the region opened in November 1998. The Northwest Arkansas Regional Airport (XNA) is located near the small community of Highfill in the northwest part of the region. Total construction cost was estimated near \$109± million. Some 2,185± acres were involved. There are two runways, both 8,800± feet in length by 150± feet in width. There is also a 75' x 8,800± taxiway. The terminal building was indicated initially near 69,000± square feet in size; however, has been expanded adding a new terminal. The new terminal reportedly cost \$20-25 million, and allowed parking space for twelve additional planes. The addition reportedly added 51,000± square feet of building area. Direct flights are now available to many of the major MSA's across the country. In 2013, the airport served some 1,160,032± passengers. In 2014, the airport served some 1,278,403± passengers. A new transportation route to the airport is also projected to be constructed in the near future. This new route is to run northwesterly from the west segment of the Northern Springdale Bypass. The new route will likely intersect the Northern Springdale Bypass near State Highway 112 (north-south route). State Highway 264 currently provides access to the south entrance to the airport, while State Highway 12 provides access to the north entrance. Growth has occurred toward the airport, especially along State Highway 12 from Bentonville. The airport has exceeded initial projections on the number of people utilizing the facility.

The two-county area is reasonably well located and is within relatively short driving times of major metropolitan areas. Driving time to Tulsa is less than 2± hours, to Little Rock is 2.5-3± hours, and to Kansas City is 3-4± hours.

Environmental forces, for the most part, are considered favorable for real property development in the area.

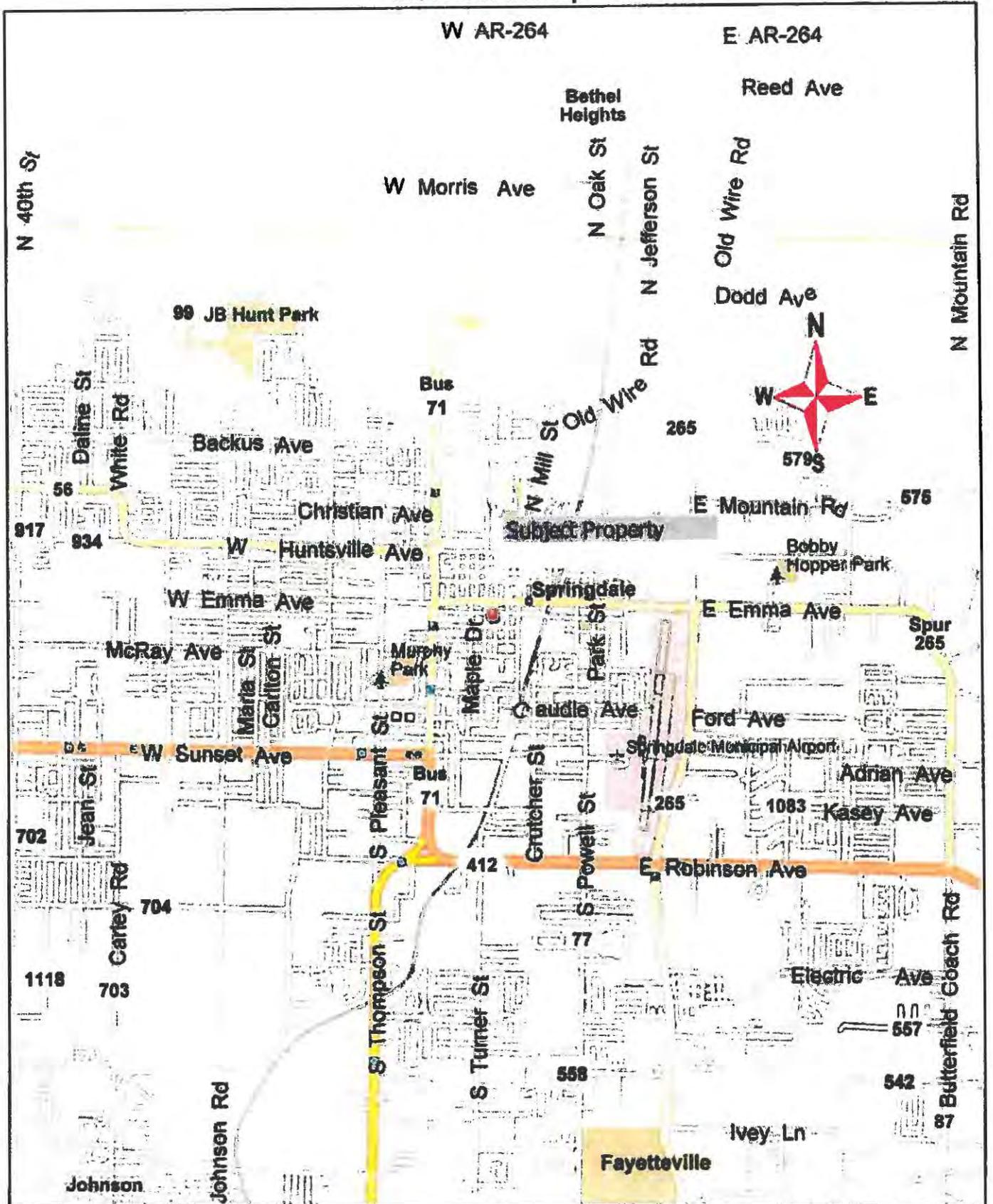
## CONCLUSIONS

Each of the major forces affecting real property values has been discussed in this section. The conclusion is that these forces appear, basically, to favorably influence real property values in the area. The trend in Benton and Washington Counties, overall, had been upward through 2005 and into 2006. However, the real estate market in the two-county area then entered a lengthy correction period. The correction period was the result of excessive supply brought to the market in the 2003 to early 2006 time period, and was prolonged by the slow improvement in overall economic conditions due to the "Great Recession." Oversupply problems first became evident in the single-family and professional office sectors of the market, and continued to adversely affect both of these sectors for several years. The single-family residential sector experienced improvement in 2012, with continued improvement in 2013, 2014, and 2015. The outlook for 2016 remains good for the single-family residential sector. The professional office sector has also improved over the last few years, with vacancy rates declining significantly. The Class "A" retail segment had been the strength of the commercial market through the first half of 2008; however, vacancy rates increased during the second half of the year and, as economic conditions continued to deteriorate, remained at higher than desired levels. It should be noted, however, that the retail segment has shown continued slow improvement since 2010, and in 2015 reflected an overall vacancy rate for Class "A" and "B" space near 10%, based on our research. The multi-family residential sector had been very healthy in the Northwest Arkansas Area for several years. As a result of the introduction of substantial new product, the multi-family sector experienced increasing vacancy rates in 2007. Higher than norm vacancy levels continued into 2010. However, significant improvement has occurred in the multi-family residential sector since mid 2010, despite the continued addition of new product. This sector of the real estate market was the first to rebound from the "Great Recession". Finally, the majority of industrial growth has been limited to the expansion of existing industries. Vacancy in the office/warehouse sector of the real estate market in Benton and Washington Counties has also declined since late 2011.

The Benton-Washington County Area continues to experience a favorable interest rate environment, which is a positive demand indicator. In addition, year on year non-farm employment numbers reflect good positive growth. Employment obviously impacts population growth. The latest census figures are through 2010. At that time the Fayetteville-Springdale-Rogers MSA reflected a total population of 463,204. In mid-2015, the population of the MSA was reported to have reached 513,559±. The unemployment rate for the Fayetteville-Springdale-Rogers MSA remains favorable relative to the national and state levels. The May 2016 unemployment rate for the MSA was reported at 2.8%. For May 2016, the State of Arkansas reported an unemployment rate of 3.8%. The Bureau of Labor Statistics reported the May 2016 United States unemployment rate at 4.5%. These represent non-seasonally adjusted rates.

As previously stated, the long-term outlook for the Northwest Arkansas Area is considered good.

### Market Area Map



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## MARKET AREA

Market Area is defined as follows:

*"The area associated with a subject property that contains its direct competition."<sup>4</sup>*

The subject's Market Area is considered to be an area lying south of Randall Wobble Lane, east of North Thompson Street (U.S. Highway 71B), north of East Robinson Avenue (U.S. Highway 412), and west of Old Missouri Road (State Highway 265). The Market Area is considered to be near 75%± built-up. The Springdale Historic/Central Business District, along Emma Avenue, is located in the central part of the Market Area; this represents the subject's immediate Market Area.

Three major traffic arteries bound the Market Area: U.S. Highway 412 (West Sunset Avenue/East Robinson Avenue), which traverses the south part of the Market Area in an east-west direction; Old Missouri Road (State Highway 265), which traverses the eastern part of the Market Area in a north-south direction; and, Thompson Street (U.S. Highway 71B), which traverses the west part of the Market Area in a north-south direction. One other primary roadway in the Market Area is Emma Avenue, which traverses the central part of the Market Area in an east-west direction. Again, this represents the primary thoroughfare through the Springdale Historic/Central Business District.

Property uses in the Market Area are primarily commercial in nature along primary roadways, with industrial and residential properties typically situated along secondary roadways. Commercial development in the Market Area is primarily located along East Robinson Avenue (U.S. Highway 412E), South Thompson Street (U.S. Highway 71B), State Highway 265, and Emma Avenue. There is also some commercial development along secondary roadways just off the primary commercial thoroughfares. Commercial development includes: strip centers; free-standing retail and service properties; restaurants; convenience stores; car washes; automobile sales/service properties; professional and medical offices; bank branches; mini-storage facilities; and, office/warehouses, among other uses. The commercial uses in the central part of the immediate Market Area are typically older; however, some redevelopment has occurred. There is some evidence of residential properties with highway frontage in the Market Area in transition to commercial use.

The headquarters of Tyson Foods, Inc., (world's largest poultry producer) are located a short distance southwest of the Market Area, along Don Tyson Parkway at Johnson Road. Also, the headquarters of George's Inc. (poultry producer) are situated inside the Market Area, near the northeast corner of South Thompson Street and East Robinson Avenue. Some industrial uses (warehouse, light manufacturing, distribution, etc.) were noted along the primary roadways in the Market Area; however, the majority of industrial uses are situated along secondary roadways. Industrial uses are typically located in the north, northeast, and eastern parts of the Market Area.

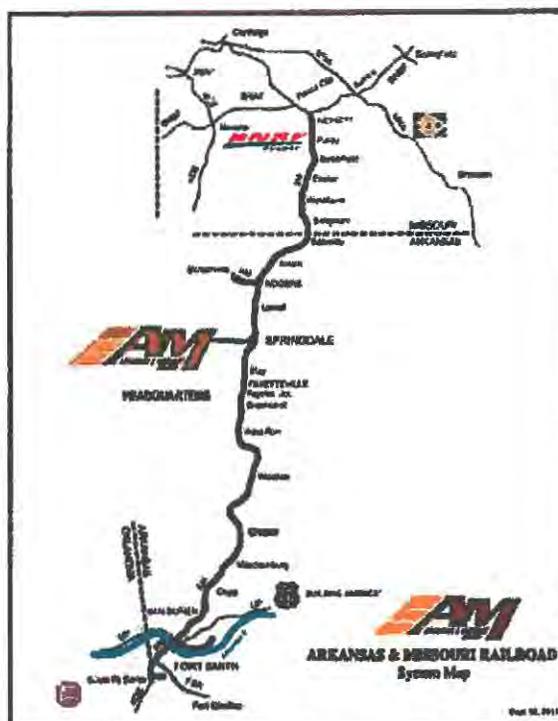
<sup>4</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 121

Emma Avenue, in the central part of the Market Area, provides access to the Historic/Central Business District (CBD) of Springdale. The Springdale Historic/CBD typically consists of older commercial buildings including retail, professional office, bank branch, etc. uses. Downtown Springdale is currently transitioning from the stabilization to the revitalization stage. The City of Springdale adopted a Downtown Master Plan in December 2015. This plan involves properties bound by Thompson Street on the west, Caudle Avenue/Quandt Avenue on the south, Old Missouri Road on the east, and Huntsville Avenue on the north. The planning area includes approximately 670 acres. The goal of the Downtown Master Plan is to bring an Urban Design Plan to the heart of Springdale. The 36-mile Razorback Greenway trail was extended to Emma Avenue, which has led to significant speculative activity by investors in older properties in the Springdale Historic/CBD. The official grand opening of this section of the Razorback Greenway trail was held in April 2015. This area appears to be well positioned for significant revitalization in the near future. Spring Creek traverses the central part of the Springdale Historic/CBD, and is currently in the process of being “uncapped” between Emma Avenue and Johnson Avenue through Walter Turnbow Park at Shiloh Square. Tyson Shared Services, Inc., purchased the former Orschlen Home Store building located a short distance east of Hewitt Street along Emma Avenue, in June 2014. The purchase price was indicated to be \$450,000. Tyson Foods, Inc. renovated this building for professional office use; the building is known as the Tyson Foods JTL Building. The renovated building was opened in July 2016, and houses approximately 100± employees and the Tyson Foods Company Store. Tyson Foods, Inc., also purchased an older retail building (with Emma Street frontage) and several older warehouse buildings, all situated on approximately 0.87± acre of land, adjacent to the west of the JTL Building for revitalization purposes. A short distance to the west of the JTL Building, along the south side of Emma Avenue, Tyson Foods is constructing a two-story, 44,000± SF professional office building that will house approximately 250± employees. The exact timeline for this project is unknown; however, as of August 2016, site work appears to have begun. Finally, Springdale Downtown, LLC, a company controlled by Wal-Mart, purchased an older retail/office building located along the north side of East Emma Avenue, between Spring Street and North Commercial Street, in June 2014. The purchase price was indicated to be \$1,220,000. The property includes a 32,130± SF Class “C” commercial building situated on approximately 0.71± acre of land area, and approximately 0.94± acre of land to the north, utilized as a parking lot. No renovation plans for this project were available to the appraiser. Several new restaurants, taverns, and retail stores have opened recently along or just off Emma Avenue, and several others are expected to open in the near future.

Springdale Water Utilities is currently replacing all water and sewer service lines from Willella Place to the Arkansas & Missouri Railroad tracks along Emma Avenue. The streetscape will also be replaced as part of the project; however, streetscape plans have not been finalized, to our knowledge. The anticipated completion of the project is early/mid-2017±.

The Arkansas & Missouri Railroad is located within the Market Area. The Arkansas & Missouri (A&M) Railroad is an independent, Class III railroad serving a 139 mile corridor from Fort Smith, Arkansas, to Monett, Missouri. The A&M Railroad primarily provides freight services; however, also provides passenger transportation and excursion services. All lines are rated at 286,000 lbs., and are cleared for double-stack rail cars. The following are indicated to be the

primary freight carried along the A&M Railroad: grain and feed (Tyson Foods, George's Poultry, Cargill, OK Foods, and Willowbrook Foods); frozen poultry (Frez-N-Stor, Zero Mountain, OK Foods Industries, and Arkansas Refrigerated); sand for concrete producers (Arkholo Sand and Gravel, Mid-Continent Concrete, Beaver Lake Concrete, Tune Concrete, Kay Concrete, and Barry County Ready Mix); and, wood and timber (Ridout Lumber, Meeks Lumber, Midwest Walnut, etc.). Other common freight includes paper products, scrap metal, mineral products, plastic materials, etc. Freight services operate seven days per week. The A&M Railroad commenced its passenger excursion services in 1990. Day trips provided include Springdale to Van Buren, and Van Buren to Winslow. A map of the Arkansas & Missouri Railroad is presented in the following exhibit:



Residential uses, including residential subdivisions, residential small acreage, and residential multi-family developments, are typically found along secondary roadways in the Market Area. Some special-purpose properties were also noted (religious facilities, post office, educational facilities, public parks, Springdale Municipal Airport, Northwest Health System, etc.). The Springdale Municipal Airport is located in the southeast part of the Market Area, at the northwest corner of U.S. Highway 412 and State Highway 265. The Springdale Municipal Airport is a tower-controlled facility with precision instrument approaches and adequate runways to accommodate most ARC D-II and D-III operations. The terminal building is accessed easterly from Powell Street. Northwest Health System is located in the west/southwest part of the Market Area, at the southeast corner of Maple Avenue and U.S. Highway 71B.

The topography of the Market Area is undulating/near level to gently rolling/sloping, for the most part. Soil and subsoil conditions are not generally considered adverse to building construction;

however, some parts of the Market Area are situated in flood hazard areas as designated by FEMA. Overall, drainage is considered adequate. Utilities available in the Market Area include public water and sewer, natural gas, cable communications, electricity, and telephone service.

The majority of the Market Area is considered to be in the growth stage of its life cycle; however, parts of Market Area, especially those situated in/near the Springdale Historic/Central Business District, are considered to be in the stabilization/revitalization stage of its life cycle. The Market Area is considered to be well located along/near major thoroughfares and in close proximity to major area employers. As stated, the City of Springdale adopted a Downtown Master Plan in December 2015, and, as a result, the area appears well positioned for significant growth/revitalization in the near future. Some redevelopment projects have already occurred in this area, and several redevelopment projects are planned. The physical characteristics of the Market Area are considered adequate for development; however, certain parts of the Market Area are situated in flood hazard areas as designated by FEMA. Overall, the outlook for the Market Area is considered good.



## PROPERTY DATA

### Site

Subject site is situated at the southwest corner of South Blair Street and West Meadow Avenue. This location is in the CBD of Springdale.

The site is estimated to contain approximately .33± acre, or 14,422± square feet (SF). The Survey Plat indicates the following dimensions: 129.81'± along the east boundary; 111.07'± along the south boundary; 129.94'± along the west boundary; and, 111.02'± along the north boundary. The site is indicated to front the west right-of-way of South Blair Street for 129.81'±, and the south right-of-way of West Meadow Avenue for 111.02'±. These street frontages are near grade. Sidewalk and curb and gutter run along subject's frontage on both streets. Subject also fronts the north side of a 20' alley for a distance of 111.07'±. This alley is asphalt paved and runs east-west between South Shiloh Street and South Blair Street.

The subject site is accessible via one established drive off West Meadow Avenue and two established drives off South Blair Street. However, the southernmost access drive off South Blair Street appears to represent the previously mentioned alley.

The subject site is rectangular in shape.

The topography of the site is gently sloping. The soil and subsoil conditions are not believed adverse to building construction; however, a Soil Test Report on the site has not been examined. A building presently exists on the site and buildings were noted on nearby sites. The subject site is not located in Flood Zone A or AE. Please see the Flood Zone Map presented in the Exhibits And Addenda Section of this report.

Utilities available to the subject site include electricity, telephone service, natural gas, cable T.V., public water and sewer. No adverse easements or encroachments were observed on the property inspection. It should be noted that the west side of the building sits very close to the west property boundary. The Survey Plat reflects a 1.9' clearance between the building and the property boundary. The east side of the building on the adjacent property to the west also sits near the subject west boundary line.

Subject site relates well to its surroundings and is considered functionally adequate for the present use.

### Improvements

Subject site is improved with a one-story professional office building, and various site improvements.

The office building contains approximately 4,743± SF, based upon exterior measurements taken by the appraiser on the property inspection. The land to building ratio is 3.04:1±.

The subject structure represents Class "D" construction. The exterior walls are primarily brick veneer, with some frame siding; however, the east side of the building also includes dryvit/stucco and rock veneer. The foundation is concrete, with a concrete slab floor structure. The roof structure is wood joists and decking, and the roof cover is composition shingle. Exterior sidewall height is estimated to average near 8'±. Guttering and downspouts were noted. The roof has a 2.5'± overhang on the north and south. The subject includes a 50± SF open porch at the northeast corner (main entrance), and a 42± SF half open porch/concrete ramp at the southwest corner (rear entrance). There is a 518± SF concrete walk (part elevated) along the north side of the building, with 20± linear feet of metal railing. There is also sidewalk area along part of the south side of the building, extending east of the structure. The building has an additional entry/exit near midway along the south wall.

The interior layout of the building includes: partial glass enclosed front entrance (56± SF); partial glass enclosed reception area; file room; two break rooms, each with a sink and built-in cabinets, and one with a built-in dishwasher; 13 offices (2 large; 2 small that appear to have been interrogation rooms); two 2-fixture restrooms and one 3-fixture (includes ceramic tile shower) bathroom; janitor's closet with sink; fire alarm/electric closet; and two furnace rooms. The building includes a north hall and a south hall, with offices along each outer wall and restrooms, breakrooms, furnace rooms, and a janitor's closet located between the hallways. There are also two offices in the middle section that connect to each hallway. The fire alarm/electric closet is at the west end of the north hallway. The building has central heat/air, and an alarm system.

Interior finish includes: carpet and tile floor cover (concrete in furnace rooms); drywall (some ceramic tile in bathroom); and sheetrock ceilings. The building has insulated windows.

Subject structure is indicated by Assessment Records to have been constructed in 1976. Plumbing fixtures support that the interior was renovated in 2005. Overall, the structure was in above average condition at the date of inspection. Some peeling paint was noted in the exterior door frames on the south and southwest. Also, some carpet stains and peeling paint were noted in the north hallway. The roof appears older; however, no ceiling stains of any magnitude were observed. The building suffers from physical deterioration and functional obsolescence (layout). No external obsolescence is indicated. The estimated effective age of the structure is 20± years, while the remaining economic life is projected to be 25± years.

Site improvements include: asphalt paved parking/drives; 18 (1HC) striped parking spaces, 11 on north and 7 (faint) on south; concrete curb and gutter; landscaping with irrigation; etc. The site improvements are considered to be in average condition. It should be noted that utilization of the parking on the south side of the building would require backing out onto the alley. Also, the angle of the south parking spaces would require accessing these spaces via the alley running easterly from South Shiloh Street. The asphalt paving on the south side of the building appears to be approximately 40'± wide and the south 20'± of this appears to represent the alley.

**Fixtures**

No personal property is included in this valuation assignment.

**Use History**

Subject property was vacant at the date of inspection; however, is believed to have most recently been occupied by the Criminal Investigative Division of the Springdale Police Department.

**Sales History**

Subject property has not sold within the three year period of time preceding the effective date of this appraisal, based on our examination of Washington County Assessment Records.

The most recent recorded transfer was as follows:

Date	Instrument	Reported Consideration
October 5, 2004	Warranty Deed 2004-00041713	\$300,000

A reported \$200,000± in renovation costs were incurred after this purchase by the City of Springdale.

The subject property is not presently listed for sale, or under contract to sell, to my knowledge. It is my understanding that a \$297,000 offer has been presented to the City of Springdale to purchase the subject property.

**Rental History**

The rental history of the subject property is not known.

**Zoning And Other Land Use Regulations**

Subject site is indicated to be zoned C-3, Downtown District. Details pertaining to this Zoning District are presented in the Addenda Section of this report.

Subject is also located in an area that is part of the Downtown Springdale Master Plan. This Downtown Master Plan was adopted by the City of Springdale in December 2015.

The present improvements on the subject site appear to conform to the C-3 Regulations.

No private Deed Restrictions were found.

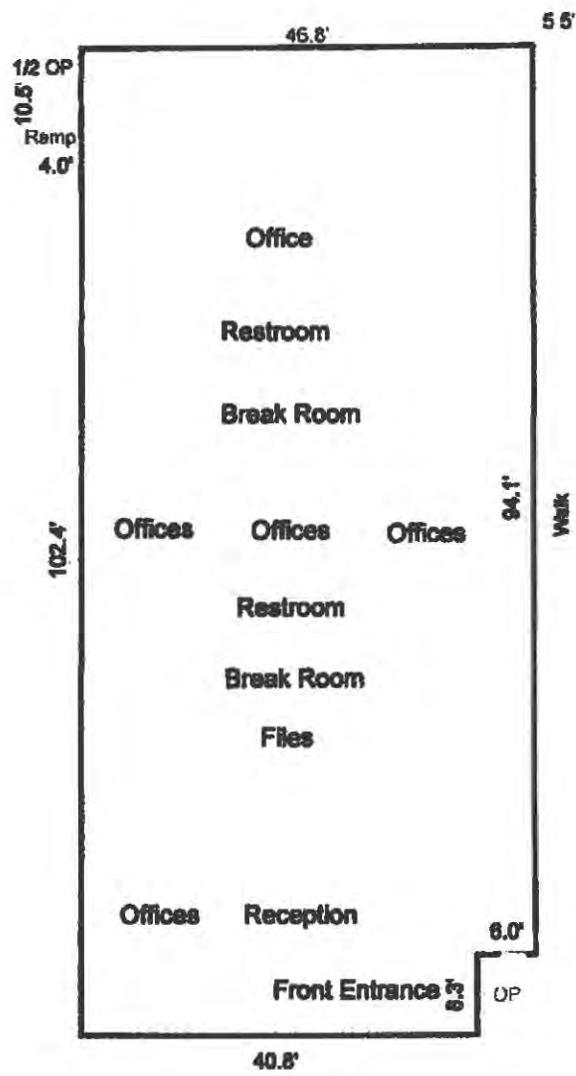
**Assessed Value And Annual Tax Load**

The following data is indicated from Assessment Records:

Parcel No.	County	Appraised Value	Taxable Value	2015 Estimated Tax
815-25229-000	Washington	0	0	0
815-25230-001	Washington	0	0	0
815-25230-002	Washington	0	0	0
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>

Subject is exempt from property tax due to being under the ownership of the City of Springdale. There are no special assessments.

# BUILDING SKETCH



Scale: 1 = 10  
 of end Foundation

APEX SOFTWARE 950-950-0000

Apr2020-01 Apr2

## **PART III – DATA ANALYSIS AND CONCLUSIONS**

## ANALYSIS OF HIGHEST AND BEST USE

The definition of highest and best use is as follows:

*"The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."<sup>5</sup>*

In estimating Highest and Best Use, the appraiser goes through essentially four stages of analysis:

- a. **Possible Use** - To what uses is it physically possible to put the site in question?
- b. **Permissible Use (legal)** - What uses are permitted by zoning and deed restrictions on the site in question?
- c. **Feasible Use** - Which possible and permissible uses will produce any net return to the owner of the site?
- d. **Highest And Best Use** - Among the Feasible Uses, which Use will produce the highest net return or the highest present worth?

### Highest And Best Use As Vacant

**Physically Possible:** The subject site is located at the southwest corner of the intersection of South Blair Street and West Meadow Avenue, in the CBD of Springdale. The location is one block south of Emma Avenue.

The site contains approximately .33± acre, and is rectangular in shape. The topography is gently sloping, and the soil and subsoil conditions are assumed adequate for building construction. Utilities available at the site consist of electricity, telephone service, natural gas, cable T.V., public water and sewer.

The site has direct access from both South Blair Street and West Meadow Avenue.

The site is not located in Flood Zone A or AE.

No adverse easements or encroachments were observed.

Physically possible uses are numerous, and consist of those within size limitations.

**Legally Permissible:** Subject site is zoned C-3, Downtown District. Based upon the City of Springdale Zoning Regulations, the following is indicated:

<sup>5</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Fifth Edition, (Chicago: Appraisal Institute, 2010), P. 93

**“The central commercial district is designed to accommodate the commercial and related uses commonly found in the central business district which provide a wide range of retail and personal service uses.”**

**Permitted uses in the C-3 District include the following:**

- Unit 1 - Citywide Public Uses By Right**
- Unit 4 - Cultural, Recreational And Health Facilities**
- Unit 5 - Institutional Facilities**
- Unit 12 - High Density Residential**
- Unit 13 - Three And Four Family Residential**
- Unit 16 - Offices, Studios And Related Services**
- Unit 17 - Eating Places**
- Unit 18 - Hotel, Motel And Entertainment Facilities**
- Unit 19 - Neighborhood Shopping Goods**
- Unit 20 - Shopping Goods**

**Conditional uses permissible on appeal to the Planning Commission include the following:**

- Unit 2 - Citywide Uses By Conditional Use Permit**
- Unit 3 - Utility Facilities**
- Unit 22 - Automotive Services**
- Unit 27 - Parking Lot**
- Unit 28 - Home Occupation**
- Unit 29 - Home Office**
- Unit 32 - Temporary Buildings And Storage**
- Unit 42 - Church/Synagogue**
- Unit 45 - Health Care Clinic**

**Subject site is also located within an area that is part of the Downtown Springdale Master Plan. A copy of the map depicting the Preferred Option Framework Plan for the Downtown Springdale Master Plan is presented in the Addenda Section of this report. As discussed in the Market Area Section of this report, the CBD of Springdale is currently under revitalization. A work/live atmosphere is being promoted by the City. Based on the Preferred Option Framework Plan, subject is located in Area 9. This pertains to the Expanded Downtown Commercial area. The Preferred Option Framework Plan indicates the following for Area 9: “Develop a mixed-use Downtown Arts, Culture and Educational District and link Murphy Park and Luther George Park on Maple Avenue.”**

**It would appear that physically possible and legally permissible uses of the subject site consist of those within size limitations that conform to the C-3 Zoning Regulations and the Downtown Springdale Master Plan.**

**Financially Feasible:** As previously discussed, the subject site is located in the CBD of Springdale, and this area is currently undergoing revitalization.

Property uses in close proximity to subject include: the Arts Center of the Ozarks to the east, across South Blair Street; a vacant site to the south, across the alley; a vacant commercial building (formerly retail use) to the west; Paco's Tire & Auto Center to the northwest, across West Meadow Avenue; barber shop, metal building, and a retail shop (SIRE) to the north, across West Meadow Avenue; and, Kids Spot to the northeast across West Meadow Avenue.

The revitalization of the CBD of Springdale has previously been discussed in the Market Area Section of this report. Interest from investors and developers has increased substantially as of late in the CBD.

The physically possible and legally permissible uses of the subject site, that are also financially feasible, are considered commercial in nature. Special-purpose use is also a consideration.

**Maximally Productive:** In my opinion, the highest and best use of the subject site as vacant is commercial development in conformity to the C-3 Zoning Regulations and the Downtown Springdale Master Plan. Professional office development appears most realistic. Special-purpose use is also a consideration.

#### **Highest And Best Use As Improved**

Subject site is improved with a 4,743± SF professional office building, and various site improvements. The subject structure is Class "D" construction, with brick veneer, frame, rock veneer, and dryvit/stucco exterior. The roof cover is composition shingle. The building was indicated to have been constructed in 1976±, and substantially renovated in 2005±. The condition at the date of inspection was above average. Site improvements are considered adequate.

Subject improvements suffer from physical deterioration and functional obsolescence; however, are considered to have substantial remaining economic life.

The property was vacant at the date of inspection.

In my opinion, the highest and best use of the subject site as improved is professional office use. This use is physically possible, legally permissible, financially feasible, and maximally productive.

## LAND VALUE

In the valuation model, land value estimate is a separate step. The most reliable way to estimate land value is by sales comparison. When few sales are available, however, or when the value indications produced through sales comparison need additional support, other procedures may be applied. The procedures used to obtain land value indications are sales comparison, allocation, extraction, subdivision development, land residual, and ground rent capitalization. These techniques are described as follows:

1. *Sales Comparison.* Sales of similar, vacant parcels are analyzed, compared, and adjusted to provide a value indication for the land being appraised.
2. *Allocation.* Either sales of improved properties are analyzed and the prices paid are allocated between the land and the improvements, or comparable sites under development are analyzed and the costs of the finished properties are allocated between the land and improvements. Allocation can be used in two ways: To establish a typical ratio of land value to total value, which may be applicable to the property being appraised, or to isolate the value contribution of either the land or the building from the sale for use in comparison analysis.
3. *Extraction.* Land value is estimated by subtracting the estimated value of the depreciated improvements from the known sale price of the property. This procedure is frequently used when the value of the improvements is relatively low or easily estimated.
4. *Subdivision Development.* The total value of undeveloped land is estimated as if the land were subdivided, developed, and sold. Development costs, incentive costs, and carrying charges are subtracted from the estimated proceeds of sale, and the net income projection is discounted over the estimated period required for market absorption of the developed sites.
5. *Land Residual Technique.* The land is assumed to be improved to its highest and best use. The income attributable to the return *on* and *of* the capital invested in the improvement(s) is deducted from the Net Operating Income. The result is the income attributable to the land. This income is capitalized to derive an estimate of land value.
6. *Ground Rent Capitalization.* This procedure is used when land rents and Land Capitalization Rates are readily available, e.g., for appraisals in well-developed areas. Net ground rent, the net amount paid for the right to use and occupy the land, is estimated and divided by a Land Capitalization Rate. Either actual or estimated rents can be capitalized using rates that can be supported in the market.

The Sales Comparison Approach is utilized to estimate the market value of the subject site. The comparable sales utilized are presented on the following pages:

### SUMMARY OF LAND COMPARABLES

Sale No.	1	2	3	4	5	6
Date/Sale	08-13-15	05-20-16	Listing	05-29-14	02-26-15	04-04-14
Consideration	\$510,000	\$180,000	\$99,099	\$250,000	\$225,000	\$250,000
Land Size ± Acres	.922	.54	.35	1.602	1.4	1.07
Price Per SF	\$12.70	\$7.65	\$6.50	\$3.58	\$3.69	\$5.36
Zoning	C-2	C-2	C-2	C-2	C-2	PUD
Proposed Use	Fast-Food Restaurant	Restaurant	Unknown	Parking Lot	Service Garage	Professional Office
Location	SEC Of S. Thompson & Eicher Avenue. Springdale	NEC Of S. Thompson & W. Grove Avenue. Springdale	S. Side Of W. Meadow Avenue. East Of S. Thompson, Springdale	W. Side Of Johnson Road. Just South Of U.S. 412. Springdale	SWC Of Elm Springs Road & White Road. Springdale	N. Side Of Lynch's Prairie Cove. East Of Founders Park, Springdale
Grantor	Quad, LLC	Hector Orellana & Marta A. Mancía	N/A	Charlene Brown	Fulfer Holdings, LLC & David & Rachel Fulfer	Tuscany Village, Inc.
Grantee	Smitco Eateries, Inc.	Waffle House, Inc.	N/A	Tyson Shared Services, Inc.	Arkansas Customs, LLC	J.L.B. Revocable Trust
Recorded	2015-22864	2016-13894	N/A	2014-13182/13183	2015-5049/5050	2014-7984

### ANALYSIS OF COMPARABLES

The preceding comparables are each located in Springdale. Comparables One, Two, Four, Five, and Six represent actual sales, while Comparable Three represents a current listing. There have been several recent improved sales in the CBD; however, very limited land sales data is available. The CBD of Springdale is near 100% built-up. There is a vacant site just south of subject, across the alley, that transferred from Brenda Kennan to Church of Truth Ministries on March 17, 2015; however, no revenue stamps are affixed to the deed and attempts have not been successful in verifying this transaction. The Warranty Deed is recorded at Instrument 2015-6986.

The land comparables presented in this report are scattered throughout Springdale. Comparables One, Two, and Three are the closest in proximity to subject; however, Comparables One and Two each represent a corner site along U.S. 71B (Thompson Street). Comparable Three lies in close proximity to subject to the west; however, represents a current listing. Comparable One sold for \$12.70 per SF, and is .922 acre in size. Comparable Two sold for \$7.65 per SF, and is .54± acre in size. Both were purchased for restaurant development. Comparable One has good frontage along U.S. 71B, while Comparable Two has the majority of its street frontage along West Grove Avenue. Comparable Three is listed for sale at \$6.50 per SF, and is indicated to be approximately .35± acre in size. This comparable has frontage along West Meadow Avenue, and is a deep site running southerly from West Meadow Avenue. Each of Comparables One, Two, and Three is zoned C-2. Although larger in size than subject, each of Comparables One and Two is considered superior to subject due to the U.S. 71B frontage. Comparable Three is similar in size to subject; however, is not a corner site. Again, this comparable represents a listing.

Comparables Four, Five, and Six each represent a substantially larger site, with a location removed from the CBD. Comparables Four and Six front side roads, off major thoroughfares. Comparable Five fronts Elm Springs Road. Each of these comparables is zoned C-2. Comparable Four sold for \$3.58 per SF, Comparable Five \$3.69 per SF, and Comparable Six \$5.36 per SF. It should be noted that Comparable Six was purchased for professional office development. Each of Comparables Four, Five, and Six are considered inferior to subject, primarily due to the larger size, with Comparable Six only slightly inferior.

In summary, the per SF value for subject would appear to lie between the unadjusted per SF prices of Comparables Six (\$5.36) and Two (\$7.65), and near that of Comparable Three (\$6.50). In my opinion, the indicated per SF value for subject is \$6.00. Therefore,

$$\begin{array}{rcl} 14,422\pm \text{ SF @ } \$6.00 & = & \$86,532 \\ & & \text{Say } \mathbf{\$87,000} \end{array}$$

**Land Sale 1**



**Land Sale 2**



**Listing 3**



**Land Sale 4**



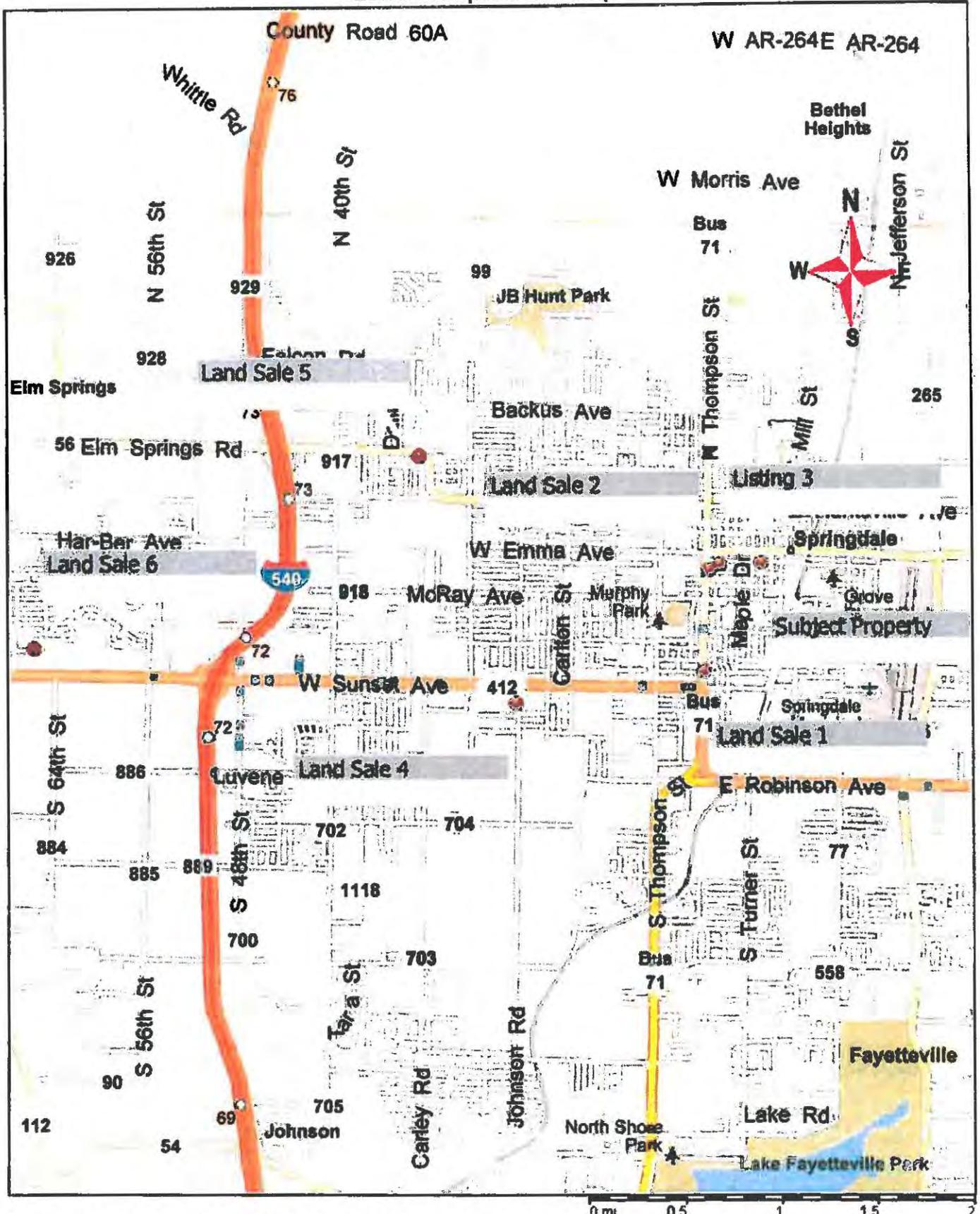
**Land Sale 5**



**Land Sale 6**



### Land Comparables Map



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## VALUE ESTIMATE BY COST APPROACH

In the Cost Approach, an estimated reproduction or replacement cost of the building and land improvements as of the date of the appraisal is developed, together with the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences. To the depreciated building cost estimate is added the estimated value of the land. The total represents the indicated value by the Cost Approach. The following terms utilized in the Cost Approach require defining:

*"Reproduction Cost is the estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building."<sup>6</sup>*

*"Replacement Cost is the estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout."<sup>7</sup>*

*Entrepreneurial Incentive is the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called developer's profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement."<sup>8</sup>*

*"Accrued Depreciation is a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date"<sup>9</sup>*

*"Effective Age is the age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age."<sup>10</sup>*

*"Economic Life is the period over which improvements to real property contribute to property value."<sup>11</sup>*

*"Economic Age-Life Method is A method of estimating depreciation in which the ratio between the effective age of a building and its total economic life is applied to the current cost of the improvements to obtain a lump-sum deduction; also known as the age-life method."<sup>12</sup>*

The Cost Approach is not utilized in this report. Subject improvements are older and suffer substantially from Accrued Depreciation. Due to the difficulty in accurately estimating Accrued Depreciation in a property of this nature, a value estimate by the Cost Approach would be considered less reliable. Application of the Cost Approach is not considered necessary to produce credible appraisal results for the subject property.

<sup>6</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P.169

<sup>7</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P.168

<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 67.

<sup>9</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 56.

<sup>10</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 65.

<sup>11</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 64.

<sup>12</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 63.

## VALUE ESTIMATE BY SALES COMPARISON APPROACH

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

*"To apply the Sales Comparison Approach, appraisers follow a systematic procedure:*

- 1. Research the competitive market for information on properties that are similar to the subject property and that have recently sold, are listed for sale, or are under contract. Information on agreements of sale, options, listings, and bona fide offers may also be collected. The characteristics of the properties such as property type, date of sale, size, physical condition, location, and land use constraints should be considered. The goal is to find a set of comparable sales or other evidence such as property listings or contracts as similar as possible to the subject property to ensure they reflect the actions of similar buyers. Market analysis and highest and best use analysis set the stage for the selection of appropriate comparable sales.*
- 2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm's-length market considerations. Verification should elicit additional information about the property such as buyer motivation, economic characteristics (if the property is income-producing), value component allocations, and other significant factors as well as information about the market to ensure that comparisons are credible.*
- 3. Select the most relevant units of comparison used by participants in the market (e.g., price per acre, price per square foot, price per front foot, price per dwelling unit) and develop a comparative analysis for each unit. The appraiser's goal is to define and identify a unit of comparison that explains market behavior.*
- 4. Look for differences between the comparable sale properties and the subject property using all appropriate elements of comparison. Then adjust the price of each sale property, reflecting how it differs, to equate it to the subject property or eliminate that property as a comparable. This step typically involves using the most similar sale properties and then adjusting for any remaining differences. If a transaction does not reflect the actions of a buyer who would also be attracted to the subject property, the appraiser should be concerned about comparability.*
- 5. Reconcile the various value indications produced from the analysis of comparables into a value conclusion. A value opinion can be expressed as a single point estimate, as a range of values, or in terms of a relationship (e.g., more or less than a given amount)."<sup>13</sup>*

The following comparable improved sales are utilized in estimating the market value of the subject property by the Sales Comparison Approach:

<sup>13</sup> Appraisal Institute, *The Appraisal of Real Estate – Fourteenth Edition*. (Chicago: Appraisal Institute, 2013), P 381-382

**IMPROVED SALE 1**



**GENERAL INFORMATION**

**Property Name:** GDB Ventures, LLC      **Book/Page:** 2015/33320      **Record #:** 917  
**Location:** Southeast corner of Spring Street and East Johnson Avenue  
**Address:** 109 Spring Street      **General/Specific Type:** Commercial/Professional Office  
**City:** Springdale      **County:** Washington      **State:** AR  
**Parcel(s):** 815-22955-000  
**S-T-R:** 36-18-30      **Lot/Block:** 5      **Subdivision:** Holcombs First Replat  
**Legal:** Part of Block 5 of the Holcomb Addition, to the City of Springdale, Arkansas, per the recorded Replat of said Addition, Washington County, Arkansas

**SALE INFORMATION**

**Sale Date:** November 23, 2015      **Financing:** Market Terms  
**Sale Price:** \$555,000      **Exposure Time:** Unknown  
**Adjusted Price:** \$555,000      **Verification:** Buyer (Greg Taylor)  
**Grantor:** Robert L. Hensley      **Property Rights:** Leased Fee  
**Grantee:** GDB Ventures, LLC      **Conditions of Sale:** Arm's Length

**LAND INFORMATION**

**Land Size:** 0.350± Acres, or 15,246± SF      **Zoning:** C-3, Downtown Commercial  
**Utilities:** Typical City      **Total Frontage Feet:** 256±, along Spring St. & E. Johnson Ave.  
**Highest & Best Use:** Professional Office

**Topography:** Undulating to Gently Sloping

**PHYSICAL INFORMATION**

**Gross SF:** 8,748±      **Quality:** Average  
**Stories:** 2      **Condition:** Average  
**Year Built:** 1978±  
**Site Improvements:** Adequate      **Indicators**  
**Wall Height:** 10'/FL.      **Price Per SF:** \$63.44±  
**Construction Type:** Class "C"      **Adjusted Price Per SF:** \$63.44±  
**Roof:** Flat-Metal      **Land-to-Building Ratio:** 1.74:1±

**Remarks:** This building originally sold 2/27/2015 for \$560,000, then resold 11/23/2015 for \$555,000.

The site is basically rectangular in shape, with a 5' wide by 80' deep neck running south off the southeast corner. This neck connects to a parking lot to the south. The site is partially located in the Flood Zone.

The building contains approximately 8,748± SF (1st Floor- 4,680± SF; 2nd Floor- 3,454± SF; Open Atrium- 614± SF). The atrium is in the central part of the building. Tenant usable area is approximately 8,134± SF. The structure includes a covered porch/carport area on the north at an entrance to one of the suites. The exterior walls of the building are brick and fixed glass. There are 5 office suites on the first floor and 7 office suites on the second floor. The typical interior suite is 200± SF to 400± SF in size. There are four corner suites at 1,000± SF to 1,200± SF each. The building has central heat/air. The effective age of the building at the date of sale was approximately 25 years.

The building was 90%± occupied at the date of sale. The leases are Full-Service, and the average annual per SF rate is approximately \$17.00. The property owner indicated typical monthly gross income is \$6,600, while the typical monthly expenses are \$2,500. This supports an Overall Rate of 8.86%.

On-site parking is available on the north and east. Off-site parking is available on the west. Spring Street is now a one-way street running north.

**IMPROVED SALE 2**



**GENERAL INFORMATION**

**Property Name:** Dewitt Holdings, LLC      **Book/Page:** 2014/24191      **Record #:** 967  
**Location:** North of East Emma Avenue  
**Address:** 120 North Commercial Street      **General/Specific Type:** Commercial/Professional Office  
**City:** Springdale      **County:** Washington      **State:** AR  
**Parcel(s):** 815-22954-000  
**S-T-R:** 36-18-30      **Lot/Block:** 5      **Subdivision:** Holcombs First Replat  
**Legal:** Part of Block 5 of Holcomb's Addition, to the City of Springdale, Arkansas, per the recorded Replat of said Addition, Washington County, Arkansas

**SALE INFORMATION**

**Sale Date:** September 19, 2014      **Financing:** Market Terms  
**Sale Price:** \$155,000      **Exposure Time:** 887± Days  
**Adjusted Price:** \$155,000      **Verification:** MLS; Public Records; Selling Agent  
**Grantor:** Charles E. Davis and Associates, Inc.      **Property Rights:** Fee Simple  
**Grantee:** Dewitt Holdings, LLC      **Conditions of Sale:** Arm's-Length

**LAND INFORMATION**

**Land Size:** 0.21± Acres, or 9,148± SF      **Zoning:** C-3, Downtown Commercial  
**Utilities:** Typical City      **Total Frontage Feet:** 55'± North Commercial Street  
**Topography:** Undulating To Gently Sloping      **Highest & Best Use:** Professional Office

**PHYSICAL INFORMATION**

**Gross SF:** 2,490±      **Quality:** Average  
**Stories:** 1      **Condition:** Average  
**Year Built:** 1960±  
**Site Improvements:** Adequate      **Indicators**  
**Wall Height:** 8'±      **Price Per SF:** \$62.25±  
**Construction Type:** Class C      **Adjusted Price Per SF:** \$62.25±  
**Roof:** Composition Shingle      **Land-to-Building Ratio:** 3.67:1±  
**Remarks:** The site includes asphalt paving, and is reported to have 10 parking spaces.

The building was occupied by a law office before and after the sale. Each represents owner-occupancy. The building had 5 private offices, library, reception area, and 2 restrooms. The structure has central heat/air. There is an open porch at the front entrance.

The effective age of the building at the date of sale was approximately 30± years. The buyer replaced the floor cover after the sale, and renovated the restrooms.

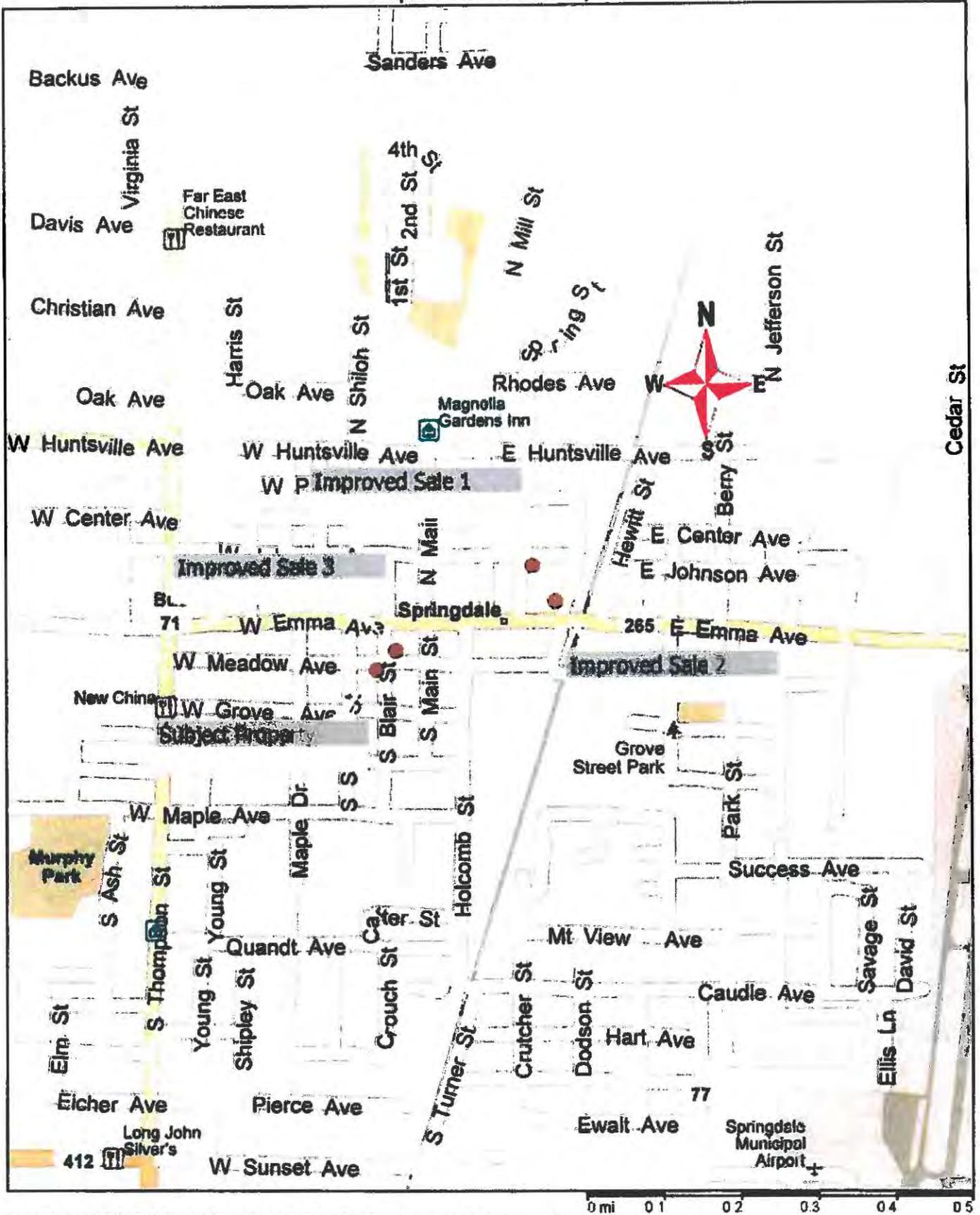
This property is located at the northwest corner of Commercial Street and an east-west alley.



lease was renewed June 1, 2016, for a five-year term. The lease rate began at \$1,850 per month, or \$5.09 per SF per year. This is a Modified Gross Lease arrangement. Based on the new lease, 5% vacancy/credit loss, and 20% operating expenses, the indicated Overall Rate is 7.85%.

The effective age of the building at the date of sale was approximately 30 to 35± years.

### Improved Sales Map



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### SUMMARY OF IMPROVED SALES

Sale No.	1	2	3
Date/Sale	11-23-15	09-19-14	11-23-15
Consideration	\$555,000	\$155,000	\$215,000
Building Size± SF	8,748	2,490	4,360
Price Per SF	\$63.44	\$62.25	\$49.31
Use	Professional Office	Professional Office	Therapy Clinic
Location	109 Spring Street, Springdale	120 North Commercial Street, Springdale	105 South Blair Street, Springdale

### ANALYSIS OF SALES

The unit of comparison is price per SF of building area. The elements of comparison are property rights, financing, conditions of sale, market conditions, location, and physical characteristics.

**Property Rights:** Sales One and Three each involved the transfer of the leased fee estate, while Sale Two involved the transfer of the fee simple estate. The fee simple estate of the subject property is valued in this report. Sales Analysis does not support an adjustment to Sales One or Three for the transfer of the leased fee estate.

**Financing:** Each of the sales involved market terms/cash to seller. No adjustments for financing are indicated.

**Conditions of Sale:** Each of the sales represents an arm's-length transaction. No adjustments for conditions of sale are indicated.

**Market Conditions:** The comparables sold between September 9, 2014, and November 23, 2015. Each of the sales is considered to have occurred within a time period when market conditions were reasonably similar to those as of the effective date of this report. No adjustments for market conditions can be supported.

**Location:** Each of the sales, and subject are located in the CBD of Springdale, and are included in the Springdale Downtown Master Plan. No adjustments for location are indicated.

**Physical Characteristics:** Sale One is a two-story professional office building containing 8,748± SF of building area, and situated on a .35± acre site. The construction quality is average. The building is Class "C" construction. The building represents multi-tenant usage. The building was constructed in 1978±, and was in average condition at the date of sale. The structure suffers from physical deterioration and functional obsolescence (layout). The effective age was 25± years. The land to building ratio is 1.74:1±. The property included adequate site improvements.

Sale Two is a one-story professional office building containing 2,490± SF of building area, and situated on a .21± acre site. The construction quality is average. The building is Class "C" construction. The building represents single-tenant usage. The building was constructed in 1960±, and was in average condition at the date of sale. The structure suffers from physical deterioration and functional obsolescence (layout). The effective age was 30± years. The land to building ratio is 3.67:1±. The property included adequate site improvements.

Sale Three is a one-story office building currently utilized as a Therapy Clinic. The building contains 4,360± SF, and is situated on a .31± acre site. The construction quality is average. The building is Class "C" construction. The building represents single tenant usage. The building was constructed in 1953±, and was in average condition at the date of sale. The structure suffers from physical deterioration and functional obsolescence (layout). The effective age was 30 to 35± years. The land to building ratio is 3.1:1±. The property included adequate site improvements.

In comparison to subject, with respect to physical characteristics, Sale Three is considered inferior, Sale Two somewhat inferior, and Sale One slightly inferior.

Sale One is larger in building size than subject, and has a lower land to building ratio; however, the sale is superior in construction quality and represents multi-tenant usage. The effective age of Sale One is slightly higher than subject's effective age. Overall, Sale One requires an upward adjustment for physical characteristics of 5% based on Sales Analysis.

Sale Two is smaller in building size than subject, and has a slightly higher land to building ratio. The sale is inferior to subject in construction quality and effective age. Overall, Paired Sales Analysis supports that Sale Two requires an upward adjustment for physical characteristics of near 10%±.

Sale Three is slightly smaller in building size than subject. The sale is inferior to subject in construction quality and effective age. The land to building ratio is reasonably similar between the sale and subject. Overall, Paired Sales Analysis supports an upward adjustment to Sale Three of near 35%±.

**Conclusion:**

The following adjustment grid is indicated:

<b>Sale No.</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Sales Price/SF</b>	<b>\$63.44</b>	<b>\$62.05</b>	<b>\$49.31</b>
<b>Property Rights</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Conditions Of Sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Market Conditions</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>After Market Conditions</b>	<b>\$63.44</b>	<b>\$62.25</b>	<b>\$49.31</b>
<b>Location</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Physical Characteristics</b>	<b>+3.17</b>	<b>+6.23</b>	<b>+17.26</b>
<b>Indicated Per SF Value Of Subject</b>	<b>\$66.61</b>	<b>\$68.48</b>	<b>\$66.57</b>

The sales indicate an adjusted per SF range of \$66.57 to \$68.48. The mean is \$67.22/SF, while the median is \$66.61/SF. Each of the sales is given some consideration. Also given consideration are the following sales located in the Springdale CBD:

1. 200 South Holcomb Street; sold on February 28, 2014; 3,732± SF Class "C" professional office building situated on approximately .73± acre; building constructed in 1974±; \$176,500 or \$47.29/SF.
2. 709 West Emma Avenue; sold April 8, 2016; 1,560± SF Class "C" professional office building situated on approximately .17± acre; building constructed in 1965±; \$95,000 or \$60.90/SF.

In my opinion, the indicated per SF value of the subject property by the Sales Comparison Approach is \$67.00. This is above the unadjusted per SF range of the comparables primarily due to the renovation of the subject building. Consider the following:

$$4,743\pm \text{ SF @ } \$67.00 = \$317,781$$

Say \$318,000

Please see the Extraordinary Assumptions previously presented.

## VALUE ESTIMATE BY INCOME CAPITALIZATION APPROACH

In the Income Capitalization Approach, the current rental income is shown with deductions for vacancy and credit loss and operating expenses. A conclusion about the prospective net operating income of the property is developed. In support of this net operating income estimate, operating statements for the previous years may be reviewed, together with available operating-cost estimates. An applicable capitalization method and appropriate capitalization rate are developed for use in computations that lead to an indication of value by the Income Capitalization Approach.

The following definitions are necessary before applying the Income Capitalization Approach to the subject property:

*"Potential Gross Income (PGI) is the total income attributable to real property at full occupancy before vacancy and operating expenses are deducted."<sup>14</sup>*

*"Effective Gross Income (EGI) is the anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses and an addition is made for any other income."<sup>15</sup>*

*"Net Operating Income (NOI) is the actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization)."<sup>16</sup>*

*"Overall Capitalization Rate (R<sub>O</sub>) is an income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value ( $R_O = I_O/V_O$ )."<sup>17</sup>*

*"Direct Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified."<sup>18</sup>*

The following comparable rentals are considered:

<sup>14</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Fifth Edition, (Chicago: Appraisal Institute, 2010), P. 148.

<sup>15</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Fifth Edition, (Chicago: Appraisal Institute, 2010), P. 65.

<sup>16</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Fifth Edition, (Chicago: Appraisal Institute, 2010), P. 134.

<sup>17</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Fifth Edition, (Chicago: Appraisal Institute, 2010), P. 141.

<sup>18</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Fifth Edition, (Chicago: Appraisal Institute, 2010), P. 58.

**Rental 1**



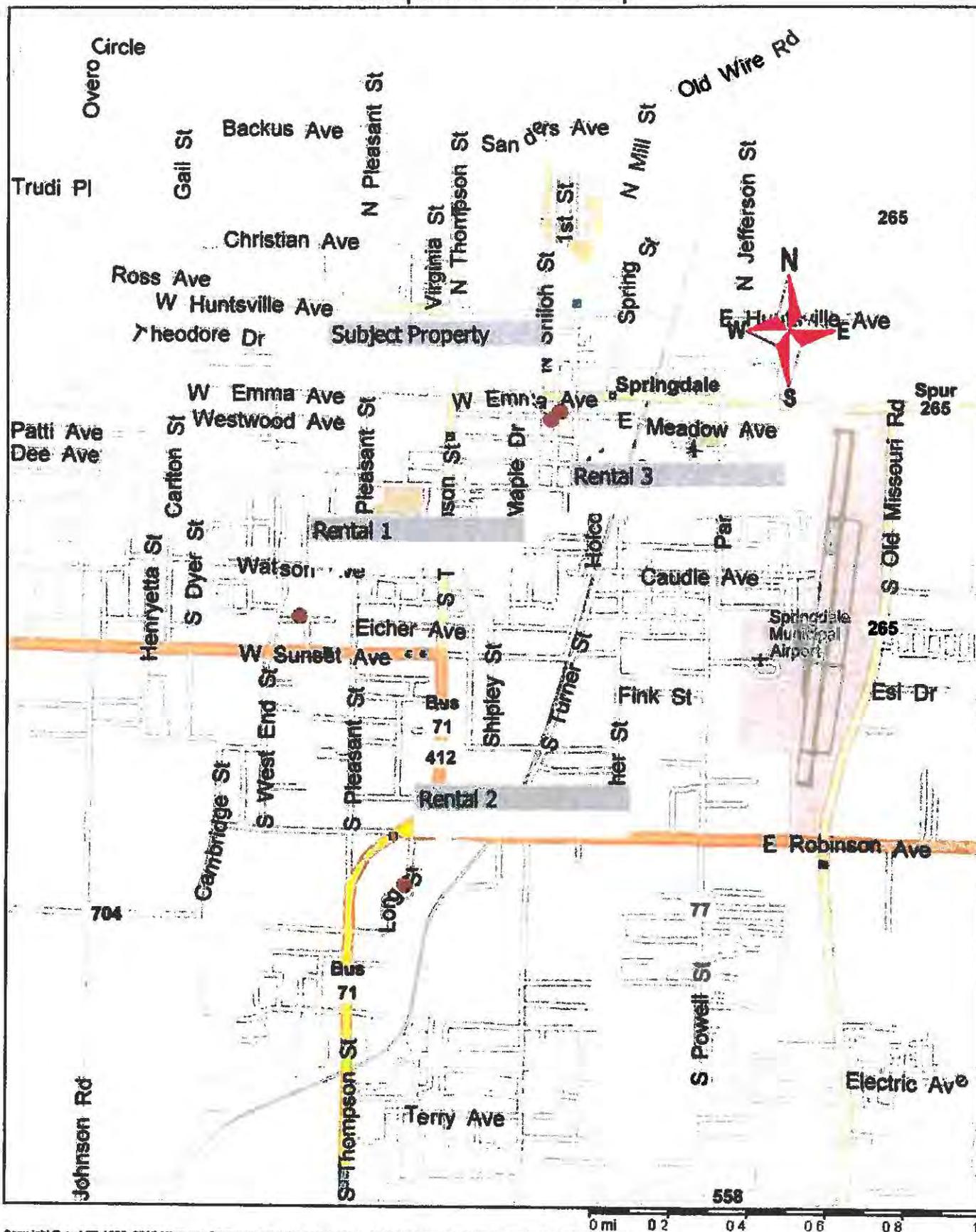
**Rental 2**



**Rental 3**



### Comparable Rentals Map



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## POTENTIAL GROSS INCOME

### Summary of Comparable Rentals

Rental	1	2	3
Location	1494 Plaza Place, Springdale	2202 Long Street, Springdale	105 South Blair Street, Springdale
Property Type	Professional Office	Professional Office	Therapy Clinic
Lessor	West End Plaza Development	Lance & Nancy Johnson	Wayne P. Adams
Lessee	The After School Program	Rodney Jones	Kids Spot
Type of Lease	Modified Gross	Modified Gross	Modified Gross
Term	3 Years Beginning In 2015	3 Years Beginning In July 2014	5 Years Beginning In June 2016
Leased Area	4,095± SF	2,000± SF	4,360± SF
Annual Per SF Rate	\$8.60	\$6.00	\$5.09
Building Type	Single Tenant	Multi-Tenant	Single Tenant

Rental Three is located in close proximity to subject in the CBD of Springdale. Rentals One and Two are removed from subject, being located in the South Central part of Springdale. Rentals One and Two each represent Class 'D' average quality construction, while Rental Three represents average quality Class 'C' construction. Rental Three represents Improved Sale Three in the Sales Comparison Approach. Each of the comparable rentals is smaller in leased area than subject. Rentals One and Three represent single tenant structures, while Rental Two represents 2,000± SF in an 8,000± SF multi-tenant building. The Rental One building was constructed in 1995±, Rental Two building in 2001±, and, Rental Three building in 1953±.

Each of the comparable rentals involves a Modified Gross Lease arrangement.

Overall, Rental One is considered slightly to somewhat superior to subject, while Rentals Two and Three are each considered inferior.

In my opinion, economic rent for subject is **\$8.00/SF/YR**. This is based on a Modified Gross Lease arrangement. Potential Gross Income is estimated as follows:

$$4,743\pm \text{ SF @ } \$8.00 = \$37,944$$

### VACANCY/CREDIT LOSS

Subject property was vacant as of the effective date of this report. The property had most recently been owner-occupied by a division of the Springdale Police Department.

Based on the 2<sup>nd</sup> Quarter 2016 Office Market Report by Xcelligent, Springdale reflected the following vacancy rates:

Submarket	Inventory SF	Vacancy
East Springdale	578,242	3.5%
Springdale CBD	120,730	0%
West Springdale	64,479	0%

The preceding rates do not reflect credit loss.

Based on the preceding data, a 5% vacancy/credit loss rate is considered applicable for subject.

#### EFFECTIVE GROSS INCOME

Effective Gross Income is estimated as follows:

Potential Gross Income	=	\$37,944
Less: 5% Vacancy/Credit Loss	=	<u>(\$ 1,897)</u>
Effective Gross Income	=	\$36,047

#### OPERATING EXPENSES

Under the Modified Gross Lease arrangement projected for subject, property tax, building insurance, management, exterior maintenance/reserves for replacement of short-lived items, and miscellaneous expenses are the responsibility of the Lessor. Utility expense, interior maintenance, and janitorial expense are the responsibility of the Lessee.

The following operating expenses are projected for subject:

Property Tax	=	\$3,590
Building Insurance	=	\$2,000
Management	=	\$1,803
Exterior Maintenance/Reserves	=	\$1,082
Miscellaneous*	=	<u>\$ 361</u>
Total Lessor's Responsibility	=	\$8,836

\* Includes utility expense during vacancy.

Property tax for the subject property is estimated based on the Washington County Assessor's valuations of 1494 Plaza Place and 105 South Blair Street in Springdale. Consider the following:

	Appraised Value	Taxable Value	Building Size	Land Size	Taxable Value Per SF Of Bldg.
1494 Plaza Place	\$337,500	\$67,500	4,095	.366 Acre	\$16.48
105 S. Blair Street	\$249,100	\$49,820	4,360	.31 Acre	\$11.43

The property at 1494 Plaza Place is considered slightly to somewhat superior to subject overall, while the property at 105 South Blair Street is considered inferior. This pertains to Taxable Value per SF of building area.

Based on the preceding comparables, it is my opinion the Taxable Value per SF of building area for subject should be near \$14.50. Therefore, Taxable Value for subject is projected to be \$68,774 (4,743± SF @ \$14.50). Based on a millage rate of 52.20, the estimated annual property tax for subject is \$3,590 (\$68,774 @ .0522).

Building insurance for subject is estimated based upon the following comparable office buildings:

Property	Annual Insurance Expense	Building Size (SF±)	Expense/SF
5660 Frontage Road, Fayetteville	\$1,410	6,290	\$0.22
1494 Plaza Place, Springdale	\$1,944	4,095	\$0.47
6800 Isaac's Orchard Road, Springdale	\$2,704	9,894	\$0.27

Comparables One and Three indicate a tight range for insurance expense per SF of building area. Comparable Two is much higher per SF; however, overall, is a more comparable property to subject than Comparables One or Three. The annual insurance expense for subject is estimated to be \$2,000, or \$.42/SF± of building area.

Management, exterior maintenance/reserves, and miscellaneous expenses for subject are estimated based upon the following comparables:

Operating Expense Comparables				
	Management	Mgt.	Ext. Maint.	Misc.
One Steele Plaza, Fayetteville	Office	2.9%	2.6%	0.3%
First Street Plaza, Rogers	Office/Retail	3.3%	12.8%	0.7%
South Walton Plaza, Bentonville	Office	5.0%	3.5%	N/A
Cottonwood Village, Bentonville	Retail	5.2%	4.9%	N/A
Park Place, Bentonville	Retail	N/A	8.8%	1.3%

Based on these comparables, management is estimated at 5% of Effective Gross Income, exterior maintenance/reserves at 3% of Effective Gross Income, and miscellaneous expense at 1% of Effective Gross Income.

### NET OPERATING INCOME

The following annual Net Operating Income is projected for subject:

Potential Gross Income	=	\$37,944
Less: Vacancy/Credit Loss @ 5%	=	<u>(\$ 1,897)</u>
Effective Gross Income	=	\$36,047
Less: Operating Expenses @ 24.51%	=	<u>(\$ 8,836)</u>
Net Operating Income	=	\$27,211

### CAPITALIZATION RATE

$R_O$

Because most properties are purchased with debt and equity capital, the return on investment component of the Overall Capitalization Rate must satisfy the market return requirements of each investment position. Lenders must anticipate receiving a competitive interest rate commensurate with the perceived risk or they will not make funds available.

Similarly, equity investors must anticipate receiving a competitive equity yield commensurate with the perceived risk or they will divert their investment funds elsewhere.

The capitalization rate for debt is called the mortgage constant ( $R_M$ ). It is the ratio of the annual debt service to the principle amount of the mortgage loan.

The equity investor also seeks a return on and a return of the equity investment. The rate used to capitalize equity income is called the equity dividend rate ( $R_E$ ). The equity dividend rate is the ratio of equity dividend to the amount of equity. For appraisal purposes, the Equity Capitalization Rate for the subject property is the anticipated return to the investor, usually for the first year of the holding period.

The following loan terms are indicated by Area Financial Institutions on properties similar to subject:

5 to 5.5% Interest Rate (10 Year Fixed)

15-20 Year Amortization Period

.0825 Annual Constant (Based On 5.5%. 20 Years)

75% Loan-Value Ratio

1.20-1.30 Debt Coverage Ratio

The equity dividend rate for the subject property is estimated to be 11.5%. The 2<sup>nd</sup> Quarter 2016 issue (1<sup>st</sup> Qtr. Data) of RealtyRates.com Investor Survey indicates a range in equity dividend rates for the Office-Central Business District category of 7.84% to 16.16%. The average was 11.58%.

**Band Of Investment Method**

The Band of Investment or Weighted Average Formula for deriving an Overall Rate when the mortgage constant and equity dividend rates are known is:

$$R_O = M \times R_M + (1-M) \times R_E$$

$$\text{Therefore: } R_O = (.75 \times .0825) + (.25 \times .115)$$

$$R_O = .0619 + .0288$$

$$R_O = 9.07\%$$

**Debt Coverage Ratio Technique**

The Debt Coverage Ratio Technique is also considered in arriving at an applicable Overall Rate. Consider the following:

$$R_O = \text{Annual Constant} \times \text{Loan/Value Ratio} \times \text{Debt Coverage Ratio}$$

$$R_O = .0825 \times .75 \times 1.25$$

$$R_O = 7.73\%$$

**Market Abstraction**

Market Abstraction is also utilized to arrive at an applicable Overall Rate for subject. Improved Sales One and Three presented earlier in the Sales Comparison Approach indicated the following Overall Rates:

Property	Date/Sale	Sales Price	Building Size- SF	Overall Rate
109 Spring Street, Springdale	11-23-15	\$555,000	8,748	8.86%
105 South Blair Street, Springdale	11-23-15	\$215,000	4,360	7.85%

Market Abstraction appears to support an Overall Rate for subject in the 8% to 9% range.

#### **Published Data**

Finally, Published Data is considered. The 2<sup>nd</sup> Quarter 2016 issue (1<sup>st</sup> Qtr. Data) of RealtyRates.Com Investor Survey indicates the following average Overall Rates for the Office-Central Business District category:

Debt Coverage Ratio Technique	-	9.18%
Band Of Investments Technique	-	9.37%
Surveyed Rates	-	10.11%

The preceding do not reflect a reserve allocation. Therefore, in comparison to subject, would be adjusted downward.

#### **Conclusion**

Based on the indications by the Band of Investment Method, Debt Coverage Ratio Technique, Market Abstraction, and Published Data, it is my opinion the indicated Overall Rate for subject is in the **8.50% to 8.75% range.**

## **VALUE COMPUTATIONS**

Value = Net Operating Income / Overall Rate

Value = \$27,211  $\div$  .085

Value = \$320,129

Value = \$27,211  $\div$  .0875

Value = \$310,983

Based upon the preceding, it is my opinion the indicated market value of the subject property by the Income Capitalization Approach is:

**\$320,000**

Please see the Extraordinary Assumptions previously presented.

## **CORRELATION AND FINAL VALUE ESTIMATE**

Reconciliation is the part of the valuation process in which the appraiser attempts to resolve differences among the value indications derived from the application of the approaches. The conclusion drawn in the reconciliation is based on the appropriateness, the accuracy, and the quantity of the evidence in the entire appraisal.

The following values for the subject property were indicated:

Cost Approach	=	Not Utilized
Sales Comparison Approach	=	\$318,000
Income Capitalization Approach	=	\$320,000

### **Cost Approach**

The Cost Approach is based, in part, upon the principle of substitution. This principle is basic to the Cost Approach and holds that no prudent investor would pay more for an existing property than the cost to acquire the site and construct improvements of equal desirability and utility without undue delay. Other appraisal principles that relate to the Cost Approach are: Supply and demand; balance; externalities; and, highest and best use.

The Cost Approach was not utilized in this report due to reasons previously discussed. Application of the Cost Approach was not considered necessary to produce credible appraisal results for the subject property.

### **Sales Comparison Approach**

Certain principles are also basic to the Sales Comparison Approach: Substitution; supply and demand; balance; and, externalities. Again, the principle of substitution is very important. This principle states that the value of a specific property generally is set by the price necessary to acquire a substitute property of equivalent utility.

The strength of the Sales Comparison Approach is the availability of comparably improved sales on which reliable and accurate data could be obtained. In the comparison process with subject, the sales required adjustments; however, the adjustments are believed market supported. The reliability of the Sales Comparison Approach is considered to be good in estimating the market value of the subject property.

**Income Capitalization Approach**

The application of the Income Capitalization Approach is based on the operation of value influences and appraisal principles. The appraisal principles considered are: Anticipation and change; supply and demand; substitution; balance; and, externalities. Anticipation and change are very important. The principle of anticipation states that value is created by the expectation of benefits to be derived in the future. Income Capitalization methods attempt to forecast future benefits and estimate their present value. The Income Capitalization Approach also focuses on how change affects the value of income-producing properties.

The strength of the Income Capitalization Approach is the availability of comparable rentals, and good support for the Overall Rate. The reliability of the Income Capitalization Approach is also considered to be good in estimating the market value of the subject property.

**Final Value**

In the final value analysis, both the Sales Comparison and Income Capitalization Approaches are given consideration.

In my opinion, the market value of the fee simple estate of the subject property, as of August 13, 2016, was:

**THREE HUNDRED TWENTY THOUSAND DOLLARS**

**(\$320,000)**

**The following Extraordinary Assumptions are utilized in this report:**

- 1. Land size is approximately as indicated in this report;**
- 2. Building plumbing, electrical, and HVAC Systems are adequate, and in proper working order;**
- 3. Subject is in compliance with all applicable EPA regulations.**

**If any, or all, of these Extraordinary Assumptions prove to be untrue, the preceding value estimate could be influenced.**

**Additional Assumptions and Limiting Conditions appear in the Introduction Section of this report.**

**The estimated exposure time for the subject property is one year or less.**

## **EXPOSURE PERIOD**

Exposure time is the length of time the subject properties would have been exposed for sale in the market had they sold at the market value concluded in this analysis as of the date of this valuation.

The indicated "Days On Market" of Improved Sales Two and Three presented earlier in the Sales Comparison Approach were 887 days and 97 days, respectively. The "days on market" for Improved Sale One is not known.

Based on Multiple Listing Service data, the average days on market for improved office property sales in Washington County between August 13, 2015, and August 13, 2016, was 225 days; the median was 130 days. This was based on 26 transactions.

In my opinion, the applicable exposure time for subject is one year, or less.

**PART IV - EXHIBITS AND ADDENDA**

**SUBJECT PHOTOGRAPHS**

**PHOTOGRAPH 1**



**Blair Street Frontage – Looking Northerly**

**PHOTOGRAPH 2**



**Blair Street Frontage – Looking Southerly**

**PHOTOGRAPH 3**



**Meadow Avenue Frontage – Looking Westerly**

**PHOTOGRAPH 4**



**Meadow Avenue Frontage – Looking Easterly**

**PHOTOGRAPH 5**



**Building Front (East Side) - Looking Northwesterly**

**PHOTOGRAPH 6**



**Building Front (East Side) - Looking Southwesterly**

**PHOTOGRAPH 7**



**Building North Side – Looking Southwesterly**

**PHOTOGRAPH 8**



**Building North Side – Looking Southeasterly**

**PHOTOGRAPH 9**



**Building Rear (West Side) – Looking Southeasterly**

**PHOTOGRAPH 10**



**Building Rear (West Side) – Looking Northerly**

**PHOTOGRAPH 11**



**Building South Side – Looking Northwesternly**

**PHOTOGRAPH 12**



**Building South Side – Looking Northeastly**

**PHOTOGRAPH 13**



**North Parking Area - Looking Westerly**

**PHOTOGRAPH 14**



**South Parking Area & Alley - Looking Westerly**

**PHOTOGRAPH 15**



**Alley Between Shiloh & Blair Streets – Looking Westerly**

**PHOTOGRAPH 16**



**Front Entrance**

**PHOTOGRAPH 17**



**Front Entrance**

**PHOTOGRAPH 18**



**Reception**

**PHOTOGRAPH 19**



**Reception**

**PHOTOGRAPH 20**



**File Room**

**PHOTOGRAPH 21**



**Office**

**PHOTOGRAPH 22**



**Break Room**

**PHOTOGRAPH 23**



**Office**

**PHOTOGRAPH 24**



**Break Room**

**PHOTOGRAPH 25**



**Office**

**PHOTOGRAPH 26**



**Restroom**

**PHOTOGRAPH 27**



**North Hallway**

**PHOTOGRAPH 28**



**South Hallway**

**PHOTOGRAPH 29**



**Large Office**

**PHOTOGRAPH 30**



**Restroom**

The form of this instrument was approved by: Alan Gauldin, Esq.  
2600 South Thompson, Springdale, Arkansas 72764,  
and the information in the blanks was completed by  
Triad Title Company.

File # 200408043

Doc ID: 007748760002 Type: REL  
Recorded: 10/07/2004 at 01:13:30 PM  
Fee Amt: \$11.00 Page 1 of 2  
Washington County, AR  
Bette Stamps Circuit Clerk  
File 2004-00041713



**WARRANTY DEED**  
(With Relinquishment of Dower and Curtesy)

**KNOW ALL MEN BY THESE PRESENTS:**

**THAT we, Carl C. Hoffman M.D. and Connie M. Hoffman, husband and wife, ("GRANTORS"),** for and in consideration of the sum of Ten and No/100—(\$10.00)—DOLLARS, and other good and valuable consideration in hand paid by City of Springdale ("GRANTEES"), the receipt of which is hereby acknowledged, do hereby grant, bargain, sell and convey unto the said GRANTEE(S) and unto \_ heirs, successors and assigns forever, the following lands lying in the County of \_ , State of Arkansas, to-wit:

Lot 1 and the East 29.00 feet of Lot 2, Block 8, of the Railroad Addition to the City of Springdale, Arkansas, as per plat thereof.

Also,

The West 12.00 feet of Lot 2 and the East 25.00 feet of Lot 3 in Block 8, in the Railroad Addition to the City of Springdale, Washington County, Arkansas, as designated on the plat of said Addition now on file in the office of the Circuit Clerk and Ex-Officio Recorder of Washington County, Arkansas.

Also,

Beginning at a point that is 25.00 feet West of the SE corner of Lot 3 in Block 8, in the Railroad Addition to the City of Springdale, Washington County, Arkansas; thence North 130.00 feet; thence West 2.00 feet; thence South 130.00 feet; thence East 2.00 feet, to the point of beginning. Subject to roadways and easements of record, if any.

"SUBJECT TO RIGHT OF WAY/EASEMENTS AND RESTRICTIONS OF RECORD, IF ANY"

To have and to hold the same unto the said GRANTEE(S) and unto \_ heirs, successors and assigns forever, with all tenants, appurtenances and hereditaments therunto belonging.

And GRANTORS hereby covenant with said GRANTEE(S) that GRANTORS will forever warrant and defend the title to the said lands against all lawful claims whatsoever, except easements, restrictions and encumbrances of record, together with any prescriptive rights of third parties for ingress and egress to said property.

And we, **Carl C. Hoffman M.D. and Connie M. Hoffman, husband and wife**; for and in consideration of said sum and money, do hereby respectively release and relinquish unto the said GRANTEE(S) all of our respective rights of dower, curtesy and homestead in and to the said lands.

IN TESTIMONY WHEREOF, the names of the GRANTORS are affixed this 5th day of October, 2004

Carl C Hoffman  
Carl C. Hoffman M.D.

Connie M. Hoffman  
Connie M. Hoffman

I certify under penalty of false swearing that the legally correct amount of documentary stamps have been placed on this instrument. If none shown, exempt or no consideration paid.

Grantee or Grantee's Agent: \_\_\_\_\_  
\_\_\_\_\_

**ACKNOWLEDGMENT**

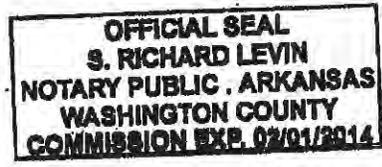
STATE OF ARKANSAS        )  
  ) ss.  
COUNTY OF WASHINGTON )

BE IT REMEMBERED, that on this day personally appeared before me, the undersigned, a Notary Public within and for the said County and State aforesaid, duly qualified, commissioned and acting Carl C. Hoffman M.D. and Connie M. Hoffman, Husband and wife, to me well known as the GRANTORS in the foregoing Warranty Deed, and stated that they had executed the same for the consideration and purposes therein mentioned and set forth.

WITNESS my hand and seal as such Notary Public on this 5th day of October, 2004

[Signature]  
Notary Public:

My Commission Expires: 2/1/14





### Flood Zone Map

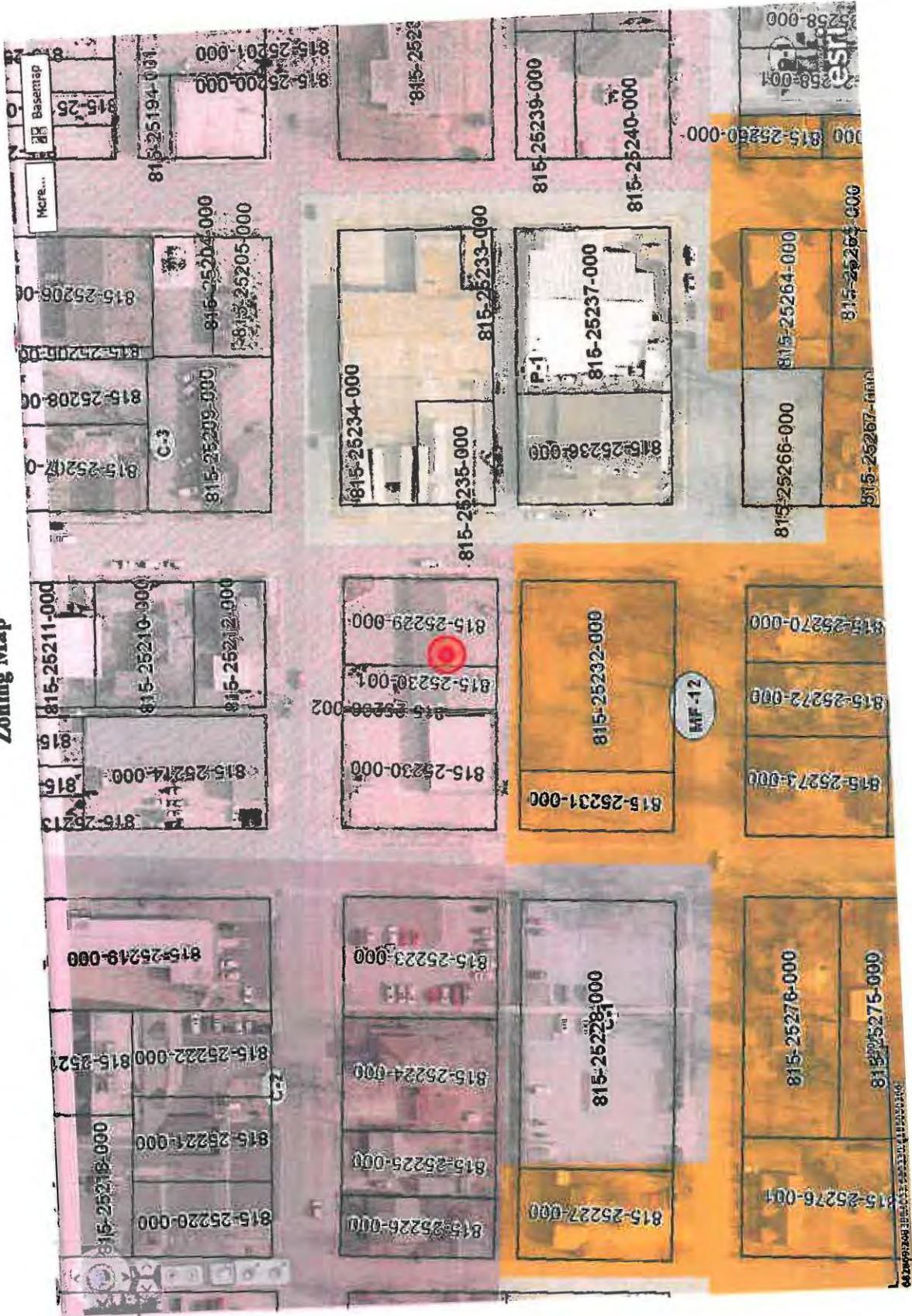


- Legend
- Base Flood Elevations
- Coastal Barrier Resources System Area
- Levees
  - Unaccredited Levee
  - Accredited Levee
- General Structures
  - Flood Structure
  - Bridge
  - Dam, Weir, Jetty
  - Other Structure
- Flood Hazard Boundaries
  - Limit Lines
  - SFHA / Flood Zone Boundary
  - Other Boundaries
- Flood Hazard Zones
  - 1% Annual Chance Flood Hazard
  - Regulatory Floodway
  - Special Floodway
  - Area of Undetermined Flood Hazard
  - 0.2% Annual Chance Flood Hazard
  - Future Conditions 1% Annual Chance Flood Hazard
  - Area with Reduced Risk Due to Levee

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### Zoning Map



**C-3 DOWNTOWN DISTRICT**

The central commercial district is designed to accommodate the commercial and related uses commonly found in the central business district which provide a wide range of retail and personal service uses.

**PERMITTED USES: 1,4,5,12,13,16,17,18,19,20,22,27,28,29,32,42,45**

**UNIT 1: CITYWIDE PUBLIC USES BY RIGHT**

Public uses, essential public services, open land uses, and similar uses, which are subject to public controls.

**UNIT 4: CULTURAL, RECREATIONAL AND HEALTH FACILITIES**

Cultural, recreational and health facilities which serve the residents of the community. These uses are typically public in nature but may also be private.

**UNIT 5: INSTITUTIONAL FACILITIES**

Main facilities of local, state or federal government agencies, including educational facilities ranging from nursery school to universities and including dormitories, stadiums and other supporting facilities

**UNIT 12: HIGH DENSITY RESIDENTIAL**

Units of two (2) or more dwelling units which have been grouped separately to allow high density residential development. However, lower density dwelling units, such as two, three or four family dwellings are also allowed.

**UNIT 13: THREE AND FOUR FAMILY RESIDENTIAL**

Units of three or four dwelling units

**UNIT 16: OFFICES, STUDIOS AND RELATED SERVICES**  
Offices, studios, medical and dental clinics and labs, and other compatible or supporting business services and sales

**UNIT 17: EATING PLACES**  
Eating places, other than drive-ins, which do not provide dancing or entertainment.

**UNIT 18: HOTEL, MOTEL AND ENTERTAINMENT FACILITIES**

Athletic facilities, hotels, motels and certain types of entertainment facilities including restaurants providing dancing, taverns, clubs and lodges.

**UNIT 19: NEIGHBORHOOD SHOPPING GOODS**

Establishments providing a variety of frequently purchased commercial goods, where convenience of location is more important than comparative shopping with size of the facility and traffic generation to be considered. These uses are grouped in order that limited commercial uses be permitted adjacent to residential areas. Uses include retail food and drug stores, dry-cleaning and coin-operated laundries, and convenience stores.

**UNIT 20: SHOPPING GOODS**

Stores selling retail goods, which are ordinarily purchased less frequently and often have a community-wide or regional market. These uses include building materials, hardware, lawn and garden supply, department, variety and general merchandise stores, apparel and accessory stores, furniture, home furnishings and equipment stores. Included are also

personal services and transportation services including bus and taxi.

**UNIT 22: AUTOMOTIVE SERVICES**

Automobile service stations can be significantly objectionable to nearby uses, therefore, such establishments have been allowed only in districts where necessary to provide this use.

**UNIT 27: PARKING LOT**

The use of a plot of ground or parcel of real estate as a parking lot facility for the parking of vehicles used by customers and employees of businesses.

**UNIT 28: HOME OCCUPATION**

Permitted accessory use of a dwelling or gainful employment customarily carried on entirely within the residential dwelling, which is clearly incidental and secondary to the principal use of the structure for residential dwelling purposes by the occupants of the residence. Additional requirements are stipulated in Article 3, Section 5 of the Zoning Regulations.

**UNIT 29: HOME OFFICE**

A home office of convenience, as opposed to a home occupation, is allowable as an accessory use in a dwelling unit. A home office of convenience is defined as an office use where the resident occupant conducts no business other than by telephone or mail, where no person employed by the resident, and where an office is needed for the purpose of sending and receiving mail, telephone calls, maintaining records, and other similar functions. It is further the intent to regulate the operation of a home office of convenience so that the average neighbor will be unaware of its existence.

**UNIT 32: TEMPORARY BUILDINGS AND/OR STORAGE**

Temporary buildings to be used for the same purposes a permanent structure may be used for once the permanent structure is completed on the property.

**UNIT 42: CHURCH/SYNAGOGUE**

A building or structure, or groups of buildings or structures, that by design and construction are primarily intended for conducting organized religious services and associated accessory uses.

**UNIT 45: HEALTH CARE CLINIC**

An establishment where patients are admitted for examination and treatment on an outpatient basis, whether public or private, principally engaged in providing services for health maintenance and the treatment of physical conditions where patients are not usually lodged overnight.

**CONDITIONAL USES PERMISSIBLE ON APPEAL: 2,3,21,33,40**

**UNIT 2: CITYWIDE USES BY CONDITIONAL USE PERMIT**

Public and private uses which may be conducted anywhere in the territorial jurisdiction, but which can be objectionable to nearby uses due to noise or smell and are, therefore, permitted subject to conditional use permits in all districts.

**UNIT 3: UTILITY FACILITIES**

Public protection and utility equipment which: (a) is ordinarily not located in street right-of-way and can be significantly objectionable to nearby residential, commercial, and light industrial uses; and (b) have requirements for specific locations or are needed to serve residential neighborhoods or other local areas. These uses include facilities of public service corporations other than offices.

**UNIT 21: TRADES AND SERVICES**

Establishments engaged primarily in providing household maintenance and similar services which fulfill recurrent needs of residents of nearby areas, but are generally incompatible with primary retail districts because they break the continuity of retail frontage.

**UNIT 33: SELF-SUPPORTING TOWER OR ANTENNA STRUCTURE OR MONOPOLE**

Telecommunication towers that are dedicated structures for mounting transmitter equipment and antennas that are necessary for providing the full range of wireless or mobile services to the community. They can vary in their design and may include panel antennas mounted on and painted to match existing buildings, communications equipment housed in an architecturally integrated tower element in a shopping center, roof-top antennas screened with walls, and freestanding pole antennas screened by landscaping. They vary widely in height, depending on factors such as the

number and types of wireless services used by the site, the coverage area of the transmitters, the local topography, soil types and other environmental factors. It is required that a permit be issued in compliance with the requirements of Article 6, Section 15 of these regulations.

**UNIT 40: TEMPORARY CLASSROOMS**

The addition of temporary or portable classrooms to public, private or denominational schools that are modular or prefabricated structures and established for a period of time not to exceed two (2) years with the intent to discontinue such use upon the expiration of the time period and removal of the structure from the site. Temporary classrooms do not involve the construction or alteration of any permanent building or structure. In addition, it shall be necessary for all units to meet the following requirements: 1) Zoning district regulations; 2) All building codes of the city; and 3) Be secured to a permanent masonry or concrete foundation.

**TEMPORARY USES**

**UNIT 32: TEMPORARY BUILDINGS AND/OR STORAGE**

Temporary buildings to be used for the same purposes a

permanent structure may be used for once the permanent structure is completed on the property

**ACCESSORY USES**

See Article 6 Section 3.1 of this chapter

**BULK AND AREA REGULATIONS**

Setback lines shall meet the following minimum requirements.

	Feet
From front property line	5
From street R-O-W if parking is allowed between R-O-W and building	50
From side property line	0
From side property line when contiguous to a residential district	10
From back property line	15
Multi-family dwellings shall meet the bulk and area regulations of the MF-12 District	

**HEIGHT REGULATIONS**

There shall be no maximum height limits in C-3 district; provided, however, that any building which exceeds the height of thirty-five (35) feet shall be set back from any boundary line of any residential district a distance of one (1) foot for each foot of height in excess of thirty-five (35) feet.

**OFF-STREET PARKING**

See Article 7 of this chapter.



1. Improve the regional accessibility of Downtown.
2. Establish an expanded "Main Street" downtown core along Emma Avenue.
3. Create a central public gathering space on Emma Avenue.
4. Create a new municipal and civil district as a gateway to Downtown.
5. Continue support for existing institutions like the Jones Center for Families.
6. Stabilize and retain key assets by building a mixed-use office core north of Emma Avenue.
7. Expand and reconfigure Luther George Park as a major downtown amenity.
8. Reimagine Thompson Street as a major civic and institutional "green boulevard."
9. Develop a mixed-use Downtown arts, culture and education district.
10. Develop new Downtown housing and improve existing housing assets.
11. Implement programming and policy initiatives to support Downtown Springdale.
12. Expand the impact of the Downtown Springdale Alliance and other organizations.

# PREFERRED OPTION FRAMEWORK PLAN

## Downtown Springdale Master Plan



Parcel: 815-25229-000  
Prev. Parcel: 130907-000-00  
As of: 8/16/2016

### Washington County Report

ID: 70992

#### Property Owner

Name: CITY OF SPRINGDALE

Mailing Address: 201 N SPRING ST  
SPRINGDALE, AR 72764

Type: (EG)

Tax Dist: (501) - SPRINGDALE SCH, SPG

Millage Rate: 52.20

Extended Legal: CRIMINAL INVESTIGATION DIVISION OF SPRINGDALE POLICE DEPT LOT 1 & E 29 FT OF LOT 2

#### Property Information

Physical Address: 206 S BLAIR ST

Subdivision: RAILROAD ADD

Block / Lot: 008 / 001

S-T-R: 36-18-30

Size (in Acres): 0.000

#### Market and Assessed Values:

---

	Estimated Market Value:	Full Assessed (20% Market Value):	Taxable Value:
Land:			
Building:			
Total:			

---

Homestead Credit: \$0.00

Note: Tax amounts are estimates only. Contact the county/parish tax collector for exact amounts.

Land:

---

Land Use	Size	Units
	130.000	Front.Ft

---

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Subject to terms and conditions.

[www.actDataScout.com](http://www.actDataScout.com)

Parcel: 815-25229-000  
Prev. Parcel: 130907-000-00  
As of: 8/16/2016

### Washington County Report

ID: 70992

#### Deed Transfers:

Date	Book	Page	Deed Type	Stamps	Est. Sale	Grantee	Code	Type
10/5/2004	2004	41713	Warr. Deed			CITY OF SPRINGDALE	Additional Properties	
3/30/1992	92	14398	Warr. Deed	638.00	\$290,000	HOFFMAN, CARL C MD ; HOFFMAN,	Additional Properties	Improved
7/17/1989	1327	262	Warr. Deed	0.00	\$0	POWER, MARTHA LOUISE INTER VIVOS		
8/25/1976	913	856	Warr. Deed		\$0	POWER, MARTHA LOUISE		

#### Details for Commercial Card 1:

**Business Name(s):** Criminal Investigation Division

**Number of Units:** 1

**Site Work:** Prep

**Foundation:** Concrete

**Floor Struct:** Elevated Slab

**Struct. Frame:** Wood

**Exterior Walls:** BrickVen

**Ext. Wall Load:** NonLoadB

**Roof Struct.:** Wood.J&D

**Roof Cover:** CompShng

**Total Floor Area:** 4,730

**Floor Cover:** Carpet

**Cellings:** GuniteSR

**Interior Finish:** DryWall

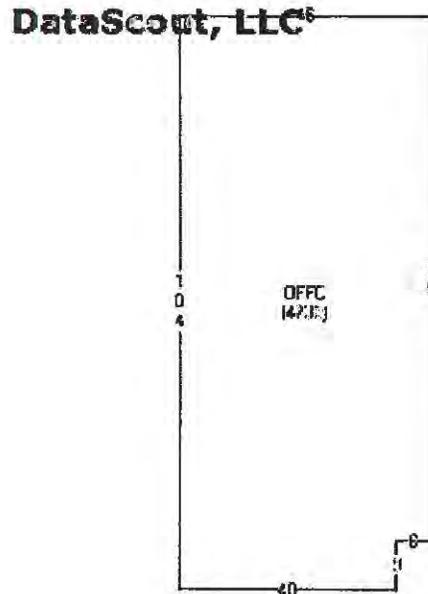
**Insulation:** Walls

**Appliances:** None

**Plumbing:** Lavatory : Water.Cl : WaterHtr

**Electric:** Avg.B : Qual.1

**Misc:** 02, 09



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[www.actDataScout.com](http://www.actDataScout.com)

Parcel: 815-25229-000  
 Prev. Parcel: 130907-000-00  
 As of: 8/16/2016

## Washington County Report

ID: 70992

**Bldg: 1**

<b>Age/YC:</b>	<b>1976</b>	<b>Condition: A</b>	<b>Effective Age: 20</b>	<b>Grade: D3</b>
<b>Occupancy</b>	<b>Heating/Cooling</b>		<b>Sprinkler</b>	
<b>Primary: Office Buildings - Comm. (100%)</b>	<b>H/A-NZ (100%)</b>		<b>(0%)</b>	
<b>Secondary: (0%)</b>	<b>(0%)</b>		<b>(0%)</b>	
<b>Avg. Floor Area: 4730</b>	<b>Common Wall:</b>		<b>Total Floor Area: 4730</b>	
<b>Avg. Perimeter: 300</b>			<b>Total Height: 8</b>	
<b>No. Floors 1</b>			<b>Unit Multiplier: 1</b>	
<b>Avg. Floor Hgt: 8</b>				

**Outbuildings and Yard Improvements:**

Item	Type	Size/Dim	Unit Multi.	Quality	Age
Paving	AS3ON2	7072			
Signs, Metal Painted	DFACE	32			
Canopies	WOOD	54			
Paving	CONC3R	925			

**Map:**



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Parcel: 815-25230-001  
Prev. Parcel: 815-25230-000  
As of: 8/16/2016

### Washington County Report

ID: 70994

#### Property Owner

Name: CITY OF SPRINGDALE

Mailing Address: 201 N SPRING ST  
SPRINGDALE, AR 72764

Type: (EG)

Tax Dist: (501) - SPRINGDALE SCH, SPG

Millage Rate: 52.20

Extended Legal: CRIMINAL INVESTIGATION DIVISION OF SPRINGDALE POLICE DEPT W 12 FT LOT 2 & E  
25 FT LOT 3

#### Property Information

Physical Address: E MEADOW AVE

Subdivision: RAILROAD ADD

Block / Lot: 008 / 002

S-T-R: 36-18-30

Size (In Acres): 0.000

#### Market and Assessed Values:

---

	Estimated Market Value:	Full Assessed (20% Market Value):	Taxable Value:
Land:			
Building:			
<hr/>			
Total:			

Homestead Credit: \$0.00

Note: Tax amounts are estimates only. Contact the county/parish tax collector for exact amounts.

#### Land:

---

Land Use	Size	Units
	37.000	Front.Ft

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Parcel: 815-25230-001  
Prev. Parcel: 815-25230-000  
As of: 8/16/2016

### Washington County Report

ID: 70994

**Deed Transfers:**

Date	Book	Page	Deed Type	Stamps	Est. Sale	Grantee	Code	Type
10/5/2004	2004	41713	Warr. Deed			CITY OF SPRINGDALE	Additional Properties	
3/30/1992	92	14398	Warr. Deed	638.00	\$290,000	HOFFMAN, CARL C MD ;	Additional Properties	Land Only
7/17/1989	1327	262	Warr. Deed	0.00	\$0	POWER, MARTHA LOUISE INTER VIVOS		
9/22/1986	1194	453	Warr. Deed		\$0	POWER, MARTHA LOUISE		

**Map:**



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Parcel: 815-25230-002  
 Prev. Parcel: 815-25230-000  
 As of: 3/16/2016

## Washington County Report

ID: 70995

### Property Owner

**Name:** CITY OF SPRINGDALE

**Mailing Address:** 201 N SPRING ST  
 SPRINGDALE, AR 72764

**Type:** (EG)

**Tax Dist:** (501) - SPRINGDALE SCH, SPG

**Millage Rate:** 52.20

**Extended Legal:** CRIMINAL INVESTIGATION DIVISION OF SPRINGDALE POLICE DEPT PT LOT 3

### Property Information

**Physical Address:** E MEADOW AVE

**Subdivision:** RAILROAD ADD

**Block / Lot:** 008 / 003

**S-T-R:** 36-18-30

**Size (In Acres):** 0.000

#### Market and Assessed Values:

	Estimated Market Value:	Full Assessed (20% Market Value):	Taxable Value:
Land:			
Building:			
Total:			

**Homestead Credit:** \$0.00

**Note:** Tax amounts are estimates only. Contact the county/parish tax collector for exact amounts.

#### Land:

Land Use	Size	Units
	16.000	Front.Ft

#### Deed Transfers:

Date	Book	Page	Deed Type	Stamps	Est. Sale	Grantee	Code	Type
10/5/2004	2004	41713				CITY OF SPRINGDALE	Inc.	
3/30/1992	92	14398	Warr. Deed	638.00	\$290,000	HOFFMAN, CARL C MD ;	Additional Prop.	Land Only
1/3/1989	1302	169	Warr. Deed		\$0	POWER, MARTHA LOUISE INTER VIVOS	Additional Properties	

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[www.actDataScout.com](http://www.actDataScout.com)



**Tom Reed**

---

**From:** Wyman Morgan <wmorgan@springdalear.gov>  
**Sent:** Tuesday, July 19, 2016 9:47 AM  
**To:** Tom Reed  
**Subject:** Appraisal

Tom:

We are considering selling 206 S. Blair. We would like for you to prepare an appraisal for this property at your earliest convenience.

Wyman Morgan  
City of Springdale  
750-8152

## QUALIFICATIONS OF TOM REED

### EDUCATIONAL BACKGROUND AND TRAINING

B.S.B.A. in Finance/Real Estate-University of Arkansas, 5-73

Masters in Business Administration-University of Arkansas, 5-78

Farm Manager and Rural Appraisal Course Sponsored by The American Society of Farm Managers and Rural Appraisers – 1976

The following courses and/or exams given by The American Institute of Real Estate Appraisers or the Appraisal Institute have been successfully completed:

Single-Family Residential Appraisal – 1976

Basic Principles, Methods & Techniques – 1977

Standards of Professional Practice – 1982

Capitalization Part I – 1983

Capitalization Theory & Techniques, Parts A & B – 1984

Case Studies In Real Estate Valuation – 1984

Valuation Analysis & Report Writing -- 1987

Basic Valuation Procedures – 1988

Real Estate Appraisal Principles – 1988

Standards Of Professional Practice, Parts A & B – 1991

Standards Of Professional Practice, Parts A & B – 1996

Standards Of Professional Practice, Part C – 2001

The Appraiser As An Expert Witness: Preparation & Testimony – 2002

Litigation Appraising: Specialized Topics & Applications – 2002

Business Practice & Ethics – 2007

16-Hour Uniform Appraisal Standards for Federal Land Acquisitions – 2015

Numerous Seminars – 1992 To Present

### PROFESSIONAL EXPERIENCE

Employed in the Real Estate Appraisal Profession since January, 1974

Reed & Associates, Inc. - Real Estate Appraisal Company located at 3739 N. Steele Blvd., Suite 220, Fayetteville, Arkansas – President since its inception in July, 1979

Real Estate Market Data, Inc. – Market Data Research Company located at 3739 N. Steele Blvd., Suite 220, Fayetteville, Arkansas – President since its inception in June, 2003

Streetsmart Holdings, LLC – Market Data Research Company located in Fayetteville, Arkansas – Partner since the inception of Streetsmart in January, 2007 & includes Streetsmart NWA & Streetsmart Central AR

Irwin Partners – Commercial Real Estate/Development - Partner

Irwin Partners Branch Office – Commercial Real Estate/Development, 3739 N. Steele Blvd., Suite 220, Fayetteville, Arkansas – Executive Broker

### PROFESSIONAL AFFILIATIONS AND DESIGNATIONS

Arkansas Real Estate Salesperson's License - 1972

Arkansas Real Estate Broker's License - 1979

National Association of Realtors

Arkansas Realtors Association - GRI

District 3 Vice-President (1985)

Board of Directors (1987-1989)

Board of Realtors

Metro Area (Springdale President-1984)

Member of The Counselors of Real Estate (CRE) – Certificate #2450

Ozark Mountain Chapter of The Appraisal Institute (President - 1992)

Member of the Appraisal Institute (MAI) – Certificate #7987

Member of the Northwest Arkansas Appraisal Section

State Certified General Appraiser - Arkansas - CG0217

State Certified General Appraiser - Missouri - RA002568

### CLIENTELE

FAA Dept. of Transportation-Southwest Region - Ft. Worth, Texas

National Park Service - Harrison, Arkansas

Federal Housing Administration

Housing & Urban Development  
 Farmers Home Administration  
 Federal Deposit Insurance Corporation  
 Resolution Trust Corporation  
 Corps of Engineers - Little Rock, Arkansas & Vicksburg, Mississippi Districts  
 Arkansas State Highway and Transportation Department  
 Arkansas Game and Fish Commission  
 O.R. Colan Associates  
 Universal Field Services  
 Pinnacle Consulting Management Group, Inc.  
 Cities of: Springdale, Fayetteville, Rogers, Bentonville, Siloam Springs, Mountain Home, Harrison, Gravette, Pea Ridge, Searcy, Mena, and Little Rock, Arkansas; Branson, Missouri  
 Mass Appraisal for Property Tax Purposes; Baxter, Boone and Carroll Counties, Arkansas  
 Southwestern Electric Power Company  
 Carroll Electric Cooperative Corporation  
 Tyson Foods, Inc.  
 Holiday Island Suburban Improvement District  
 Various Water Authorities, Attorneys, Corporations, and Individuals  
 Financial Institutions – Arvest Bank, Legacy National Bank, First Security Bank, Regions Bank, Simmons Bank of Arkansas, Centennial Bank, First State Bank of Lonoke, Bank of the Ozarks, United Bank, Today's Bank, First Western Bank, Bear State Bank, Bank of Arkansas, Benefit Bank, Bank of Oklahoma, IberiaBank, Bancorp South, First National Bank of Fort Smith, Chambers Bank, Signature Bank, Cornerstone Bank, Community First Bank, US Bank, and others.

**COURT TESTIMONY**

Circuit Court - Harrison, Fayetteville, Bentonville, Berryville, Eureka Springs, Mt. Home, Fort Smith, Clinton, Mena, and Searcy, Arkansas; Forsyth, Missouri; Mount Vernon, Missouri  
 Federal Court - Harrison, Fayetteville, & Fort Smith, Arkansas  
 Chancery Court - Harrison & Fayetteville, Arkansas

**APPRAISAL COURSES AND SEMINARS RECENTLY COMPLETED**

**Courses & Seminars - 2010**

Appraisal Curriculum Overview – Green Country of Oklahoma Chapter, Appraisal Institute; Tulsa, Oklahoma  
 Hotel Appraising: New Techniques for Today's Uncertain Times – Ozark Mountain Chapter of the Appraisal Institute; Branson, Missouri

**Courses & Seminars - 2012**

7-Hour National USPAP Update Course-Ozark Mountain Chapter of the Appraisal Institute; Rogers, Arkansas  
 Business Practices and Ethics – Chicago Chapter of the Appraisal Institute

**Courses & Seminars - 2013**

Annual Convention – Counselors of Real Estate; San Francisco, California

**Courses & Seminars - 2014**

7-Hour National USPAP Update Course – Arkansas Chapter of the Appraisal Institute; Fayetteville, Arkansas  
 Ten Deadly Mistakes Appraisers Make – Northwest Arkansas Appraisal Section; Bentonville, Arkansas

**Courses & Seminars - 2015**

16-Hour Uniform Appraisal Standards for Federal Land Acquisitions – Arkansas Chapter of the Appraisal Institute; Little Rock, Arkansas

Appraisals and Appraisal Reviews, Improving Quality and Content – O.R. Colan Associates; Little Rock, Arkansas

**Courses & Seminars - 2016**

7-Hour National USPAP Update Course – Ozark Mountain Chapter of the Appraisal Institute; Joplin, Missouri  
 2016 Day With Appraisers Seminar – Arkansas Appraiser Licensing and Certification Board; Little Rock, Arkansas

**REFERENCES**

Jerry Vest, President & CEO, Regions Bank; Rogers, Arkansas	479-936-7045
Don Gibson, President/Chief Executive Officer, Legacy National Bank; Springdale, Arkansas	479-717-1900
Patsy Christie, Director of Planning and Community Development; Springdale, Arkansas	479-750-8550
Chris Brown, City Engineer, City of Fayetteville; Fayetteville, Arkansas	479-575-8207
Charles Harwell, Attorney, Cypert, Crouch, Clark & Harwell; Springdale, Arkansas	479-756-5222